

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF ANDERSON
MADISON COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
09/30/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10-11
Notes to Financial Statement	12-17
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-36
Schedule of Payables and Receivables	37
Schedule of Leases and Debt	38
Schedule of Capital Assets.....	39
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	42-44
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	46-47
Notes to Schedule of Expenditures of Federal Awards	48
Schedule of Findings and Questioned Costs	49-52
Auditee Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	54-57
Corrective Action Plan	58-59
Other Report	60

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Sam J. Pellegrino	01-01-13 to 08-16-13
	(Vacant)	08-17-13 to 08-18-13
	Jason C. Fenwick	08-19-13 to 12-31-14
Mayor	Kevin S. Smith	01-01-12 to 12-31-15
Chairman of the Board of Public Works	Pete Heuer	01-01-13 to 12-31-14
President of the Common Council	David W. Eicks	01-01-13 to 12-31-13
	Pamela Jones	01-01-14 to 05-26-14
	Donna Davis (Pro Tem)	05-27-14 to 12-31-14
Utility Finance Manager	Renisa Harry	01-01-13 to 12-31-14



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Anderson (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 18, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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


Paul D. Joyce, CPA
State Examiner

July 18, 2014



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Anderson (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated July 18, 2014, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

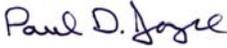
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

July 18, 2014

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF ANDERSON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 5,172,358	\$ 33,217,219	\$ 33,595,538	\$ 4,794,039
Motor Vehicle Highway	180,182	1,804,469	1,493,118	491,533
Local Road And Street	173,559	489,364	373,928	288,995
Park Nonreverting Operating	42,817	320,758	217,223	146,352
Econ Dev Food & Beverage	2,010,569	1,262,655	1,508,785	1,764,439
C.A.T.S.	75,737	2,344,869	2,377,916	42,690
Community Development	2,504	796,305	783,689	15,120
Clerk's Records Perpetuation	13,857	2,998	4,706	12,149
Unsafe Building	18,591	-	18,591	-
Parks and Recreation	255,681	1,353,404	1,280,808	328,277
User Fee	28,594	4,674	-	33,268
Rainy Day	95	-	-	95
Slot Machine Wagering Fund	469,848	2,730,817	2,459,413	741,252
Police Pension	342,263	2,838,639	3,117,998	62,904
Fire Pension	1,469	3,726,014	3,657,323	70,160
Life Insurance Fund	14,228	67,759	65,003	16,984
City Court Account	253,977	905,033	866,639	292,371
Florentine Red B&I BNY Account	33,633	207,158	240,790	1
Airport AVFUEL Corp Account	18,138	390,025	359,254	48,909
NSP State	62,720	-	62,720	-
NSP Federal	65,841	66,230	24,689	107,382
Brownfield	8,094	-	4,842	3,252
Health Ins Ancillary Fund	86,108	257,777	245,405	98,480
Police Station Refinance BNY Account	6,130,399	685,790	6,041,534	774,655
Fire Grants Fund	-	54,539	49,357	5,182
Police Grant Fund	-	39,501	42,029	(2,528)
GM Beautification Fund	-	10,000	7,015	2,985
Road Project Grant Fund	-	20,985	32,659	(11,674)
Town Center Park Endowment	-	4,000	-	4,000
Miller Trailway Clearing Fund	-	52,788	52,788	-
Econ Dev Hostun Financing	-	1,645,000	1,645,000	-
Redevelopment Grant Fund	-	-	46,671	(46,671)
Intermodal Grant Fund	-	14,160	14,160	-
NSP 3 Federal	-	60,181	60,181	-
Pendleton Ave - BNY Account	-	126,980	126,980	-
Probation	45,673	182,420	161,247	66,846
Donations	85,058	47,915	72,162	60,811
Airport	189,935	525,253	559,199	155,989
Police Continuing Ed	30,063	35,502	52,423	13,142
Airport Non-Reverting	5,632	-	-	5,632
Bldg Non-Reverting	395	75	395	75
Fire Bldg & Equipment	761,332	1,243,677	1,272,331	732,678
Operation Clean	7,098	23,780	23,138	7,740
Tax Abatement	1,997	975	589	2,383
Administration Fees	19,151	28,004	6,463	40,692
Court Sup Pub Def Fees	1,539	10,441	6,966	5,014
Home	2,728	117,017	45,298	74,447
APD Man	137,532	106,930	133,265	111,197
APD Vin	1,428	-	-	1,428
ED Revolving Loan	326,881	312,653	111,613	527,921
Redevelopment	169,765	40,717	6,602	203,880
Firefighters Exam Fee	3,930	-	-	3,930
Eda Flagship	266	-	-	266
Sinking Fund	-	179,796	179,796	-
Sanitary District Sinking	165,832	634,837	734,670	65,999
Redevelopment TIF Reserve	1,481,389	900,000	-	2,381,389
Redev Bond & Int-Kroger	291,729	107,201	90,090	308,840
Loss Fund	195,995	1,240,044	1,129,824	306,215
Redevelopment TIF Levy	7,698,889	7,799,864	5,606,831	9,891,922
Police Training Fund	47,326	25,699	-	73,025

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

CITY OF ANDERSON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Arc Lease/Rental	368,548	98,428	59,730	407,246
Redevelopment Bond & Interest	1,564,456	3,162,976	2,035,040	2,692,392
Insurance Escrow	2,444,843	13,454,059	12,771,385	3,127,517
Nestle TIF Capital	446,518	-	253,629	192,889
Airport Grant Fund	14,104	400,473	414,750	(173)
Court Due County	-	28,931	28,931	-
Wheel Tax Fund	278,143	269,412	242,889	304,666
Fire Fighting Training Fund	696	1,125	1,772	49
Public Safety COIT Fund	406,760	2,267,365	2,119,913	554,212
Nestle Taxable TIF Capital	1,500,000	2,413,772	-	3,913,772
Capital Improvements	377,161	150,678	274,309	253,530
Certified Tech Park Fund	70,316	916,585	-	986,901
Civil City Payroll	84,821	9,485,963	9,483,566	87,218
Electric Utility Operating	931,710	85,286,384	85,260,197	957,897
Electric Utility Bond And Interest	856,207	1,691,650	2,547,857	-
Electric Utility Customer Deposit	937,973	574,366	336,579	1,175,760
Electric Utility Construction	25,348	-	12,594	12,754
Electric Utility Depreciation	-	2,443,104	1,841,181	601,923
Electric Utility Automatic Meter Reading	-	1,163,288	1,163,288	-
Electric Utility Petty Cash	1,000	-	-	1,000
Electric Utility Mail Permit Deposit	3,000	-	-	3,000
Electric Utility UPS Deposit	152	-	-	152
Electric Utility Garage Reserve	-	26,413	-	26,413
Electric Utility Fiber	209,350	308,468	296,297	221,521
Electric Utility Reserve-Cilt	1,281,586	3,631,162	3,631,162	1,281,586
Storm Water Utility Operating	12,474	2,190,168	2,007,752	194,890
Storm Water Utility Depreciation	66,271	54,516	-	120,787
Storm Water Utility Mail Permit Deposit	3,000	-	-	3,000
Storm Water Utility Constr Cash Fiscal Agent	69,506	53	69,556	3
Storm Water Utility Bond and Interest	31,288	187,722	187,722	31,288
Storm Water Utility Reserve Cilt	500,142	499,992	533,300	466,834
Wastewater Utility Construction 2011	8,987,856	467	7,259,949	1,728,374
Wastewater Utility Stag Grant Fund	-	291,000	291,000	-
Wastewater Utility Operating	8,421,809	22,938,133	19,882,306	11,477,636
Wastewater Utility Bond and Interest	3,180,554	6,254,418	6,260,411	3,174,561
Wastewater Utility Construction	390,564	142,609	533,173	-
Wastewater Utility Depreciation	2,492,480	971,274	702,274	2,761,480
Wastewater Utility Reserve Cilt	1,607,895	2,423,429	2,152,532	1,878,792
Wastewater Utility Petty Cash	1,000	-	-	1,000
Wastewater Utility Mail Permit Deposit	3,000	-	-	3,000
Wastewater Utility Replacement	1,003,677	240,022	-	1,243,699
Wastewater Utility Automatic Meter Reading	-	620,476	620,476	-
Wastewater Utility Improvement	1,614,522	600,499	256,684	1,958,337
Wastewater Utility Revolving Sewer Const	8,881	111,461	114,449	5,893
Wastewater Utility 2009B Construction	370,744	-	179	370,565
Wastewater Utility 2009 ARRA Stimulus	-	-	36,324	(36,324)
Wastewater Utility SRF Retainage Fund	969,769	10,833	960,429	20,173
Wastewater Utility 2010 Construction	-	189,345	153,021	36,324
Water Utility Operating	226,752	8,740,202	8,737,026	229,928
Water Utility Bond and Interest	-	397,103	397,103	-
Water Utility Customer Deposit	225,064	263,298	101,794	386,568
Water Utility Construction	1,068,231	541	430,240	638,532
Water Utility Depreciation	173,039	210,639	333,872	49,806
Water Utility Reserve Cilt	323,345	494,475	602,255	215,565
Water Utility Petty Cash	1,000	-	-	1,000
Water Utility Mail Permit Deposit	3,000	-	-	3,000
Water Utility Automatic Meter Reading	-	1,255,767	1,255,767	-
Totals	<u>\$ 70,691,380</u>	<u>\$ 245,925,935</u>	<u>\$ 247,724,317</u>	<u>\$ 68,892,998</u>

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

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

E. Disbursements

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

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

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

On Behalf Payments

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

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

Plan Description

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

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

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

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursable grants.

Note 8. Other Postemployment Benefits

The City provides to eligible retirees and their spouses the following benefits: Medical, Dental, Vision, and Life Insurance. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

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SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the City's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	General	Motor Vehicle Highway	Local Road And Street	Park Nonreverting Operating	Econ Dev Food & Beverage	C.A.T.S.	Community Development
Cash and investments - beginning	\$ 5,172,358	\$ 180,182	\$ 173,559	\$ 42,817	\$ 2,010,569	\$ 75,737	\$ 2,504
Receipts:							
Taxes	14,894,234	-	-	-	1,252,787	-	-
Licenses and permits	1,104,930	127,366	-	-	-	-	-
Intergovernmental	11,732,727	1,654,710	489,068	-	4,166	2,137,116	782,978
Charges for services	2,606,594	21,759	-	256,506	4,992	177,048	-
Fines and forfeits	56,149	-	-	25,989	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,822,585	634	296	38,263	710	30,705	13,327
Total receipts	<u>33,217,219</u>	<u>1,804,469</u>	<u>489,364</u>	<u>320,758</u>	<u>1,262,655</u>	<u>2,344,869</u>	<u>796,305</u>
Disbursements:							
Personal services	20,521,586	1,111,546	-	129,280	18,011	1,885,601	118,670
Supplies	594,330	184,196	254,041	52,716	-	304,287	1,633
Other services and charges	7,028,023	192,816	-	28,028	666,648	187,251	222,002
Debt service - principal and interest	5,400	-	-	-	69,397	-	-
Capital outlay	88,847	4,560	119,887	6,924	-	777	441,384
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5,357,352	-	-	275	754,729	-	-
Total disbursements	<u>33,595,538</u>	<u>1,493,118</u>	<u>373,928</u>	<u>217,223</u>	<u>1,508,785</u>	<u>2,377,916</u>	<u>783,689</u>
Excess (deficiency) of receipts over disbursements	<u>(378,319)</u>	<u>311,351</u>	<u>115,436</u>	<u>103,535</u>	<u>(246,130)</u>	<u>(33,047)</u>	<u>12,616</u>
Cash and investments - ending	<u>\$ 4,794,039</u>	<u>\$ 491,533</u>	<u>\$ 288,995</u>	<u>\$ 146,352</u>	<u>\$ 1,764,439</u>	<u>\$ 42,690</u>	<u>\$ 15,120</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Clerk's Records Perpetuation	Unsafe Building	Parks and Recreation	User Fee	Rainy Day	Slot Machine Wagering Fund	Police Pension
Cash and investments - beginning	\$ 13,857	\$ 18,591	\$ 255,681	\$ 28,594	\$ 95	\$ 469,848	\$ 342,263
Receipts:							
Taxes	-	-	848,385	-	-	-	72,136
Licenses and permits	-	-	490	-	-	-	-
Intergovernmental	-	-	83,630	-	-	2,729,145	2,766,455
Charges for services	-	-	50,179	-	-	-	-
Fines and forfeits	2,976	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	22	-	370,720	4,674	-	1,672	48
Total receipts	<u>2,998</u>	<u>-</u>	<u>1,353,404</u>	<u>4,674</u>	<u>-</u>	<u>2,730,817</u>	<u>2,838,639</u>
Disbursements:							
Personal services	-	-	780,608	-	-	1,371,374	3,116,805
Supplies	1,337	-	166,710	-	-	36,702	-
Other services and charges	3,369	18,591	277,866	-	-	990,955	1,193
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	55,214	-	-	60,342	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	410	-	-	40	-
Total disbursements	<u>4,706</u>	<u>18,591</u>	<u>1,280,808</u>	<u>-</u>	<u>-</u>	<u>2,459,413</u>	<u>3,117,998</u>
Excess (deficiency) of receipts over disbursements	<u>(1,708)</u>	<u>(18,591)</u>	<u>72,596</u>	<u>4,674</u>	<u>-</u>	<u>271,404</u>	<u>(279,359)</u>
Cash and investments - ending	<u>\$ 12,149</u>	<u>\$ -</u>	<u>\$ 328,277</u>	<u>\$ 33,268</u>	<u>\$ 95</u>	<u>\$ 741,252</u>	<u>\$ 62,904</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Fire Pension	Life Insurance Fund	City Court Account	Florentine Red B&I BNY Account	Airport AVFUEL Corp Account	NSP State	NSP Federal
Cash and investments - beginning	\$ 1,469	\$ 14,228	\$ 253,977	\$ 33,633	\$ 18,138	\$ 62,720	\$ 65,841
Receipts:							
Taxes	3,683,736	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	42,278	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	904,608	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	67,759	425	207,158	390,025	-	66,230
Total receipts	<u>3,726,014</u>	<u>67,759</u>	<u>905,033</u>	<u>207,158</u>	<u>390,025</u>	<u>-</u>	<u>66,230</u>
Disbursements:							
Personal services	3,652,203	-	-	-	-	-	-
Supplies	800	-	-	-	-	-	-
Other services and charges	3,820	65,003	866,639	-	359,254	51,127	24,689
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	500	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	240,790	-	11,593	-
Total disbursements	<u>3,657,323</u>	<u>65,003</u>	<u>866,639</u>	<u>240,790</u>	<u>359,254</u>	<u>62,720</u>	<u>24,689</u>
Excess (deficiency) of receipts over disbursements	<u>68,691</u>	<u>2,756</u>	<u>38,394</u>	<u>(33,632)</u>	<u>30,771</u>	<u>(62,720)</u>	<u>41,541</u>
Cash and investments - ending	<u>\$ 70,160</u>	<u>\$ 16,984</u>	<u>\$ 292,371</u>	<u>\$ 1</u>	<u>\$ 48,909</u>	<u>\$ -</u>	<u>\$ 107,382</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Brownfield	Health Ins Ancillary Fund	Police Station Refinance BNY Account	Fire Grants Fund	Police Grant Fund	GM Beautification Fund	Road Project Grant Fund
Cash and investments - beginning	\$ 8,094	\$ 86,108	\$ 6,130,399	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	54,539	39,501	-	20,985
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	257,777	685,790	-	-	10,000	-
Total receipts	-	257,777	685,790	54,539	39,501	10,000	20,985
Disbursements:							
Personal services	-	-	-	-	20,898	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	4,842	245,405	-	49,357	21,131	7,015	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	6,041,534	-	-	-	32,659
Total disbursements	4,842	245,405	6,041,534	49,357	42,029	7,015	32,659
Excess (deficiency) of receipts over disbursements	(4,842)	12,372	(5,355,744)	5,182	(2,528)	2,985	(11,674)
Cash and investments - ending	\$ 3,252	\$ 98,480	\$ 774,655	\$ 5,182	\$ (2,528)	\$ 2,985	\$ (11,674)

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Town Center Park Endowment	Miller Trailway Clearing Fund	Econ Dev Hostun Financing	Redevelopment Grant Fund	Intermodal Grant Fund	NSP 3 Federal	Pendleton Ave - BNY Account
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	14,160	60,181	-
Charges for services	-	52,788	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	4,000	-	1,645,000	-	-	-	126,980
Total receipts	<u>4,000</u>	<u>52,788</u>	<u>1,645,000</u>	<u>-</u>	<u>14,160</u>	<u>60,181</u>	<u>126,980</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	52,788	-	-	-	60,181	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	46,671	14,160	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	1,645,000	-	-	-	126,980
Total disbursements	<u>-</u>	<u>52,788</u>	<u>1,645,000</u>	<u>46,671</u>	<u>14,160</u>	<u>60,181</u>	<u>126,980</u>
Excess (deficiency) of receipts over disbursements	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>(46,671)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,671)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Probation	Donations	Airport	Police Continuing Ed	Airport Non-Reverting	Bldg Non-Reverting	Fire Bldg & Equipment
Cash and investments - beginning	\$ 45,673	\$ 85,058	\$ 189,935	\$ 30,063	\$ 5,632	\$ 395	\$ 761,332
Receipts:							
Taxes	-	-	134,863	-	-	-	-
Licenses and permits	-	-	-	24,670	-	-	-
Intergovernmental	-	4,430	13,294	2,118	-	-	-
Charges for services	-	8,478	209,481	8,064	-	75	1,243,677
Fines and forfeits	182,420	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	35,007	167,615	650	-	-	-
Total receipts	182,420	47,915	525,253	35,502	-	75	1,243,677
Disbursements:							
Personal services	160,672	-	134,463	-	-	-	748,276
Supplies	-	31,465	29,093	16,243	-	-	157,955
Other services and charges	575	6,543	288,235	26,704	-	395	90,676
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	34,154	107,408	9,476	-	-	275,341
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	83
Total disbursements	161,247	72,162	559,199	52,423	-	395	1,272,331
Excess (deficiency) of receipts over disbursements	21,173	(24,247)	(33,946)	(16,921)	-	(320)	(28,654)
Cash and investments - ending	\$ 66,846	\$ 60,811	\$ 155,989	\$ 13,142	\$ 5,632	\$ 75	\$ 732,678

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Operation Clean	Tax Abatement	Administration Fees	Court Sup Pub Def Fees	Home	APD Man	APD Vin
Cash and investments - beginning	\$ 7,098	\$ 1,997	\$ 19,151	\$ 1,539	\$ 2,728	\$ 137,532	\$ 1,428
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	6,537	-	13,361	75,484	-
Charges for services	-	975	-	-	-	-	-
Fines and forfeits	23,780	-	21,467	10,441	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	103,656	31,446	-
Total receipts	<u>23,780</u>	<u>975</u>	<u>28,004</u>	<u>10,441</u>	<u>117,017</u>	<u>106,930</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	22,925	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	23,138	589	6,463	6,966	2,373	133,265	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	20,000	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>23,138</u>	<u>589</u>	<u>6,463</u>	<u>6,966</u>	<u>45,298</u>	<u>133,265</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>642</u>	<u>386</u>	<u>21,541</u>	<u>3,475</u>	<u>71,719</u>	<u>(26,335)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 7,740</u>	<u>\$ 2,383</u>	<u>\$ 40,692</u>	<u>\$ 5,014</u>	<u>\$ 74,447</u>	<u>\$ 111,197</u>	<u>\$ 1,428</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	ED Revolving Loan	Redevelopment	Firefighters Exam Fee	Eda Flagship	Sinking Fund	Sanitary District Sinking	Redevelopment TIF Reserve
Cash and investments - beginning	\$ 326,881	\$ 169,765	\$ 3,930	\$ 266	\$ -	\$ 165,832	\$ 1,481,389
Receipts:							
Taxes	-	-	-	-	-	577,874	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	56,963	-
Charges for services	-	25,100	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	312,653	15,617	-	-	179,796	-	900,000
Total receipts	<u>312,653</u>	<u>40,717</u>	<u>-</u>	<u>-</u>	<u>179,796</u>	<u>634,837</u>	<u>900,000</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	111,613	6,602	-	-	350	300	-
Debt service - principal and interest	-	-	-	-	179,446	734,370	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>111,613</u>	<u>6,602</u>	<u>-</u>	<u>-</u>	<u>179,796</u>	<u>734,670</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>201,040</u>	<u>34,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(99,833)</u>	<u>900,000</u>
Cash and investments - ending	<u>\$ 527,921</u>	<u>\$ 203,880</u>	<u>\$ 3,930</u>	<u>\$ 266</u>	<u>\$ -</u>	<u>\$ 65,999</u>	<u>\$ 2,381,389</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Redev Bond & Int-Kroger	Loss Fund	Redevelopment TIF Levy	Police Training Fund	Arc Lease/Rental	Redevelopment Bond & Interest	Insurance Escrow
Cash and investments - beginning	\$ 291,729	\$ 195,995	\$ 7,698,889	\$ 47,326	\$ 368,548	\$ 1,564,456	\$ 2,444,843
Receipts:							
Taxes	107,201	-	2,896,136	-	-	3,162,976	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	66,810	-	-	-	-
Charges for services	-	-	-	24,120	1,135	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	1,240,044	4,836,918	1,579	97,293	-	13,454,059
Total receipts	<u>107,201</u>	<u>1,240,044</u>	<u>7,799,864</u>	<u>25,699</u>	<u>98,428</u>	<u>3,162,976</u>	<u>13,454,059</u>
Disbursements:							
Personal services	-	-	-	-	-	-	18,457
Supplies	-	-	-	-	-	-	-
Other services and charges	-	1,129,824	120,490	-	59,730	4,790	12,621,053
Debt service - principal and interest	90,090	-	13,172	-	-	2,030,250	-
Capital outlay	-	-	5,473,169	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	131,875
Total disbursements	<u>90,090</u>	<u>1,129,824</u>	<u>5,606,831</u>	<u>-</u>	<u>59,730</u>	<u>2,035,040</u>	<u>12,771,385</u>
Excess (deficiency) of receipts over disbursements	<u>17,111</u>	<u>110,220</u>	<u>2,193,033</u>	<u>25,699</u>	<u>38,698</u>	<u>1,127,936</u>	<u>682,674</u>
Cash and investments - ending	<u>\$ 308,840</u>	<u>\$ 306,215</u>	<u>\$ 9,891,922</u>	<u>\$ 73,025</u>	<u>\$ 407,246</u>	<u>\$ 2,692,392</u>	<u>\$ 3,127,517</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Nestle TIF Capital	Airport Grant Fund	Court Due County	Wheel Tax Fund	Fire Fighting Training Fund	Public Safety COIT Fund	Nestle Taxable TIF Capital
Cash and investments - beginning	\$ 446,518	\$ 14,104	\$ -	\$ 278,143	\$ 696	\$ 406,760	\$ 1,500,000
Receipts:							
Taxes	-	-	-	-	-	-	2,413,772
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	400,473	-	139,412	-	2,260,300	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	28,931	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	130,000	1,125	7,065	-
Total receipts	<u>-</u>	<u>400,473</u>	<u>28,931</u>	<u>269,412</u>	<u>1,125</u>	<u>2,267,365</u>	<u>2,413,772</u>
Disbursements:							
Personal services	-	-	-	-	-	2,079,972	-
Supplies	-	-	-	-	-	2,223	-
Other services and charges	-	-	28,931	242,889	1,772	35,584	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	253,629	414,750	-	-	-	2,134	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>253,629</u>	<u>414,750</u>	<u>28,931</u>	<u>242,889</u>	<u>1,772</u>	<u>2,119,913</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(253,629)</u>	<u>(14,277)</u>	<u>-</u>	<u>26,523</u>	<u>(647)</u>	<u>147,452</u>	<u>2,413,772</u>
Cash and investments - ending	<u>\$ 192,889</u>	<u>\$ (173)</u>	<u>\$ -</u>	<u>\$ 304,666</u>	<u>\$ 49</u>	<u>\$ 554,212</u>	<u>\$ 3,913,772</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Capital Improvements	Certified Tech Park Fund	Civil City Payroll	Electric Utility Operating	Electric Utility Bond And Interest	Electric Utility Customer Deposit	Electric Utility Construction
Cash and investments - beginning	\$ 377,161	\$ 70,316	\$ 84,821	\$ 931,710	\$ 856,207	\$ 937,973	\$ 25,348
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	150,678	-	-	-	-	-	-
Charges for services	-	916,585	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	76,551,942	-	-	-
Penalties	-	-	-	291,512	-	-	-
Other receipts	-	-	9,485,963	8,442,930	1,691,650	574,366	-
Total receipts	<u>150,678</u>	<u>916,585</u>	<u>9,485,963</u>	<u>85,286,384</u>	<u>1,691,650</u>	<u>574,366</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	136,174	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	700,000	1,726,983	-	-
Capital outlay	138,135	-	-	946,129	-	-	12,594
Utility operating expenses	-	-	-	70,032,565	-	-	-
Other disbursements	-	-	9,483,566	13,581,503	820,874	336,579	-
Total disbursements	<u>274,309</u>	<u>-</u>	<u>9,483,566</u>	<u>85,260,197</u>	<u>2,547,857</u>	<u>336,579</u>	<u>12,594</u>
Excess (deficiency) of receipts over disbursements	<u>(123,631)</u>	<u>916,585</u>	<u>2,397</u>	<u>26,187</u>	<u>(856,207)</u>	<u>237,787</u>	<u>(12,594)</u>
Cash and investments - ending	<u>\$ 253,530</u>	<u>\$ 986,901</u>	<u>\$ 87,218</u>	<u>\$ 957,897</u>	<u>\$ -</u>	<u>\$ 1,175,760</u>	<u>\$ 12,754</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Electric Utility Depreciation	Electric Utility Automatic Meter Reading	Electric Utility Petty Cash	Electric Utility Mail Permit Deposit	Electric Utility UPS Deposit	Electric Utility Garage Reserve	Electric Utility Fiber
Cash and investments - beginning	\$ -	\$ -	\$ 1,000	\$ 3,000	\$ 152	\$ -	\$ 209,350
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	219,744
Penalties	-	-	-	-	-	-	-
Other receipts	2,443,104	1,163,288	-	-	-	26,413	88,724
Total receipts	2,443,104	1,163,288	-	-	-	26,413	308,468
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	1,163,288	-	-	-	-	-
Capital outlay	660,150	-	-	-	-	-	272,545
Utility operating expenses	-	-	-	-	-	-	23,752
Other disbursements	1,181,031	-	-	-	-	-	-
Total disbursements	1,841,181	1,163,288	-	-	-	-	296,297
Excess (deficiency) of receipts over disbursements	601,923	-	-	-	-	26,413	12,171
Cash and investments - ending	\$ 601,923	\$ -	\$ 1,000	\$ 3,000	\$ 152	\$ 26,413	\$ 221,521

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Electric Utility Reserve-Cilt	Storm Water Utility Operating	Storm Water Utility Depreciation	Storm Water Utility Mail Permit Deposit	Storm Water Utility Constr Cash Fiscal Agent	Storm Water Utility Bond and Interest	Storm Water Utility Reserve Cilt
Cash and investments - beginning	\$ 1,281,586	\$ 12,474	\$ 66,271	\$ 3,000	\$ 69,506	\$ 31,288	\$ 500,142
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	2,165,562	-	-	-	-	-
Penalties	-	24,468	-	-	-	-	-
Other receipts	3,631,162	138	54,516	-	53	187,722	499,992
Total receipts	3,631,162	2,190,168	54,516	-	53	187,722	499,992
Disbursements:							
Personal services	-	404,100	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	5,624	-	-	-	-	-
Debt service - principal and interest	-	401,072	-	-	-	187,722	-
Capital outlay	-	-	-	-	69,556	-	-
Utility operating expenses	-	704,866	-	-	-	-	-
Other disbursements	3,631,162	492,090	-	-	-	-	533,300
Total disbursements	3,631,162	2,007,752	-	-	69,556	187,722	533,300
Excess (deficiency) of receipts over disbursements	-	182,416	54,516	-	(69,503)	-	(33,308)
Cash and investments - ending	\$ 1,281,586	\$ 194,890	\$ 120,787	\$ 3,000	\$ 3	\$ 31,288	\$ 466,834

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Wastewater Utility Construction 2011	Wastewater Utility Stag Grant Fund	Wastewater Utility Operating	Wastewater Utility Bond and Interest	Wastewater Utility Construction	Wastewater Utility Depreciation	Wastewater Utility Reserve Cilt
Cash and investments - beginning	\$ 8,987,856	\$ -	\$ 8,421,809	\$ 3,180,554	\$ 390,564	\$ 2,492,480	\$ 1,607,895
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	18,788,447	-	-	-	-
Penalties	-	-	252,576	-	-	-	-
Other receipts	467	291,000	3,897,110	6,254,418	142,609	971,274	2,423,429
Total receipts	<u>467</u>	<u>291,000</u>	<u>22,938,133</u>	<u>6,254,418</u>	<u>142,609</u>	<u>971,274</u>	<u>2,423,429</u>
Disbursements:							
Personal services	-	-	4,056,950	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	341,204	-	-	-	-
Debt service - principal and interest	-	-	-	4,408,406	-	-	-
Capital outlay	7,259,949	291,000	482,262	-	533,173	702,274	-
Utility operating expenses	-	-	6,522,498	-	-	-	-
Other disbursements	-	-	8,479,392	1,852,005	-	-	2,152,532
Total disbursements	<u>7,259,949</u>	<u>291,000</u>	<u>19,882,306</u>	<u>6,260,411</u>	<u>533,173</u>	<u>702,274</u>	<u>2,152,532</u>
Excess (deficiency) of receipts over disbursements	<u>(7,259,482)</u>	<u>-</u>	<u>3,055,827</u>	<u>(5,993)</u>	<u>(390,564)</u>	<u>269,000</u>	<u>270,897</u>
Cash and investments - ending	<u>\$ 1,728,374</u>	<u>\$ -</u>	<u>\$ 11,477,636</u>	<u>\$ 3,174,561</u>	<u>\$ -</u>	<u>\$ 2,761,480</u>	<u>\$ 1,878,792</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Wastewater Utility Petty Cash	Wastewater Utility Mail Permit Deposit	Wastewater Utility Replacement	Wastewater Utility Automatic Meter Reading	Wastewater Utility Improvement	Wastewater Utility Revolving Sewer Const	Wastewater Utility 2009B Construction
Cash and investments - beginning	\$ 1,000	\$ 3,000	\$ 1,003,677	\$ -	\$ 1,614,522	\$ 8,881	\$ 370,744
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	111,461	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	240,022	620,476	600,499	-	-
Total receipts	-	-	240,022	620,476	600,499	111,461	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	256,684	-	179
Utility operating expenses	-	-	-	620,476	-	114,449	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	620,476	256,684	114,449	179
Excess (deficiency) of receipts over disbursements	-	-	240,022	-	343,815	(2,988)	(179)
Cash and investments - ending	<u>\$ 1,000</u>	<u>\$ 3,000</u>	<u>\$ 1,243,699</u>	<u>\$ -</u>	<u>\$ 1,958,337</u>	<u>\$ 5,893</u>	<u>\$ 370,565</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Wastewater Utility 2009 ARRA Stimulus	Wastewater Utility SRF Retainage Fund	Wastewater Utility 2010 Construction	Water Utility Operating	Water Utility Bond and Interest	Water Utility Customer Deposit	Water Utility Construction
Cash and investments - beginning	\$ -	\$ 969,769	\$ -	\$ 226,752	\$ -	\$ 225,064	\$ 1,068,231
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	7,425,229	-	-	-
Penalties	-	-	-	45,389	-	-	-
Other receipts	-	10,833	189,345	1,269,584	397,103	263,298	541
Total receipts	-	10,833	189,345	8,740,202	397,103	263,298	541
Disbursements:							
Personal services	-	-	-	1,947,869	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	362,904	-	-	-
Debt service - principal and interest	-	-	-	-	397,103	-	-
Capital outlay	36,324	-	153,021	41,198	-	-	430,240
Utility operating expenses	-	960,429	-	4,219,828	-	-	-
Other disbursements	-	-	-	2,165,227	-	101,794	-
Total disbursements	36,324	960,429	153,021	8,737,026	397,103	101,794	430,240
Excess (deficiency) of receipts over disbursements	(36,324)	(949,596)	36,324	3,176	-	161,504	(429,699)
Cash and investments - ending	\$ (36,324)	\$ 20,173	\$ 36,324	\$ 229,928	\$ -	\$ 386,568	\$ 638,532

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Water Utility Depreciation	Water Utility Reserve Cilt	Water Utility Petty Cash	Water Utility Mail Permit Deposit	Water Utility Automatic Meter Reading	Totals
Cash and investments - beginning	\$ 173,039	\$ 323,345	\$ 1,000	\$ 3,000	\$ -	\$ 70,691,380
Receipts:						
Taxes	-	-	-	-	-	30,044,100
Licenses and permits	-	-	-	-	-	1,257,456
Intergovernmental	-	-	-	-	-	25,801,499
Charges for services	-	-	-	-	-	5,607,556
Fines and forfeits	-	-	-	-	-	1,256,761
Utility fees	-	-	-	-	565,095	105,827,480
Penalties	-	-	-	-	-	613,945
Other receipts	210,639	494,475	-	-	690,672	75,517,138
Total receipts	210,639	494,475	-	-	1,255,767	245,925,935
Disbursements:						
Personal services	-	-	-	-	-	42,300,266
Supplies	-	-	-	-	-	1,833,731
Other services and charges	-	-	-	-	-	27,223,749
Debt service - principal and interest	-	-	-	-	1,255,767	13,362,466
Capital outlay	124,856	-	-	-	-	19,839,596
Utility operating expenses	-	-	-	-	-	83,198,863
Other disbursements	209,016	602,255	-	-	-	59,965,646
Total disbursements	333,872	602,255	-	-	1,255,767	247,724,317
Excess (deficiency) of receipts over disbursements	(123,233)	(107,780)	-	-	-	(1,798,382)
Cash and investments - ending	\$ 49,806	\$ 215,565	\$ 1,000	\$ 3,000	\$ -	\$ 68,892,998

CITY OF ANDERSON
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2013

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Electric	\$ 11,246,420	\$ 4,968,527
Storm Water	50,640	196,131
Wastewater	752,669	5,443,677
Water	647,328	684,940
Governmental activities	<u>1,142,312</u>	<u>1,047,378</u>
Totals	<u>\$ 13,839,369</u>	<u>\$ 12,340,653</u>

CITY OF ANDERSON
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
City Of Anderson/Airport	Airport Hanger	\$ 53,495	12/15/00	06/15/21
City Of Anderson/Capital Improvement	Playground Equipment	27,044	02/24/05	12/01/14
City Of Anderson/Engineering	Purchase 2009 Bucket Truck For Traffic Signal Work	12,500	06/23/09	02/01/14
City Of Anderson/Fire Department	New Training Center	162,240	01/14/08	08/15/14
City Of Anderson/Police Dept	5 Police Vehicles Dodge	40,053	10/29/11	10/27/14
Kronos Software Lease	Payroll Software Upgrade 2013	<u>21,597</u>	02/01/13	01/01/16
Total governmental activities		<u>316,929</u>		
Electric:				
Chase	Auto Meter Reading	853,066	03/29/08	03/29/18
First Merchant	Bucket Truck A	38,006	07/02/12	07/02/17
First Merchant	Bucket Truck B	33,131	10/22/12	10/22/17
First Merchant	Digger Derrick Truck	25,519	01/01/14	07/01/18
Kronos Software Lease	Payroll Software Upgrade 2013	<u>9,719</u>	02/01/13	01/01/16
Total Electric		<u>959,441</u>		
Storm Water:				
Kronos Software Lease	Payroll Software Upgrade 2013	<u>1,080</u>	02/01/13	01/01/16
Wastewater:				
Kronos Software Lease	Payroll Software Upgrade 2013	<u>5,399</u>	02/01/13	01/01/16
Water:				
Chase	Auto Meter Reading	1,565,990	02/25/08	02/25/22
Kronos Software Lease	Payroll Software Upgrade 2013	<u>5,399</u>	02/01/13	01/01/16
Total Water		<u>1,571,389</u>		
Total of annual lease payments		<u>\$ 2,854,238</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Park District 2003 /Urban Park 12Th & Meridian St	\$ 895,000	\$ 178,725
General obligation bonds	Lease Rental Refinance Series 2002 Pol St 2012	5,351,500	577,000
General obligation bonds	Sanitary District Bonds 2004	6,520,000	736,770
Revenue bonds	Refinance Series 2002 Pendleton/Series 2012	3,870,000	469,730
Revenue bonds	Acquisition & Build (2003 Kroger)	832,000	90,660
Revenue bonds	Improvements (Enterprise) 2004A	1,645,000	231,603
Revenue bonds	Property Acquisition (Florentine District) 2004B	220,000	226,930
Revenue bonds	Improvements (Nestle 2009)	8,905,000	998,425
Notes and loans payable	Revenue Note/Food & Beverage Tax Revenue Note	314,286	67,265
Notes and loans payable	Anderson Taxable Tif Bond 2013- Gti-Hydro	<u>5,645,000</u>	<u>631,936</u>
Total governmental activities		<u>34,197,786</u>	<u>4,209,044</u>
Electric:			
Revenue bonds	Electric Utility Refunding Rev Bonds Series 2013	<u>5,915,000</u>	<u>666,313</u>
Storm Water:			
Notes and loans payable	White River Levee Project	<u>970,509</u>	<u>187,722</u>
Wastewater:			
Revenue bonds	Series 2011 (Srf) Ltcp Phase Ii	19,505,000	1,510,657
Revenue bonds	Series 2007 Infrastructure Improvements	13,070,000	982,656
Revenue bonds	Series 2009A (Srf) Ltcp Phase 1	4,814,866	360,996
Revenue bonds	Series 2009B (Srf) Cso Ltcp Phase 1	4,225,000	404,794
Revenue bonds	Series 2010 (Srf) Televising & Sludge Infrastructure	2,145,000	147,900
Revenue bonds	Series 2012 Sewage Refunding Revenue Bonds	<u>7,665,000</u>	<u>1,021,732</u>
Total Wastewater		<u>51,424,866</u>	<u>4,428,735</u>
Water:			
Revenue bonds	Infrastructure Improvements/2007 Waterworks	<u>3,930,000</u>	<u>397,752</u>
Totals		<u>\$ 96,438,161</u>	<u>\$ 9,889,566</u>

CITY OF ANDERSON
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 7,485,895
Infrastructure	61,494,373
Buildings	28,290,180
Improvements other than buildings	2,701,937
Machinery, equipment, and vehicles	21,381,742
Construction in progress	16,380
Total governmental activities	121,370,507
Electric:	
Land	131,859
Buildings	2,984,488
Improvements other than buildings	65,160,024
Machinery, equipment, and vehicles	32,495,340
Construction in progress	990,988
Total Electric	101,762,699
Storm Water:	
Improvements other than buildings	22,617,003
Machinery, equipment, and vehicles	71,151
Total Storm Water	22,688,154
Wastewater:	
Land	656,265
Buildings	37,910,834
Improvements other than buildings	40,398,454
Machinery, equipment, and vehicles	35,451,971
Construction in progress	22,448,777
Total Wastewater	136,866,301
Water:	
Land	500,390
Buildings	4,055,166
Improvements other than buildings	27,479,204
Machinery, equipment, and vehicles	15,813,263
Construction in progress	243,459
Total Water	48,091,482
Total capital assets	\$ 430,779,143

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Anderson's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on the Airport Improvement Program

As described in items 2013-001 and 2013-002 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding Cash Management and Equipment and Real Property Management that are applicable to its Airport Improvement Program. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

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

Qualified Opinion on the Airport Improvement Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Airport Improvement Program for the year ended December 31, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2013.

Other Matters

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

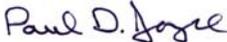
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 to be material weaknesses.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

July 18, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF ANDERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	Direct Grant	14.218		
Community Development - CDBG			B-11-MC-18-0001	\$ 214,817
Community Development - CDBG			B-11-MC-18-0001	2,233
Community Development - CDBG			B-12-MC-18-0001	1,364
Community Development - CDBG			B-12-MC-18-0001	<u>567,130</u>
Total - CDBG - Entitlement Grants Cluster				<u>785,544</u>
HOME Investment Partnerships Program				
Community Development - HOME	Direct Grant	14.239		
Community Development - HOME			M-11-MC-18-0209	220
Community Development - HOME			M-12-MC-18-0209	2,571
Community Development - HOME			M-13-MC-18-0209	<u>6,973</u>
Total - HOME Investment Partnerships Program				<u>9,764</u>
Neighborhood Stabilization Program				
Community Development - NSP-3	Direct Grant	14.264		
			B-11-MN-18-0001	<u>61,212</u>
Total - Department of Housing and Urban Development				<u>856,520</u>
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program	Direct Grant	16.738		
MAN Unit Grant			2010-DJ-BX-0254 /10DJ053	50,583
Police Grant Fund			2010-DJ-BX0263	10,396
Police Grant Fund			2011-DJ-BX-2597	4,567
Police Grant Fund			2012-DJ-BX-1179	6,168
Edward Byrne Memorial Justice Assistance Grant Program	Indiana Criminal Justice Institute	16.738		
MAN Unit Grant			2011-DJ-BX-2622 / 03	<u>9,901</u>
Total - JAG Program Cluster				<u>81,615</u>
Crime Victim Assistance				
General - Police Victim Advocate	Indiana Criminal Justice Institute	16.575		
			2012VAGX0017 12VA17	<u>30,916</u>
Bulletproof Vest Partnership Program				
General - Police	Direct Grant	16.607		
Police - Cont'Ed - Bulletproof Vest			FY-2011	1,442
General - Police			FY-2011	2,118
			FY-2012	<u>1,153</u>
Total - Bulletproof Vest Partnership Program				<u>4,713</u>
ARRA - Public Safety Partnership and Community Policing				
Grants, Recovery Act	Direct Grant	16.710		
General - Police			2009RKWX0349/IN04802	<u>109,320</u>
Total - Department of Justice				<u>226,564</u>
<u>Department of Transportation</u>				
Federal Transit Cluster				
Federal Transit - Capital Investments Grants	Direct Grant	20.500		
Intermodal Grant Fund			IN-04-0036-00	<u>14,160</u>
Federal Transit - Formula Grants				
City of Anderson Transit System	Direct Grant	20.507		
City of Anderson Transit System			IN904638	214,989
			IN904643	<u>870,746</u>
Total - Federal Transit - Formula Grants				<u>1,085,735</u>
Total - Federal Transit Cluster				<u>1,099,895</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, 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Transportation (continued)</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205		
Mounds Rd Pedestrian Trail			DES# 0301168	4,166
Layton Road Project			DES# 600127	1,282
67th Street			DES# 600128	<u>65,528</u>
Total - Highway Planning and Construction				<u>70,976</u>
Recreational Trails Program	Indiana Department of Transportation	20.219		
Road Project Fund			DES# 1172469	968
Road Project Fund			DES#1005610	<u>20,017</u>
Total - Recreational Trails Program				<u>20,985</u>
Total - Highway Planning and Construction Cluster				<u>91,961</u>
Highway Safety Cluster				
State and Community Highway Safety	Madison County	20.600		
Operation Pullover			FY 2013	14,322
Police Grant Fund			PT-12-11-04-05	<u>4,430</u>
Donation Grant Fund - Police				
Total - State and Community Highway Safety				<u>18,752</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I	Madison County	20.601		
DUI - Alcohol Impaired Driving			FY 2013	<u>4,048</u>
Police Grant Fund				
Total - Highway Safety Cluster				<u>22,800</u>
Transit Services Programs Cluster				
Job Access - Reverse Commute Program	Direct Grant	20.516		
City of Anderson Transit System			IN-37-X037-00	<u>10,959</u>
Total - Transit Services Programs Cluster				<u>10,959</u>
Airport Improvement Program	Direct Grant	20.106		
City of Anderson Airport - 22			AIP 3-18-0001-22	607
Runway 18/36 Grant				
City of Anderson Airport - 25			AIP-3-18-0001-25	1,803
Aid to 4 - NEM Airfield Vault				
City of Anderson Airport - 26			AIP-3-18-0001-26	378,129
Design 20/30 Rehab Grant				
City of Anderson Airport - 27			AIP-3-18-0001-27	<u>6,214</u>
Total - Airport Improvement Program				<u>386,753</u>
Total - Department of Transportation				<u>1,612,368</u>
<u>Environmental Protection Agency</u>				
Congressionally Mandated Projects	Direct Grant	66.202		
Wastewater STAG Grant Fund			XP00E00753	<u>291,000</u>
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority	66.458		
Wastewater 2009			WW09204801	13,792
Water Pollution Control			WW09204802	51,237
Wastewater - Construction 2011			WW11094803	<u>2,571,178</u>
Total - Capitalization Grants for Clean Water State Revolving Funds				<u>2,636,207</u>
Total - Environmental Protection Agency				<u>2,927,207</u>
Total federal awards expended				<u>\$ 5,622,659</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

Note 1. Basis of Presentation

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2013:

Program Title	Federal CFDA Number	2013
Community Development Block Grants/Entitlement Grants	14.218	\$ 195,861
Neighborhood Stabilization Program	14.264	59,793

CITY OF ANDERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified for all programs except for Airport Improvement Program, which was Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	CDBG - Entitlement Grants Cluster
	Federal Transit Cluster
20.106	Airport Improvement Program
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-001 - CASH MANAGEMENT

Federal Agency: Department of Transportation
Federal Program: Airport Improvement Program
CFDA Number: 20.106

Federal Award Number and Year (or Other Identifying Number): AIP-3-18-0001-22, AIP-3-18-0001-25,
AIP-3-18-0001-26, AIP-3-18-0001-27

Management of the City has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and Cash Management compliance requirements that has a direct and material effect to the program. The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

The City is required to pay grant expenses prior to requesting reimbursement; however, the procedure in place was to pay grant expenses after the reimbursement was requested and received. Controls were not properly designed to ensure the City was in compliance with the Cash Management compliance requirements. Due to improper controls, noncompliance was found in 100 percent of the cash reimbursements tested. Grant expenses were generally paid 4 to 14 days after the receipt of reimbursements; however, some instances were noted where payments were made at a much later date. Two payments were made 32 and 54 days after reimbursements were received. Advance reimbursement payments are allowed under certain circumstances, but require prior approval from the federal agency. The City was not able to provide any documentation from the federal agency authorizing advance reimbursements.

49 CFR 18.21 states in part:

"(a) *Scope*. This section prescribes the basic standard and the methods under which a Federal agency will make payments to grantees, and grantees will make payments to subgrantees and contractors.

(b) *Basic Standard*. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205."

31 CFR 205.12 (5) states: "Reimbursable funding means that a Federal Program Agency transfers Federal funds to a State after that State has already paid out the funds for Federal assistance program purposes."

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

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

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

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the City.

We recommended that the City's management establish controls, including segregation of duties, and procedures to ensure compliance with the grant agreement and the Cash Management compliance requirements.

FINDING 2013-002 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Transportation

Federal Program: Airport Improvement Program

CFDA Number: 20.106

Federal Award Number and Year (or Other Identifying Number): AIP-3-18-0001-22, AIP-3-18-0001-25,
AIP-3-18-0001-26, AIP-3-18-0001-27

Management of the City has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and Equipment and Real Property Management compliance requirements that has a direct and material effect to the program. The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

The controls over Equipment And Real Property Management compliance requirements for the Airport Improvement Program were not implemented properly. The controls were designed for the Airport to report the equipment and real property to the Controller's Office when the claims were submitted. Then the Controller's Office would input the equipment and real property into the capital asset records. However, due to staffing issues, the City did not have anyone managing the capital assets records for the majority of 2013. The Airport submitted reports indicating equipment and real property information on each disbursement claim to the Controller's Office, but the information was not recorded in the capital asset records by the Controller's Office. Because controls could not be properly implemented, it resulted in noncompliance for 100 percent of the equipment and real property transactions tested.

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

49 CFR 18.32 states in part:

"(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes places will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who hold title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property."

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the City.

We recommended that the City's management establish controls, including segregation of duties, and procedures to ensure compliance with the grant agreement and the Equipment and Real Property Management compliance requirements.

AUDITEE PREPARED DOCUMENTS

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

CITY OF ANDERSON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2012-1

Original SBA Audit Report Number:	B42638
Fiscal Year	2012
Auditee Contact Person	Jason C. Fenwick
Title of Contact Person	Controller
Phone Number	765.648.6034
Status of Finding:	New grants awards are recorded in separate funds. Department heads were notified via Executive Order regarding notification to Controller's Office prior to applying for grants and submission of all grants awards and documents to Controller's Office upon award. A grant tracking policy was implemented and will continue to be refined as needed.

Finding Number 2012-2; 2012-3

Original SBA Audit Report Number:	B42638
Fiscal Year	2012
Auditee Contact Person	Floyd Edwards
Title of Contact Person	Deputy Director
Phone Number	765-648-6136
Status of Finding:	Policy changed and implemented

The Community Development Department implemented the following regarding this finding:

1. All incoming claims submitted by sub-recipients and partnering entities are reviewed to ensure all costs are eligible for payment; once the claim is cleared for payment the CD Administrator initials and dates the claim and submits it to the finance specialist for payment.
2. The finance specialist processes the claims for payroll and reimbursement to sub-recipients/agencies. All Community Development claims are signed by the Deputy Director of Community Development and are submitted to the Controller's Office for payment. All draw requests must be approved by either the Administrator or the Deputy Director prior to final payment.
3. Community Development has modified its procedures to wait until the Controller's Office issues payments to draw funds. In the event of a substantial payment (in excess of \$50,000), draws will not be requested until the finance officer receives written approval from the controller, which is generally three business days before the checks are issued.

Please note the following:

The reference to 31 CFR part 205 referenced in (b) applies to **STATE** recipients. The City of Anderson is a "local" entitlement community, not a state, so that regulation does not apply to us. In addition, the administrative guide to the CDBG program as published by the HUD Office of Block Grant Assistance states as follows:

Cash Management

Recipients and subrecipients are required to have procedures in place to minimize the amount of time that elapses between receipt of CDBG funds and the actual disbursement of those funds.

This requirement is intended to curtail unnecessary drawdowns of CDBG funds and minimize the cost of financing the CDBG program by the federal government.

There are three general methods available to transfer CDBG funds from the U.S. Treasury to grantees (or from the grantee to a subrecipient):

Reimbursement method - *The reimbursement method entails a transfer of grant funds to the grantee (or subrecipient) based on actual expenditures of the grantee prior to the receipt of CDBG funds. This method would only be used for CDBG grantees when HUD has imposed such payment method as a remedy for failure to comply with applicable requirements.*

Cash advance method - *The cash advance method involves the transfer of CDBG funds to the grantee (or subrecipient) to meet obligations before actual cash disbursements have been made. This is the method used to fund most CDBG grantees.*

Disbursement of funds must occur in a timely manner. While there is no explicit time period, the general rule is that payment must take place within three business days of deposit of CDBG funds. If payment takes longer than three business days, written justification should be maintained in the files.

Volume 75, Number 201 of the Federal Register which was published on Tuesday, October 19, 2010 states "NSP is a component of the Community Development Block Grant (CDBG) program (authorized under Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et seq.)(HCD Act). Programs under NSP should aim to integrate the following principles: Retain CDBG distinctive requirements. Congress gave HUD broad waiver and alternative requirement authority, which HUD used in designing NSP program requirements. However, distinctive characteristics of the CDBG program including the objectives of the HCD Act, financial accountability, local citizen participation and information, grantee selection of activities within broad Federal policy parameters, and income targeting of beneficiaries were retained. All of these elements are required in NSP1, NSP2, and NSP3." With this in mind, the Community Development Department does not feel that this finding is valid with regard to the NSP-3 Program.

Finding Number 2012-4; 2012-5

Original SBA Audit Report Number:	B42638
Fiscal Year	2012
Auditee Contact Person	Rick Garrett
Title of Contact Person	CATS Director of Operations
Phone Number	765-648-6406
Status of Finding:	Corrected

Accounting procedures of expenses and reimbursements were performed using Excel spreadsheets developed by the previous administration. These spreadsheets were discovered to obtain errors in calculations and have been corrected. Additional spreadsheets have been developed to assist in the financial and accounting of monthly expenditures.

The Director of Operations has compiled monthly financial expenses and requested reimbursement from the FTA. To insure a separation of duties and accuracy of accounting, the General Manager will review expense reports through MUNIS before a submission of reimbursement is made to the FTA.

Reports were submitted late for ARRA grant (IN-96-X020-00) as they were due in January 2012. Administration of CATS changed on January 1, 2012 and when notified by FTA the reports had not been submitted by the previous administration and were due, the reports were immediately submitted. All funds from ARRA grants were expended and the grants have been closed. A full-time Long Range Planner has been hired to oversee submission of reports to FTA. The General Manager will review these submissions to ensure they are being made in a timely manner.

Finding Number 2012-6

Original SBA Audit Report Number: B42638
Fiscal Year 2012
Auditee Contact Person John G. Coon
Title of Contact Person Airport Manager
Phone Number (765) 648-6292
Status of Finding: Individual invoices will be submitted for each grant that is ongoing. Invoices are being paid when received and once submitted for payment reimbursement is requested.

Finding Number 2012-7

Original SBA Audit Report Number: B42638
Fiscal Year 1/1/12 – 12/31/12
Auditee Contact Person Floyd Edwards
Title of Contact Person Deputy Director
Phone Number 765-648-6136
Status of Finding: Policy changed and implemented

1. The Community Development Department has received training and technical assistance from the U.S. Department of Housing and Urban Development to ensure compliance with all regulations. The due dates for all required reports are now marked on the calendars of the Finance specialist and CD Administrator to ensure they are submitted in a timely fashion.
2. All reports are currently uploaded to the City's website upon submission to HUD as required.

Finding Number 2012-8

Original SBA Audit Report Number: B42638
Fiscal Year 1/1/12 – 12/31/12
Auditee Contact Person Floyd Edwards
Title of Contact Person Deputy Director

Phone Number 765-648-6136
Status of Finding: Policy changed and implemented

The Community Development Department has revisited its policies and procedures and is in compliance with monitoring sub-recipients/agencies regarding their compliance to regulations and contracts.

Finding Number 2012-9

Original SBA Audit Report Number: B42638
Fiscal Year 2012
Auditee Contact Person Jason Fenwick
Title of Contact Person Controller
Phone Number 765-648-6034
Status of Finding: Corrected

Finding Number 2012-10

Original SBA Audit Report Number: B42638
Fiscal Year 2012
Auditee Contact Person Jason Fenwick
Title of Contact Person Controller
Phone Number 765-648-6034
Status of Finding: Corrected – grant policy has been revised to ensure grant requirements can be met before grant application.

Finding Number 2012-11

Original SBA Audit Report Number: B42638
Fiscal Year 2012
Auditee Contact Person Jason Fenwick
Title of Contact Person Controller
Phone Number 765-648-6034
Status of Finding: Corrected – grant policy has been revised to ensure grant requirements can be met before grant application.



*City of Anderson
Controller's Office
Jason C. Fenwick*

120 East Eighth Street
Anderson, Indiana 46018
(765) 648-6025 Phone
(765) 648-5902 Fax
www.cityofanderson.com

Kevin S. Smith, Mayor

CORRECTIVE ACTION PLAN

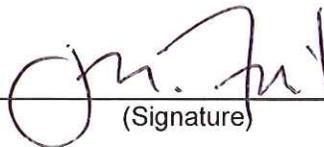
FINDING 2013-001

Contact Person Responsible for Corrective Action: Jason C. Fenwick
Contact Phone Number: 765.648.6034

Description of Corrective Action Plan:

The City routinely updates its Grants Policy and Procedures. The current revised policy states that reimbursement for grant expenditures will not take place prior to actual City expenditures. The Department cited in this finding, City of Anderson Airport, has been notified and instructed to verify actual expenditures with the Controller's Office prior to submitting for reimbursement.

Anticipated Completion Date: Immediate



(Signature)

Controller
(Title)

July 16, 2014
(Date)



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Controller's Office
Jason C. Fenwick*

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Kevin S. Smith, Mayor

CORRECTIVE ACTION PLAN

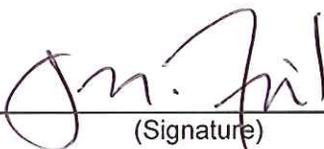
FINDING 2013-002

Contact Person Responsible for Corrective Action: Jason C. Fenwick
Contact Phone Number: 765.648.6034

Description of Corrective Action Plan:

Due to staffing issues, the City did not have anyone managing capital assets for the majority of 2013. The City now has staffing in place to manage capital assets. Our capital asset policy is also being updated.

Anticipated Completion Date: TBD



(Signature)

Controller
(Title)

July 16, 2014
(Date)

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the City. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.