

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF DELPHI
CARROLL COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
09/25/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Leanne Aldrich	01-01-12 to 12-31-15
Mayor	Randy Strasser	01-01-12 to 12-31-15
President of the Board of Public Works	Randy Strasser	01-01-14 to 12-31-15
President Pro Tempore of the City Council	Richard Traeger	01-01-14 to 12-31-15



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF DELPHI, CARROLL COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Delphi (City), which comprises the financial position and results of operations for the year ended December 31, 2014, 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, 2014.

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, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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.

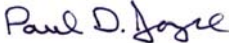
Other Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 11, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

August 11, 2015



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE CITY OF DELPHI, CARROLL 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 Delphi (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated August 11, 2015, 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.

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

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be material weaknesses.

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

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*
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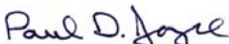
determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

City of Delphi's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

August 11, 2015

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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 DELPHI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
GENERAL	\$ 6,118,302	\$ 2,514,913	\$ 3,487,221	\$ 5,145,994
MVH	178,091	180,001	133,746	224,346
LOCAL ROADS AND STREETS	29,082	10,743	11,400	28,425
AIRPORT DONATIONS	3,894	160	-	4,054
EDIT	224,201	145,462	98,130	271,533
ANIMAL CONTROL	1,224	-	-	1,224
OPERATION PULLOVER	184	2,622	2,575	231
SOLID WASTE	80,184	120,747	90,497	110,434
HIGHWAY RELINQUISHMENT FUND	-	750,000	8,200	741,800
TLEO	5,296	1,902	-	7,198
STELLAR FACADE - RETAINAGE FOR KEMNA CONST.	-	17,413	-	17,413
RAINY DAY FUND	250,300	-	-	250,300
LEVY EXCESS FUND	18,858	-	-	18,858
FIRE PROTECTION TERRITORY	82,181	153,613	157,566	78,228
CUMULATIVE CAPITAL IMPROVEMENT	24,760	7,652	21,300	11,112
NON REVERTING PARK FUND	36,741	17,879	4,691	49,929
FIRE TERR EQUIP FUND	1,240,216	57,491	45,151	1,252,556
POLICE PENSION	64,215	11,775	13,144	62,846
STELLAR - OWNER OCCUPIED RETAINAGE	-	9,782	-	9,782
CITY COURT	1,021	4,227	4,064	1,184
RIVERBOAT TAX	97,417	17,138	36,272	78,283
STELLAR - OPERA HOUSE CONSTRUCTION RETAINAGE	-	62,529	-	62,529
DNR INTERP SITE GRANT	147	-	-	147
COURT COUNTY SHARE	-	420	420	-
HOUSING DEVELOPMENT	18,024	-	-	18,024
FLOOD CLEANUP	1,003	-	-	1,003
SPECIAL PROJECT	6,608	-	-	6,608
SIDEWALK CURB SHARE PROGRAM	20,797	-	-	20,797
HISTORIC TRAIL GRANT	9,994	-	-	9,994
MAIN ST NON-REVERTING	4,621	-	-	4,621
DARE NON REVERTING	17	-	-	17
IN-DOOR REC	183	-	-	183
PARK WABASH HERITAGE FUND	1,531	-	-	1,531
RAILROAD CLEANUP	1,045	-	-	1,045
FAA GRANT	6,273	-	-	6,273
FAA GRANT AIP-10	2,233	-	-	2,233
FAA GRANT AIP-12	(201,926)	166,667	9,174	(44,433)
SRO - STUDENT RESOURCE OFFICER	-	24,000	15,625	8,375
LOANS	22,532	19,838	42,370	-
HHH WATER	(117,392)	141,980	26,646	(2,058)
HHH WASTE	(123,266)	534,789	462,808	(51,285)
FREEDOM BRIDGE	(49,845)	119,530	166,226	(96,541)
FLOODGATE PROJECT	(47,646)	150,000	5,685	96,669
LEEVE CERTIFICATION	(83,256)	150,000	-	66,744
INTER URBAN TRAIL	(47,778)	109,551	534	61,239
SAFE ROUTES PLANNING	(28,000)	28,000	-	-
SAFE ROUTES CONSTRUCTION	-	16,568	18,000	(1,432)
STELLAR PLANNING GRANT	(25,136)	25,136	-	-
AIRPORT ROTARY FUND	78,884	426,440	439,099	66,225
PAYROLL	14,487	1,189,771	1,188,679	15,579
STELLAR PROGRAM MANAGEMENT	(225,225)	348,834	123,609	-
STELLAR OWNER OCCUPIED HOUSING	(176,991)	176,542	13,472	(13,921)
STELLAR FACADE MASTER PLAN	(44,363)	195,469	235,130	(84,024)
STELLAR PARKING	-	-	6,700	(6,700)
GATEWAY - PHASE ONE	(27,013)	80,651	139,183	(85,545)
GATEWAY - PHASE TWO	(15,471)	37,348	53,780	(31,903)
STREET SCAPES - PHASE ONE	(74,322)	303,152	261,920	(33,090)
STREET SCAPES - PHASE TWO	(54,828)	218,030	183,007	(19,805)
STELLAR OPERA HOUSE	(346,548)	1,068,892	818,058	(95,714)
SEWAGE OPERATION	246,935	1,275,052	1,192,871	329,116
SEWAGE SINKING	5,095	159,916	158,851	6,160
SEWAGE DEBT SERVICE RES	159,940	-	159,940	-
SEWAGE CONSTRUCTION BONDS OF 2013	1,315,287	-	147,340	1,167,947
SEWER 2013 DEBT SERVICE RESERVE	-	141,000	-	141,000
SEWER SINKING 2013	-	59,856	30,149	29,707
SEWAGE CAPITAL IMPROVEMENT	2,000	123,713	-	125,713
WATER OPERATING	882,616	1,072,289	1,805,169	149,736
CUSTOMER DEPOSIT	53,782	8,600	8,195	54,187
WATER DEBT RESERVE	167,636	-	-	167,636
WATER UTILITY CONSTRUCTION	-	446,960	11,398	435,562
WATER CONST. BOND OF 2013	1,869,051	-	209,817	1,659,234
WATER 2013 B&I	-	138,615	41,808	96,807
WATER 2013 DEBT RESERVE	-	196,000	-	196,000
WATER BOND & INTEREST	157,575	157,437	157,575	157,437
BOOSTER STATION	13,559	2,174	-	15,733
Totals	<u>\$ 11,829,016</u>	<u>\$ 13,399,269</u>	<u>\$ 12,247,195</u>	<u>\$ 12,981,090</u>

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

CITY OF DELPHI
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, 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 DELPHI
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.

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

E. Disbursements

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

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

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

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

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

CITY OF DELPHI
NOTES TO FINANCIAL STATEMENT
(Continued)

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

CITY OF DELPHI
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

CITY OF DELPHI
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 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.

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.

CITY OF DELPHI
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Plan Description

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

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

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

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains thirteen funds with deficits in cash totaling \$566,450. This is a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the City were not received by December 31, 2014.

Note 8. INDOT Agreement - Transfer of State Road 25

On April 20, 2011, the City entered into an agreement with the Indiana Department of Transportation (INDOT) involving the transfer of responsibility to the City over the maintenance and regulation of the section of S.R. 25 within the City limits. This includes, but is not limited to, all right of way and structures, the road surface, bridges, snow and ice removal, storm water drainage, mowing, traffic signals and other related signs, outdoor advertising structures, and driveways.

INDOT will compensate the City \$1,250,000 to assist the City in the transfer of responsibility. The City received \$500,000 on October 9, 2013, and \$250,000 on September 2, 2014. The remaining \$500,000 is expected to be received in annual payments of \$250,000 over the subsequent two year period.

OTHER INFORMATION - UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Financial 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 other information presented was approved by management of the City. It is presented as intended by the City.

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	GENERAL	MVH	LOCAL ROADS AND STREETS	AIRPORT DONATIONS	EDIT	ANIMAL CONTROL	OPERATION PULLOVER
Cash and investments - beginning	\$ 6,118,302	\$ 178,091	\$ 29,082	\$ 3,894	\$ 224,201	\$ 1,224	\$ 184
Receipts:							
Taxes	949,620	-	-	-	-	-	-
Licenses and permits	7,932	-	-	-	-	-	-
Intergovernmental	1,183,492	132,413	10,743	-	145,462	-	2,622
Charges for services	-	1,340	-	-	-	-	-
Fines and forfeits	1,309	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	372,560	46,248	-	160	-	-	-
Total receipts	<u>2,514,913</u>	<u>180,001</u>	<u>10,743</u>	<u>160</u>	<u>145,462</u>	<u>-</u>	<u>2,622</u>
Disbursements:							
Personal services	1,228,353	32,302	-	-	20,000	-	1,624
Supplies	104,995	43,351	-	-	2,685	-	-
Other services and charges	1,414,197	-	-	-	75,445	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	190,024	58,093	11,400	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	549,652	-	-	-	-	-	951
Total disbursements	<u>3,487,221</u>	<u>133,746</u>	<u>11,400</u>	<u>-</u>	<u>98,130</u>	<u>-</u>	<u>2,575</u>
Excess (deficiency) of receipts over disbursements	<u>(972,308)</u>	<u>46,255</u>	<u>(657)</u>	<u>160</u>	<u>47,332</u>	<u>-</u>	<u>47</u>
Cash and investments - ending	<u>\$ 5,145,994</u>	<u>\$ 224,346</u>	<u>\$ 28,425</u>	<u>\$ 4,054</u>	<u>\$ 271,533</u>	<u>\$ 1,224</u>	<u>\$ 231</u>

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	SOLID WASTE	HIGHWAY RELINQUISHMENT FUND	TLEO	STELLAR FAÇADE - RETAINAGE FOR KEMNA CONST	RAINY DAY FUND	LEVY EXCESS FUND	FIRE PROTECTION TERRITORY
Cash and investments - beginning	\$ 80,184	\$ -	\$ 5,296	\$ -	\$ 250,300	\$ 18,858	\$ 82,181
Receipts:							
Taxes	-	-	-	-	-	-	121,375
Licenses and permits	-	-	850	-	-	-	-
Intergovernmental	-	750,000	-	17,413	-	-	20,219
Charges for services	120,698	-	933	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	49	-	119	-	-	-	12,019
Total receipts	<u>120,747</u>	<u>750,000</u>	<u>1,902</u>	<u>17,413</u>	<u>-</u>	<u>-</u>	<u>153,613</u>
Disbursements:							
Personal services	6,166	-	-	-	-	-	33,395
Supplies	-	-	-	-	-	-	9,435
Other services and charges	-	8,200	-	-	-	-	55,349
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	59,387
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	84,331	-	-	-	-	-	-
Total disbursements	<u>90,497</u>	<u>8,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,566</u>
Excess (deficiency) of receipts over disbursements	<u>30,250</u>	<u>741,800</u>	<u>1,902</u>	<u>17,413</u>	<u>-</u>	<u>-</u>	<u>(3,953)</u>
Cash and investments - ending	<u>\$ 110,434</u>	<u>\$ 741,800</u>	<u>\$ 7,198</u>	<u>\$ 17,413</u>	<u>\$ 250,300</u>	<u>\$ 18,858</u>	<u>\$ 78,228</u>

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	CUMULATIVE CAPITAL IMPROVEMENT	NON REVERTING PARK FUND	FIRE TERR EQUIP FUND	POLICE PENSION	STELLAR - OWNER OCCUPIED RETAINAGE	CITY COURT	RIVERBOAT TAX
Cash and investments - beginning	\$ 24,760	\$ 36,741	\$ 1,240,216	\$ 64,215	\$ -	\$ 1,021	\$ 97,417
Receipts:							
Taxes	-	-	50,234	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	7,652	-	4,743	-	-	-	17,138
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	4,227	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	17,879	2,514	11,775	9,782	-	-
Total receipts	<u>7,652</u>	<u>17,879</u>	<u>57,491</u>	<u>11,775</u>	<u>9,782</u>	<u>4,227</u>	<u>17,138</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	4,691	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	21,300	-	45,151	-	-	-	36,272
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	13,144	-	4,064	-
Total disbursements	<u>21,300</u>	<u>4,691</u>	<u>45,151</u>	<u>13,144</u>	<u>-</u>	<u>4,064</u>	<u>36,272</u>
Excess (deficiency) of receipts over disbursements	<u>(13,648)</u>	<u>13,188</u>	<u>12,340</u>	<u>(1,369)</u>	<u>9,782</u>	<u>163</u>	<u>(19,134)</u>
Cash and investments - ending	<u>\$ 11,112</u>	<u>\$ 49,929</u>	<u>\$ 1,252,556</u>	<u>\$ 62,846</u>	<u>\$ 9,782</u>	<u>\$ 1,184</u>	<u>\$ 78,283</u>

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	STELLAR - OPERA HOUSE CONSTRUCTION RETAINAGE	DNR INTERP SITE GRANT	COURT COUNTY SHARE	HOUSING DEVELOPMENT	FLOOD CLEANUP	SPECIAL PROJECT	SIDEWALK CURB SHARE PROGRAM
Cash and investments - beginning	\$ -	\$ 147	\$ -	\$ 18,024	\$ 1,003	\$ 6,608	\$ 20,797
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	62,529	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	420	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>62,529</u>	<u>-</u>	<u>420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	420	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>62,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 62,529</u>	<u>\$ 147</u>	<u>\$ -</u>	<u>\$ 18,024</u>	<u>\$ 1,003</u>	<u>\$ 6,608</u>	<u>\$ 20,797</u>

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	HISTORIC TRAIL GRANT	MAIN ST NON-REVERTING	DARE NON-REVERTING	IN-DOOR REC	PARK WABASH HERITAGE FUND	RAILROAD CLEANUP	FAA GRANT
Cash and investments - beginning	\$ 9,994	\$ 4,621	\$ 17	\$ 183	\$ 1,531	\$ 1,045	\$ 6,273
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	\$ 9,994	\$ 4,621	\$ 17	\$ 183	\$ 1,531	\$ 1,045	\$ 6,273

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	FAA GRANT AIP-10	FAA GRANT AIP-12	SRO - STUDENT RESOURCE OFFICER	LOANS	HHH WATER	HHH WASTE	FREEDOM BRIDGE
Cash and investments - beginning	\$ 2,233	\$ (201,926)	\$ -	\$ 22,532	\$ (117,392)	\$ (123,266)	\$ (49,845)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	166,667	24,000	-	-	-	119,530
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	19,838	141,980	534,789	-
Total receipts	<u>-</u>	<u>166,667</u>	<u>24,000</u>	<u>19,838</u>	<u>141,980</u>	<u>534,789</u>	<u>119,530</u>
Disbursements:							
Personal services	-	-	11,029	-	-	-	-
Supplies	-	-	1,110	-	-	-	-
Other services and charges	-	9,174	356	-	26,646	462,808	166,226
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	2,149	42,370	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	981	-	-	-	-
Total disbursements	<u>-</u>	<u>9,174</u>	<u>15,625</u>	<u>42,370</u>	<u>26,646</u>	<u>462,808</u>	<u>166,226</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>157,493</u>	<u>8,375</u>	<u>(22,532)</u>	<u>115,334</u>	<u>71,981</u>	<u>(46,696)</u>
Cash and investments - ending	<u>\$ 2,233</u>	<u>\$ (44,433)</u>	<u>\$ 8,375</u>	<u>\$ -</u>	<u>\$ (2,058)</u>	<u>\$ (51,285)</u>	<u>\$ (96,541)</u>

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	FLOODGATE PROJECT	LEVEE CERTIFICATION	INTER URBAN TRAIL	SAFE ROUTES PLANNING	SAFE ROUTES CONSTRUCTION	STELLAR PLANNING GRANT	AIRPORT ROTARY FUND
Cash and investments - beginning	\$ (47,646)	\$ (83,256)	\$ (47,778)	\$ (28,000)	\$ -	\$ (25,136)	\$ 78,884
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	150,000	-	109,551	28,000	16,568	25,136	-
Charges for services	-	-	-	-	-	-	17,833
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	150,000	-	-	-	-	408,607
Total receipts	<u>150,000</u>	<u>150,000</u>	<u>109,551</u>	<u>28,000</u>	<u>16,568</u>	<u>25,136</u>	<u>426,440</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	36,389
Other services and charges	5,685	-	534	-	-	-	19,462
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	18,000	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	383,248
Total disbursements	<u>5,685</u>	<u>-</u>	<u>534</u>	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>439,099</u>
Excess (deficiency) of receipts over disbursements	<u>144,315</u>	<u>150,000</u>	<u>109,017</u>	<u>28,000</u>	<u>(1,432)</u>	<u>25,136</u>	<u>(12,659)</u>
Cash and investments - ending	<u>\$ 96,669</u>	<u>\$ 66,744</u>	<u>\$ 61,239</u>	<u>\$ -</u>	<u>\$ (1,432)</u>	<u>\$ -</u>	<u>\$ 66,225</u>

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	PAYROLL	STELLAR PROGRAM MANAGEMENT	STELLAR OWNER OCCUPIED HOUSING	STELLAR FACADE MASTER PLAN	STELLAR PARKING	GATEWAY - PHASE ONE	GATEWAY - PHASE TWO
Cash and investments - beginning	\$ 14,487	\$ (225,225)	\$ (176,991)	\$ (44,363)	\$ -	\$ (27,013)	\$ (15,471)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	172,342	195,469	-	33,300	37,348
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,189,771	348,834	4,200	-	-	47,351	-
Total receipts	<u>1,189,771</u>	<u>348,834</u>	<u>176,542</u>	<u>195,469</u>	<u>-</u>	<u>80,651</u>	<u>37,348</u>
Disbursements:							
Personal services	709,267	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	3,690	61,000	6,700	139,183	53,780
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	156,717	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	479,412	123,609	9,782	17,413	-	-	-
Total disbursements	<u>1,188,679</u>	<u>123,609</u>	<u>13,472</u>	<u>235,130</u>	<u>6,700</u>	<u>139,183</u>	<u>53,780</u>
Excess (deficiency) of receipts over disbursements	<u>1,092</u>	<u>225,225</u>	<u>163,070</u>	<u>(39,661)</u>	<u>(6,700)</u>	<u>(58,532)</u>	<u>(16,432)</u>
Cash and investments - ending	<u>\$ 15,579</u>	<u>\$ -</u>	<u>\$ (13,921)</u>	<u>\$ (84,024)</u>	<u>\$ (6,700)</u>	<u>\$ (85,545)</u>	<u>\$ (31,903)</u>

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	STREET SCAPES - PHASE ONE	STREET SCAPES - PHASE TWO	STELLAR OPERA HOUSE	SEWAGE OPERATION	SEWAGE SINKING	SEWAGE DEBT SERVICE RES	SEWAGE CONSTRUCTION BONDS OF 2013
Cash and investments - beginning	\$ (74,322)	\$ (54,828)	\$ (346,548)	\$ 246,935	\$ 5,095	\$ 159,940	\$ 1,315,287
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	303,152	218,030	903,517	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	1,173,380	-	-	-
Other receipts	-	-	165,375	101,672	159,916	-	-
Total receipts	303,152	218,030	1,068,892	1,275,052	159,916	-	-
Disbursements:							
Personal services	-	-	-	217,826	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	261,920	183,007	158,192	-	-	-	-
Debt service - principal and interest	-	-	-	-	158,851	-	-
Capital outlay	-	-	659,866	123,464	-	-	147,090
Utility operating expenses	-	-	-	370,743	-	-	-
Other disbursements	-	-	-	480,838	-	159,940	250
Total disbursements	261,920	183,007	818,058	1,192,871	158,851	159,940	147,340
Excess (deficiency) of receipts over disbursements	41,232	35,023	250,834	82,181	1,065	(159,940)	(147,340)
Cash and investments - ending	<u>\$ (33,090)</u>	<u>\$ (19,805)</u>	<u>\$ (95,714)</u>	<u>\$ 329,116</u>	<u>\$ 6,160</u>	<u>\$ -</u>	<u>\$ 1,167,947</u>

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	SEWER 2013 DEBT SERVICE RESERVE	SEWER SINKING 2013	SEWAGE CAPITAL IMPROVEMENT	WATER OPERATING	CUSTOMER DEPOSIT	WATER DEBT RESERVE	WATER UTILITY CONSTRUCTION
Cash and investments - beginning	\$ -	\$ -	\$ 2,000	\$ 882,616	\$ 53,782	\$ 167,636	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	1,072,289	-	-	-
Other receipts	141,000	59,856	123,713	-	8,600	-	446,960
Total receipts	<u>141,000</u>	<u>59,856</u>	<u>123,713</u>	<u>1,072,289</u>	<u>8,600</u>	<u>-</u>	<u>446,960</u>
Disbursements:							
Personal services	-	-	-	201,825	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	30,149	-	-	-	-	-
Capital outlay	-	-	-	119,311	-	-	11,398
Utility operating expenses	-	-	-	384,584	8,195	-	-
Other disbursements	-	-	-	1,099,449	-	-	-
Total disbursements	<u>-</u>	<u>30,149</u>	<u>-</u>	<u>1,805,169</u>	<u>8,195</u>	<u>-</u>	<u>11,398</u>
Excess (deficiency) of receipts over disbursements	<u>141,000</u>	<u>29,707</u>	<u>123,713</u>	<u>(732,880)</u>	<u>405</u>	<u>-</u>	<u>435,562</u>
Cash and investments - ending	<u>\$ 141,000</u>	<u>\$ 29,707</u>	<u>\$ 125,713</u>	<u>\$ 149,736</u>	<u>\$ 54,187</u>	<u>\$ 167,636</u>	<u>\$ 435,562</u>

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	WATER CONST. BOND OF 2013	WATER 2013 B&I	WATER 2013 DEBT RESERVE	WATER BOND & INTEREST	BOOSTER STATION	Totals
Cash and investments - beginning	\$ 1,869,051	\$ -	\$ -	\$ 157,575	\$ 13,559	\$ 11,829,016
Receipts:						
Taxes	-	-	-	-	-	1,121,229
Licenses and permits	-	-	-	-	-	8,782
Intergovernmental	-	-	-	-	-	4,857,036
Charges for services	-	-	-	-	-	140,804
Fines and forfeits	-	-	-	-	-	5,956
Utility fees	-	-	-	-	2,174	2,247,843
Other receipts	-	138,615	196,000	157,437	-	5,017,619
Total receipts	<u>-</u>	<u>138,615</u>	<u>196,000</u>	<u>157,437</u>	<u>2,174</u>	<u>13,399,269</u>
Disbursements:						
Personal services	-	-	-	-	-	2,461,787
Supplies	-	-	-	-	-	197,965
Other services and charges	-	-	-	-	-	3,116,245
Debt service - principal and interest	-	41,808	-	157,575	-	388,383
Capital outlay	87,226	-	-	-	-	1,789,218
Utility operating expenses	122,341	-	-	-	-	885,863
Other disbursements	250	-	-	-	-	3,407,734
Total disbursements	<u>209,817</u>	<u>41,808</u>	<u>-</u>	<u>157,575</u>	<u>-</u>	<u>12,247,195</u>
Excess (deficiency) of receipts over disbursements	<u>(209,817)</u>	<u>96,807</u>	<u>196,000</u>	<u>(138)</u>	<u>2,174</u>	<u>1,152,074</u>
Cash and investments - ending	<u>\$ 1,659,234</u>	<u>\$ 96,807</u>	<u>\$ 196,000</u>	<u>\$ 157,437</u>	<u>\$ 15,733</u>	<u>\$ 12,981,090</u>

CITY OF DELPHI
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Dump Truck- Pickup Street Department	\$ 40,054	\$ 23,970
Notes and loans payable	Police Car	19,836	19,836
Notes and loans payable	T Hangar	<u>347,291</u>	<u>15,628</u>
Total governmental activities		<u>407,181</u>	<u>59,434</u>
Wastewater:			
Revenue bonds	2013 Improvements	1,410,000	76,369
Notes and loans payable	Pickup Truck - Wastewater	<u>15,757</u>	<u>16,371</u>
Total Wastewater		<u>1,425,757</u>	<u>92,740</u>
Water:			
Revenue bonds	2013 Improvements	1,960,000	119,155
Revenue bonds	Water Improvement Plan	<u>2,325,000</u>	<u>157,205</u>
Total Water		<u>4,285,000</u>	<u>276,360</u>
Totals		<u>\$ 6,117,938</u>	<u>\$ 428,534</u>

CITY OF DELPHI
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2014

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	\$ 4,914,807
Infrastructure	2,144,522
Buildings	1,791,877
Machinery, equipment, and vehicles	738,213
Total governmental activities	9,589,419
Wastewater:	
Infrastructure	7,530,080
Buildings	1,250,000
Machinery, equipment, and vehicles	185,646
Total Wastewater	8,965,726
Water:	
Infrastructure	1,596,441
Buildings	60,000
Machinery, equipment, and vehicles	118,176
Total Water	1,774,617
Total capital assets	\$ 20,329,762

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 DELPHI, CARROLL COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the City of Delphi'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, 2014. 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.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

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

Report on Internal Control Over Compliance


Management of the City is responsible for establishing and maintaining effective internal control over compliance with 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 item 2014-002 to be material weaknesses.

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

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

August 11, 2015

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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

CITY OF DELPHI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Facade Master Plan - 2011 Community Development Block Grant	Office of Community Rural Affairs	14.228	038-CDBG-11-SUB	\$ 60,565
Facade Master Plan - Disaster Recovery Assistance Grant			038-DR2-09-100X	73,580
Opera House			DR2SC-012-002	357,303
Opera House	Indiana Housing & Community Development Authority		DR2SC-012-002	<u>546,215</u>
Total - CDBG - State-Administered CDBG Cluster				<u>1,037,663</u>
Home Investment Partnerships Program	Indiana Housing & Community Development Authority	14.239		
Stellar Owner Occupied Housing			2012-SF-045	<u>172,342</u>
Total - Department of Housing and Urban Development				<u>1,210,005</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning & Construction				
TE/Bike and Pedestrian Facilities				
Freedom Bridge			A249-10-32741	115,714
Interurban Trail			A249-11-320529	27,780
Gateway Phase I			A249-13-320552	28,205
Gateway Phase II			A249-13-320553	20,118
Transportation Alternatives				
Street Scapes Phase I			A249-13-320546	206,966
Street Scapes Phase II			A249-13-320551	155,848
Highway Planning & Construction				
HHH WATER			NH-071-5(10)	93,985
HHH WASTE			NH-071-5(10)	<u>354,008</u>
Total - Highway Planning and Construction				<u>1,002,624</u>
Recreational Trails Program				
TE/Bike and Pedestrian Facilities				
Safe Routes to School			A249-11-320534	28,000
Safe Routes to School II			A249-11-320534	<u>16,568</u>
Total - Recreational Trails Program				<u>44,568</u>
Total - Highway Planning and Construction Cluster				<u>1,047,192</u>
Highway Safety Cluster				
Alcohol Impaired Driving Countermeasures Incentive Grants I				
Operation Pull-Over Enforcement Grant	Indiana Criminal Justice Institute	20.601		
			FY 2014	<u>2,622</u>
Total - Highway Safety Cluster				<u>2,622</u>
Airport Improvement Program				
Airport Project	Direct grant	20.106		
			AIP-12	<u>150,000</u>
Total - Department of Transportation				<u>1,199,814</u>
Total federal awards expended				<u>\$ 2,409,819</u>

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

CITY OF DELPHI
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

CITY OF DELPHI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

CDBG - State-Administered CDBG Cluster
Highway Planning and Construction Cluster

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The City has not established an effective control system over the preparation of the Schedule of Expenditures of Federal Awards (SEFA) to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA were undetected.

During the audit of the SEFA, we noted that the SEFA included state matching grants totaling \$253,713; fund transfers totaling \$306,551; the Indiana Department of Transportation's payments made directly to contractors totaling \$428,091; and other local funds totaling \$379,661. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report.

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

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

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

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states in part:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available."

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - DAVIS-BACON ACT

Federal Agency: Department of Housing and Urban Development

Federal Program: Community Development Block Grants/State's Program and Non-Entitlement Grants
in Hawaii

CFDA Number: 14.228

Federal Award Number: DR2SC-012-002

Pass-Through Entity: Indiana Housing & Community Development Authority and Office of Community Rural
Affairs

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

The City designed an internal control system to verify compliance with the Davis-Bacon Act requirements, although all aspects of these controls were not properly implemented. The failure to properly implement their internal controls places the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of proper implementation of the internal controls 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.

The City contracted with a third-party to administer and manage services in connection with the grant project. The contract requires the Grant Administrator to verify the contractor's compliance with the requirements of the Davis-Bacon Act. The contractors send detailed payroll to the Grant Administrator each pay period for the compliance review. Upon completion of the review, the Grant Administrator compiles a detailed list of certified payroll reports (CPR) in a document referred to as "Labor Standards Review and Approval Report." This report is sent quarterly to the City through an email which also requests that the City select 3 payroll dates for review and return the report to the Grant Administrator. Upon receipt of the report, the Grant Administrator would gather the selected CPR's for the City to review and verify compliance with the Davis-Bacon Act requirements. The City failed to follow through with these procedures; they did not respond to all of the email requests. Therefore, the City did not properly monitor compliance with the Davis-Bacon Act requirements.

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 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.

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 or implement proper internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the City.

We recommended that the City's management properly implement controls, including segregation of duties, related to the grant agreement and the Davis-Bacon Act compliance requirements.

AUDITEE PREPARED DOCUMENTS

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



SUMMARY SCHEDULE FOR PRIOR AUDIT FINDINGS

FINDING 2013-003

Original Assigned SBA Audit Report Number: B44027
Report Period: 1-1-13 to 12-31-13
Pass- Through Entity of Federal Grantor Agency: Indiana Department of Transportation
Contact Person Responsible for Corrective Action: Leanne Aldrich, Clerk- Treasurer
Contact Phone Number: 765-564-2097

Status of Audit Finding: The issue with Davis-Bacon was addressed. KIRPC provided a book of instruction on Davis Bacon. Mayor Strasser as well as the Clerk's office addressed the issue. Grant administrators check the wages as well.

FINDING 2013-004

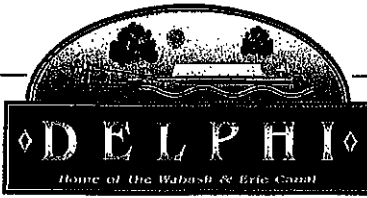
Original Assigned SBA Audit Report Number: B44027
Report Period: 1-1-13 to 12-31-13
Pass- Through Entity of Federal Grantor Agency: Indiana Department of Transportation
Contact Person Responsible for Corrective Action: Leanne Aldrich, Clerk- Treasurer
Contact Phone Number: 765-564-2097

Status of Audit Finding: A physical inventory was required by each department of the City of Delphi. The inventories were turned in to the Clerk's office. This physical inventory allowed a way to check the inventory on the Keystone Asset Software program. The next physical inventory is scheduled for 2016.

FINDING 2013-005

Original Assigned SBA Audit Report Number: B44027
Report Period: 1-1-13 to 12-31-13
Pass- Through Entity of Federal Grantor Agency: Direct Grant
Contact Person Responsible for Corrective Action: Leanne Aldrich, Clerk- Treasurer
Contact Phone Number: 765-564-2097

Clerk-Treasurer
Leanne Aldrich



201 South Union Street
Delphi, Indiana 46923
Phone (765) 564-2097
Fax (765) 564-3278
e-mail: leanne@cityofdelphi.org

Status of Audit Finding: A physical inventory was required by the airport. The inventory was turned in to the Clerk's office. This physical inventory allowed a way to check the inventory on the Keystone Asset Software program. The next physical inventory is scheduled for 2016. Work relating to the grant is checked by both the Clerk and Deputy Clerk.

Leanne Aldrich

Signature

6-8-2015

Date

CLERK TREASURER

Title

Clerk-Treasurer
Leanne Aldrich



201 South Union Street
Delphi, Indiana 46923
Phone (765) 564-2097
Fax (765) 564-3273
e-mail: leanne@cityofdelphi.org

CORRECTIVE ACTION PLAN

Contact Person Responsible for Corrective Action: Leanne Aldrich, Clerk Treasurer
Contact Phone Number: 765-564-2097

FINDING 2014-001

The Clerk Treasurer will contact SBOA for federal fund report before the financial report must be submitted. The Clerk and the Deputy Clerk will check internal reports to verify the correct balance in our software system equals the federal and state amounts on the report received by SBOA. Effort will be made to receive better financial information from the consultant/engineers working on the grants with federal funds.

FINDING 2014-002

The Clerk Treasurer will implement and follow the internal control system to verify compliance with Davis-Bacon requirements. The forms provided by the third-party grant administrator will be used as planned in order to verify all contractors are following the wage scale requirements. This plan will ensure compliance as the grant administrator will be verifying the pay scales and followed by the Clerk Treasurer's examination of the payroll records. These procedures are being followed immediately after the audit by the State Board of Accounts.

Leanne Aldrich
8-11-2015

OTHER REPORTS

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