

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, 2014 to December 31, 2014



FILED
02/05/2016

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
Other 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	42-43
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	49-56
Auditee Prepared Documents:	
Summary Schedule of Prior Audit Findings	58-59
Corrective Action Plan	60-63
Other Reports	64

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Jason C. Fenwick	01-01-14 to 12-31-15
Mayor	Kevin S. Smith	01-01-12 to 12-31-15
President of the Board of Public Works	Pete Heuer	01-01-14 to 12-31-15
President of the Common Council	Pam Jones Donna Davis	01-01-14 to 05-26-14 05-27-14 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (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 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.

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 December 17, 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

December 17, 2015



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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, 2014, and the related notes to the financial statement, and have issued our report thereon dated December 17, 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.

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

Compliance and Other Matters

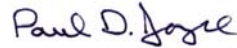
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

City of Anderson's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

December 17, 2015

(This page intentionally left blank.)

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, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 4,794,039	\$ 28,152,653	\$ 29,200,496	\$ 3,746,196
Motor Vehicle Highway	491,533	2,128,251	1,808,042	811,742
Local Road And Street	288,995	493,562	478,766	303,791
Airport Avfuel Corp Account	48,909	402,033	439,194	11,748
Park Nonreverting Operating	146,352	364,313	209,121	301,544
Econ Dev Food & Beverage	1,764,439	1,245,616	1,791,074	1,218,981
C.A.T.S.	42,690	2,548,790	2,349,121	242,359
Community Development	15,120	800,250	795,071	20,299
Clerk's Records Perpetuation	12,149	3,350	3,135	12,364
Parks And Recreation	328,277	1,955,583	1,892,140	391,720
User Fee	33,268	5,342	4,098	34,512
Slot Machine Wagering Fund	741,252	2,522,740	2,816,585	447,407
Brownfield	3,252	-	-	3,252
Police Pension	62,904	3,171,574	3,134,659	99,819
Fire Pension	70,160	3,584,138	3,544,043	110,255
Life Insurance Fund	16,984	64,323	65,077	16,230
Nsp Federal	107,382	40,407	100,342	47,447
Health Ins Ancillary Fund	98,480	241,525	224,123	115,882
Fire Grants Fund	5,182	94,597	100,229	(450)
Police Grant Fund	(2,528)	53,137	49,703	906
Road Project Grant Fund	(11,674)	12,426	752	-
Town Center Park Endowment	4,000	3,399	-	7,399
Miller Trailway Clearing Fund	-	49,499	46,263	3,236
Redevelopment Grant Fund	(46,671)	900,312	1,115,034	(261,393)
Intermodal Grant Fund	-	4,820	3,420	1,400
Nsp 3 Federal	-	353,527	353,527	-
Street Dept Non-Reverting Fund	-	149,104	116,705	32,399
Parking Authority Non Reverting	-	71,565	51,446	20,119
Safer Grant Fund	-	413,053	493,259	(80,206)
Cats Vehicle Grant Fund	-	346,461	346,461	-
Assurance Financing Fund	-	200,000	200,000	-
Gm Beautification Fund	2,985	-	-	2,985
Apd Vin	1,428	-	-	1,428
Firefighters Exam Fee	3,930	-	-	3,930
Eda Flagship	266	-	-	266
Redevelopment Tif Reserve	2,381,389	-	-	2,381,389
City Court Account	292,371	959,748	956,066	296,053
Florentine Bed B&I Bny Account	1	-	-	1
Police Station Refinance Bny Account	774,655	-	-	774,655
Rainy Day	95	-	-	95
Probation	66,846	194,683	174,591	86,938
Donations	60,811	90,638	33,352	118,097
Airport	155,989	597,543	407,344	346,188
Police Continuing Ed	13,142	33,150	36,951	9,341
Airport Non-Reverting	5,632	135,603	122,073	19,162
Bldg Non-Reverting	75	50	-	125
Fire Bldg & Equip	732,678	2,664,493	989,813	2,407,358
Operation Clean	7,740	12,738	17,404	3,074
Tax Abatement	2,383	1,625	1,595	2,413
Administration Fees	40,692	27,341	6,050	61,983
Court Sup Pub Def Fees	5,014	8,285	2,216	11,083
Home	74,447	222,203	296,650	-
Apd Man	111,197	81,305	99,318	93,184
E D Revolving Loan	527,921	101,927	266,742	363,106
Redevelopment	203,880	40,267	34,749	209,398
Sinking Fund	-	362,748	202,008	160,740
Sanitary District Sinking	65,999	693,901	737,070	22,830
Redev Bond & Int-Kroger	308,840	112,434	90,660	330,614
Loss Fund	306,215	1,117,236	1,313,871	109,580
Redevelopment Tif Levy	9,891,922	2,704,577	4,707,328	7,889,171

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, 2014
(Continued)

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
Police Training Fund	73,025	22,980	-	96,005
Arc Lease/Rental	407,246	141,438	24,485	524,199
Redevelopment Bond & Interest	2,692,392	1,374,788	2,138,450	1,928,730
Insurance Escrow	3,127,517	13,575,491	12,535,259	4,167,749
Nestle Tif Capital	192,889	-	1,747	191,142
Airport Grant Fund	(173)	220,251	221,106	(1,028)
Court Due County	-	31,432	31,432	-
Wheel Tax Fund	304,666	959,002	1,129,146	134,522
Fire Fighting Training Fund	49	13,792	8,088	5,753
Public Safety Coit Fund	554,212	2,312,924	2,119,634	747,502
Nestle Taxable Tif Capital	3,913,772	3,149,862	1,274,925	5,788,709
Capital Improvements	253,530	148,469	213,114	188,885
Certified Tech Park Fund	986,901	726,769	917,185	796,485
Civil City Payroll	87,218	9,588,927	9,613,414	62,731
Construction Fund-2014	-	1,300,000	-	1,300,000
Electric Petty Cash	1,000	-	-	1,000
Electric Mail Permit Deposit	3,000	-	-	3,000
Electric Ups Deposit	152	-	-	152
Electric Utility-Operating	957,897	86,015,407	86,768,731	204,573
Electric Utility-Bond And Interest	-	2,071,878	2,071,878	-
Electric Utility-Customer Deposit	1,175,760	470,957	329,726	1,316,991
Electric Utility-Construction	12,754	-	12,754	-
Electric Utility Depreciation	601,923	2,746,645	1,620,038	1,728,530
Electric Automatic Meter Reading	-	1,163,288	1,163,288	-
Electric Garage Reserve	26,413	3,584	-	29,997
Electric Utility Fiber	221,521	253,022	278,250	196,293
Electric Utility Reserve-Cilt	1,281,586	1,761,921	1,473,720	1,569,787
Storm Water Ut Mail Permit Deposit	3,000	-	-	3,000
Storm Water Utility-Operating	194,890	2,619,221	2,482,916	331,195
Stormwater Utility Depreciation	120,787	92,549	1,633	211,703
Storm Constr Csh Fiscal Agent	3	3	6	-
Stormwater Bond & Interest	31,288	188,532	188,442	31,378
Storm Water Reserve Cilt	466,834	283,316	250,000	500,150
Wastewater-Construction 2011	1,728,374	170	35,098	1,693,446
Wastewater Petty Cash	1,000	-	-	1,000
Wastewater Mail Permit Deposit	3,000	-	-	3,000
Wastewater 2009B Construction	370,565	-	-	370,565
Wastewater Utility-Operating	11,477,636	22,563,332	20,287,339	13,753,629
Wastewater Util-Bond And Interest	3,174,561	4,374,657	4,423,552	3,125,666
Wastewater Depreciation	2,761,480	1,053,532	1,639,047	2,175,965
Wastewater Reserve Cilt	1,878,792	1,127,472	1,007,816	1,998,448
Wastewater Replacement	1,243,699	240,022	-	1,483,721
Wastewater Automatic Meter Reading	-	615,823	615,823	-
Wastewater Utility Improvement	1,958,337	600,472	119,044	2,439,765
Wastewater Revolving Sewer Const	5,893	109,753	36,089	79,557
Wastewater 2009B Construction	(36,324)	36,324	-	-
Wastewater Sfr Retainage Fund	20,173	-	20,173	-
Wastewater 2010 Construction	36,324	-	36,324	-
Water Utility Petty Cash	1,000	-	-	1,000
Water Mail Permit Deposit	3,000	-	-	3,000
Water Utility-Operating	229,928	10,056,681	10,188,317	98,292
Water Utility-Bond And Interest	-	450,637	450,637	-
Water Utility-Customer Deposit	386,568	221,643	124,808	483,403
Water Utility-Construction	638,532	-	638,532	-
Water Utility Depreciation	49,806	378,482	119,910	308,378
Water Utility Reserve Cilt	215,565	323,320	215,554	323,331
Water Automatic Meter Reading	-	1,255,767	1,255,767	-
Totals	<u>\$ 68,892,998</u>	<u>\$ 235,183,380</u>	<u>\$ 230,310,934</u>	<u>\$ 73,765,444</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 may 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 may 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 a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

On Behalf Payments

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

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

Plan Description

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

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

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

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

Funding Policy

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

Note 7. Cash Balance Deficits

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

Note 8. Other Postemployment Benefits

The City provides to eligible retirees and their spouses the following benefits: medical, dental, vision, and life insurance. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

(This page intentionally left blank.)

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

	General	Motor Vehicle Highway	Local Road And Street	Airport Avfuel Corp Account	Park Nonreverting Operating	Econ Dev Food & Beverage	C.A.T.S.
Cash and investments - beginning	\$ 4,794,039	\$ 491,533	\$ 288,995	\$ 48,909	\$ 146,352	\$ 1,764,439	\$ 42,690
Receipts:							
Taxes	12,601,821	-	-	-	-	1,227,606	2,340,079
Licenses and permits	1,044,523	96,994	-	-	-	-	-
Intergovernmental	11,680,997	2,029,542	493,562	-	1,773	-	-
Charges for services	2,507,431	1,715	-	402,033	291,260	2,550	195,266
Fines and forfeits	58,820	-	-	-	26,671	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	259,061	-	-	-	44,609	15,460	13,445
Total receipts	28,152,653	2,128,251	493,562	402,033	364,313	1,245,616	2,548,790
Disbursements:							
Personal services	21,441,130	1,304,205	-	-	58,604	7,673	1,918,472
Supplies	489,799	190,136	387,778	-	96,005	15	280,331
Other services and charges	5,883,132	208,456	-	439,194	11,092	746,317	150,318
Debt service - principal and interest	35	-	-	-	-	67,265	-
Capital outlay	437,996	105,245	90,988	-	42,662	4,377	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	948,404	-	-	-	758	965,427	-
Total disbursements	29,200,496	1,808,042	478,766	439,194	209,121	1,791,074	2,349,121
Excess (deficiency) of receipts over disbursements	(1,047,843)	320,209	14,796	(37,161)	155,192	(545,458)	199,669
Cash and investments - ending	\$ 3,746,196	\$ 811,742	\$ 303,791	\$ 11,748	\$ 301,544	\$ 1,218,981	\$ 242,359

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

	Community Development	Clerk's Records Perpetuation	Parks And Recreation	User Fee	Slot Machine Wagering Fund	Brownfield	Police Pension
Cash and investments - beginning	\$ 15,120	\$ 12,149	\$ 328,277	\$ 33,268	\$ 741,252	\$ 3,252	\$ 62,904
Receipts:							
Taxes	-	-	1,721,513	-	-	-	3,126,080
Licenses and permits	-	-	1,056	-	-	-	-
Intergovernmental	776,134	-	185,006	-	2,522,465	-	45,446
Charges for services	-	-	47,749	5,342	-	-	-
Fines and forfeits	-	3,350	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	24,116	-	259	-	275	-	48
Total receipts	800,250	3,350	1,955,583	5,342	2,522,740	-	3,171,574
Disbursements:							
Personal services	129,578	-	938,377	-	1,623,949	-	3,128,342
Supplies	-	1,413	162,856	-	63,118	-	-
Other services and charges	-	1,722	313,188	-	499,682	-	6,317
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	107,569	-	79,676	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	665,493	-	370,150	4,098	550,160	-	-
Total disbursements	795,071	3,135	1,892,140	4,098	2,816,585	-	3,134,659
Excess (deficiency) of receipts over disbursements	5,179	215	63,443	1,244	(293,845)	-	36,915
Cash and investments - ending	\$ 20,299	\$ 12,364	\$ 391,720	\$ 34,512	\$ 447,407	\$ 3,252	\$ 99,819

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

	Fire Pension	Life Insurance Fund	Nsp Federal	Health Ins Ancillary Fund	Fire Grants Fund	Police Grant Fund	Road Project Grant Fund
Cash and investments - beginning	\$ 70,160	\$ 16,984	\$ 107,382	\$ 98,480	\$ 5,182	\$ (2,528)	\$ (11,674)
Receipts:							
Taxes	432,259	-	600	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	3,151,879	-	-	-	94,597	53,137	12,426
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	64,323	39,807	241,525	-	-	-
Total receipts	<u>3,584,138</u>	<u>64,323</u>	<u>40,407</u>	<u>241,525</u>	<u>94,597</u>	<u>53,137</u>	<u>12,426</u>
Disbursements:							
Personal services	3,540,387	-	-	-	-	23,245	-
Supplies	64	-	-	-	-	-	-
Other services and charges	2,922	65,077	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	670	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	100,342	224,123	100,229	26,458	752
Total disbursements	<u>3,544,043</u>	<u>65,077</u>	<u>100,342</u>	<u>224,123</u>	<u>100,229</u>	<u>49,703</u>	<u>752</u>
Excess (deficiency) of receipts over disbursements	<u>40,095</u>	<u>(754)</u>	<u>(59,935)</u>	<u>17,402</u>	<u>(5,632)</u>	<u>3,434</u>	<u>11,674</u>
Cash and investments - ending	<u>\$ 110,255</u>	<u>\$ 16,230</u>	<u>\$ 47,447</u>	<u>\$ 115,882</u>	<u>\$ (450)</u>	<u>\$ 906</u>	<u>\$ -</u>

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

	Town Center Park Endowment	Miller Trailway Clearing Fund	Redevelopment Grant Fund	Intermodal Grant Fund	Nsp 3 Federal	Street Dept Non-Reverting Fund	Parking Authority Non Reverting
Cash and investments - beginning	\$ 4,000	\$ -	\$ (46,671)	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	4,820	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	900,312	-	353,527	-	-
Charges for services	-	49,499	-	-	-	6,156	71,565
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	3,399	-	-	-	-	142,948	-
Total receipts	3,399	49,499	900,312	4,820	353,527	149,104	71,565
Disbursements:							
Personal services	-	-	-	-	-	23,526	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	2,088	51,446
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	3,420	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	46,263	1,115,034	-	353,527	91,091	-
Total disbursements	-	46,263	1,115,034	3,420	353,527	116,705	51,446
Excess (deficiency) of receipts over disbursements	3,399	3,236	(214,722)	1,400	-	32,399	20,119
Cash and investments - ending	<u>\$ 7,399</u>	<u>\$ 3,236</u>	<u>\$ (261,393)</u>	<u>\$ 1,400</u>	<u>\$ -</u>	<u>\$ 32,399</u>	<u>\$ 20,119</u>

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

	Safer Grant Fund	Cats Vehicle Grant Fund	Assurance Financing Fund	Gm Beautification Fund	Apd Vin	Firefighters Exam Fee	Eda Flagship
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 2,985	\$ 1,428	\$ 3,930	\$ 266
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	413,053	346,461	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	200,000	-	-	-	-
Total receipts	413,053	346,461	200,000	-	-	-	-
Disbursements:							
Personal services	493,259	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	346,461	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	200,000	-	-	-	-
Total disbursements	493,259	346,461	200,000	-	-	-	-
Excess (deficiency) of receipts over disbursements	(80,206)	-	-	-	-	-	-
Cash and investments - ending	<u>\$ (80,206)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,985</u>	<u>\$ 1,428</u>	<u>\$ 3,930</u>	<u>\$ 266</u>

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

	Redevelopment Tif Reserve	City Court Account	Florentine Bed B&I Bny Account	Police Station Refinance Bny Account	Rainy Day	Probation	Donations
Cash and investments - beginning	\$ 2,381,389	\$ 292,371	\$ 1	\$ 774,655	\$ 95	\$ 66,846	\$ 60,811
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	676
Fines and forfeits	-	959,748	-	-	-	194,683	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	89,962
Total receipts	-	959,748	-	-	-	194,683	90,638
Disbursements:							
Personal services	-	-	-	-	-	173,560	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	956,066	-	-	-	1,031	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	33,352
Total disbursements	-	956,066	-	-	-	174,591	33,352
Excess (deficiency) of receipts over disbursements	-	3,682	-	-	-	20,092	57,286
Cash and investments - ending	\$ 2,381,389	\$ 296,053	\$ 1	\$ 774,655	\$ 95	\$ 86,938	\$ 118,097

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

	Airport	Police Continuing Ed	Airport Non-Reverting	Bldg Non-Reverting	Fire Bldg & Equipt	Operation Clean	Tax Abatement
Cash and investments - beginning	\$ 155,989	\$ 13,142	\$ 5,632	\$ 75	\$ 732,678	\$ 7,740	\$ 2,383
Receipts:							
Taxes	298,930	-	-	-	-	-	-
Licenses and permits	-	22,490	-	-	-	-	-
Intergovernmental	32,126	-	-	-	-	-	-
Charges for services	259,359	10,660	-	50	2,658,052	-	1,625
Fines and forfeits	-	-	-	-	-	12,738	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	7,128	-	135,603	-	6,441	-	-
Total receipts	597,543	33,150	135,603	50	2,664,493	12,738	1,625
Disbursements:							
Personal services	139,901	-	-	-	-	-	-
Supplies	10,591	13,334	26,797	-	228,975	-	-
Other services and charges	224,186	20,521	59,661	-	147,726	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	32,666	3,096	35,615	-	606,129	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	6,983	17,404	1,595
Total disbursements	407,344	36,951	122,073	-	989,813	17,404	1,595
Excess (deficiency) of receipts over disbursements	190,199	(3,801)	13,530	50	1,674,680	(4,666)	30
Cash and investments - ending	\$ 346,188	\$ 9,341	\$ 19,162	\$ 125	\$ 2,407,358	\$ 3,074	\$ 2,413

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

	Administration Fees	Court Sup Pub Def Fees	Home	Apd Man	E D Revolving Loan	Redevelopment	Sinking Fund
Cash and investments - beginning	\$ 40,692	\$ 5,014	\$ 74,447	\$ 111,197	\$ 527,921	\$ 203,880	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	339,328
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	5,000	-	221,766	24,253	-	-	23,420
Charges for services	-	-	-	-	-	25,300	-
Fines and forfeits	22,341	8,285	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	437	57,052	101,927	14,967	-
Total receipts	27,341	8,285	222,203	81,305	101,927	40,267	362,748
Disbursements:							
Personal services	-	-	23,775	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	33,708	350
Debt service - principal and interest	-	-	-	-	-	-	21,862
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	6,050	2,216	272,875	99,318	266,742	1,041	179,796
Total disbursements	6,050	2,216	296,650	99,318	266,742	34,749	202,008
Excess (deficiency) of receipts over disbursements	21,291	6,069	(74,447)	(18,013)	(164,815)	5,518	160,740
Cash and investments - ending	\$ 61,983	\$ 11,083	\$ -	\$ 93,184	\$ 363,106	\$ 209,398	\$ 160,740

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

	Sanitary District Sinking	Redev Bond & Int-Kroger	Loss Fund	Redevelopment Tif Levy	Police Training Fund	Arc Lease/Rental	Redevelopment Bond & Interest
Cash and investments - beginning	\$ 65,999	\$ 308,840	\$ 306,215	\$ 9,891,922	\$ 73,025	\$ 407,246	\$ 2,692,392
Receipts:							
Taxes	644,176	112,434	-	2,667,927	-	-	1,374,787
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	44,489	-	-	-	-	140,303	-
Charges for services	-	-	-	-	22,980	1,135	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	5,236	-	1,117,236	36,650	-	-	1
Total receipts	693,901	112,434	1,117,236	2,704,577	22,980	141,438	1,374,788
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	300	-	1,313,871	199,568	-	-	1,250
Debt service - principal and interest	736,770	90,660	-	-	-	-	2,137,200
Capital outlay	-	-	-	4,507,760	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	24,485	-
Total disbursements	737,070	90,660	1,313,871	4,707,328	-	24,485	2,138,450
Excess (deficiency) of receipts over disbursements	(43,169)	21,774	(196,635)	(2,002,751)	22,980	116,953	(763,662)
Cash and investments - ending	\$ 22,830	\$ 330,614	\$ 109,580	\$ 7,889,171	\$ 96,005	\$ 524,199	\$ 1,928,730

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

	Insurance Escrow	Nestle Tif Capital	Airport Grant Fund	Court Due County	Wheel Tax Fund	Fire Fighting Training Fund	Public Safety Coit Fund
Cash and investments - beginning	\$ 3,127,517	\$ 192,889	\$ (173)	\$ -	\$ 304,666	\$ 49	\$ 554,212
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	220,251	-	959,002	-	2,312,924
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	31,432	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	13,575,491	-	-	-	-	13,792	-
Total receipts	13,575,491	-	220,251	31,432	959,002	13,792	2,312,924
Disbursements:							
Personal services	7,820	-	-	-	-	-	2,085,045
Supplies	-	-	-	-	-	-	2,867
Other services and charges	12,525,780	-	-	-	1,129,146	-	31,722
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	221,106	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,659	1,747	-	31,432	-	8,088	-
Total disbursements	12,535,259	1,747	221,106	31,432	1,129,146	8,088	2,119,634
Excess (deficiency) of receipts over disbursements	1,040,232	(1,747)	(855)	-	(170,144)	5,704	193,290
Cash and investments - ending	\$ 4,167,749	\$ 191,142	\$ (1,028)	\$ -	\$ 134,522	\$ 5,753	\$ 747,502

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

	Nestle Taxable Tif Capital	Capital Improvements	Certified Tech Park Fund	Civil City Payroll	Construction Fund-2014	Electric Petty Cash	Electric Mail Permit Deposit
Cash and investments - beginning	\$ 3,913,772	\$ 253,530	\$ 986,901	\$ 87,218	\$ -	\$ 1,000	\$ 3,000
Receipts:							
Taxes	3,149,862	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	148,469	726,769	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	9,588,927	1,300,000	-	-
Total receipts	<u>3,149,862</u>	<u>148,469</u>	<u>726,769</u>	<u>9,588,927</u>	<u>1,300,000</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	1,500	113,867	-	-	-	-	-
Debt service - principal and interest	1,273,425	-	-	-	-	-	-
Capital outlay	-	99,247	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	917,185	9,613,414	-	-	-
Total disbursements	<u>1,274,925</u>	<u>213,114</u>	<u>917,185</u>	<u>9,613,414</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,874,937</u>	<u>(64,645)</u>	<u>(190,416)</u>	<u>(24,487)</u>	<u>1,300,000</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 5,788,709</u>	<u>\$ 188,885</u>	<u>\$ 796,485</u>	<u>\$ 62,731</u>	<u>\$ 1,300,000</u>	<u>\$ 1,000</u>	<u>\$ 3,000</u>

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

	Electric Ups Deposit	Electric Utility-Operating	Electric Utility-Bond And Interest	Electric Utility-Customer Deposit	Electric Utility- Construction	Electric Utility Depreciation	Electric Automatic Meter Reading
Cash and investments - beginning	\$ 152	\$ 957,897	\$ -	\$ 1,175,760	\$ 12,754	\$ 601,923	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	78,445,783	-	-	-	-	-
Penalties	-	283,069	-	-	-	-	-
Other receipts	-	7,286,555	2,071,878	470,957	-	2,746,645	1,163,288
Total receipts	-	86,015,407	2,071,878	470,957	-	2,746,645	1,163,288
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	235,000	771,878	-	-	-	1,163,288
Capital outlay	-	1,923,435	-	-	2,069	623,270	-
Utility operating expenses	-	78,254,256	-	-	-	-	-
Other disbursements	-	6,356,040	1,300,000	329,726	10,685	996,768	-
Total disbursements	-	86,768,731	2,071,878	329,726	12,754	1,620,038	1,163,288
Excess (deficiency) of receipts over disbursements	-	(753,324)	-	141,231	(12,754)	1,126,607	-
Cash and investments - ending	\$ 152	\$ 204,573	\$ -	\$ 1,316,991	\$ -	\$ 1,728,530	\$ -

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

	Electric Garage Reserve	Electric Utility Fiber	Electric Utility Reserve-Cilt	Storm Water Ut Mail Permit Deposit	Storm Water Utility-Operating	Stormwater Utility Depreciation	Storm Constr Csh Fiscal Agent
Cash and investments - beginning	\$ 26,413	\$ 221,521	\$ 1,281,586	\$ 3,000	\$ 194,890	\$ 120,787	\$ 3
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	253,022	-	-	2,596,092	-	-
Penalties	-	-	-	-	23,129	-	-
Other receipts	3,584	-	1,761,921	-	-	92,549	3
Total receipts	3,584	253,022	1,761,921	-	2,619,221	92,549	3
Disbursements:							
Personal services	-	-	-	-	409,770	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	376,525	-	-
Capital outlay	-	269,076	-	-	-	-	-
Utility operating expenses	-	9,174	-	-	696,444	-	-
Other disbursements	-	-	1,473,720	-	1,000,177	1,633	6
Total disbursements	-	278,250	1,473,720	-	2,482,916	1,633	6
Excess (deficiency) of receipts over disbursements	3,584	(25,228)	288,201	-	136,305	90,916	(3)
Cash and investments - ending	\$ 29,997	\$ 196,293	\$ 1,569,787	\$ 3,000	\$ 331,195	\$ 211,703	\$ -

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

	Stormwater Bond & Interest	Storm Water Reserve Cilt	Wastewater- Construction 2011	Wastewater Petty Cash	Wastewater Mail Permit Deposit	Wastewater 2009B Construction	Wastewater Utility-Operating
Cash and investments - beginning	\$ 31,288	\$ 466,834	\$ 1,728,374	\$ 1,000	\$ 3,000	\$ 370,565	\$ 11,477,636
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	20,674,182
Penalties	-	-	-	-	-	-	242,168
Other receipts	188,532	283,316	170	-	-	-	1,646,982
Total receipts	188,532	283,316	170	-	-	-	22,563,332
Disbursements:							
Personal services	-	-	-	-	-	-	4,107,735
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	282,782
Debt service - principal and interest	187,722	-	-	-	-	-	-
Capital outlay	-	-	35,098	-	-	-	249,137
Utility operating expenses	-	-	-	-	-	-	6,549,585
Other disbursements	720	250,000	-	-	-	-	9,098,100
Total disbursements	188,442	250,000	35,098	-	-	-	20,287,339
Excess (deficiency) of receipts over disbursements	90	33,316	(34,928)	-	-	-	2,275,993
Cash and investments - ending	\$ 31,378	\$ 500,150	\$ 1,693,446	\$ 1,000	\$ 3,000	\$ 370,565	\$ 13,753,629

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

	Wastewater Util-Bond And Interest	Wastewater Depreciation	Wastewater Reserve Cilt	Wastewater Replacement	Wastewater Automatic Meter Reading	Wastewater Utility Improvement	Wastewater Revolving Sewer Const
Cash and investments - beginning	\$ 3,174,561	\$ 2,761,480	\$ 1,878,792	\$ 1,243,699	\$ -	\$ 1,958,337	\$ 5,893
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	109,753
Penalties	-	-	-	-	-	-	-
Other receipts	4,374,657	1,053,532	1,127,472	240,022	615,823	600,472	-
Total receipts	4,374,657	1,053,532	1,127,472	240,022	615,823	600,472	109,753
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	4,418,603	-	-	-	-	-	-
Capital outlay	-	439,047	-	-	-	119,044	-
Utility operating expenses	-	-	-	-	615,823	-	36,089
Other disbursements	4,949	1,200,000	1,007,816	-	-	-	-
Total disbursements	4,423,552	1,639,047	1,007,816	-	615,823	119,044	36,089
Excess (deficiency) of receipts over disbursements	(48,895)	(585,515)	119,656	240,022	-	481,428	73,664
Cash and investments - ending	\$ 3,125,666	\$ 2,175,965	\$ 1,998,448	\$ 1,483,721	\$ -	\$ 2,439,765	\$ 79,557

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

	Wastewater 2009B Construction	Wastewater Sfr Retainage Fund	Wastewater 2010 Construction	Water Utility Petty Cash	Water Mail Permit Deposit	Water Utility-Operating	Water Utility-Bond And Interest
Cash and investments - beginning	\$ (36,324)	\$ 20,173	\$ 36,324	\$ 1,000	\$ 3,000	\$ 229,928	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	7,275,575	-
Penalties	-	-	-	-	-	40,423	-
Other receipts	36,324	-	-	-	-	2,740,683	450,637
Total receipts	36,324	-	-	-	-	10,056,681	450,637
Disbursements:							
Personal services	-	-	-	-	-	2,056,248	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	311,566	-
Debt service - principal and interest	-	-	-	-	-	-	401,352
Capital outlay	-	-	-	-	-	60,750	-
Utility operating expenses	-	19,997	-	-	-	4,474,128	-
Other disbursements	-	176	36,324	-	-	3,285,625	49,285
Total disbursements	-	20,173	36,324	-	-	10,188,317	450,637
Excess (deficiency) of receipts over disbursements	36,324	(20,173)	(36,324)	-	-	(131,636)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,000	\$ 3,000	\$ 98,292	\$ -

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

	Water Utility-Customer Deposit	Water Utility- Construction	Water Utility Depreciation	Water Utility Reserve Cilt	Water Automatic Meter Reading	Totals
Cash and investments - beginning	\$ 386,568	\$ 638,532	\$ 49,806	\$ 215,565	\$ -	\$ 68,892,998
Receipts:						
Taxes	-	-	-	-	-	30,042,222
Licenses and permits	-	-	-	-	-	1,165,063
Intergovernmental	-	-	-	-	-	27,919,089
Charges for services	-	-	-	-	-	6,560,403
Fines and forfeits	-	-	-	-	-	1,318,068
Utility fees	-	-	-	-	-	109,354,407
Penalties	-	-	-	-	-	588,789
Other receipts	221,643	-	378,482	323,320	1,255,767	58,235,339
Total receipts	221,643	-	378,482	323,320	1,255,767	235,183,380
Disbursements:						
Personal services	-	-	-	-	-	43,634,601
Supplies	-	-	-	-	-	1,954,079
Other services and charges	-	-	-	-	-	25,735,552
Debt service - principal and interest	-	-	-	-	1,255,767	13,137,352
Capital outlay	-	553,016	119,910	-	-	11,118,535
Utility operating expenses	-	-	-	-	-	90,655,496
Other disbursements	124,808	85,516	-	215,554	-	44,075,319
Total disbursements	124,808	638,532	119,910	215,554	1,255,767	230,310,934
Excess (deficiency) of receipts over disbursements	96,835	(638,532)	258,572	107,766	-	4,872,446
Cash and investments - ending	\$ 483,403	\$ -	\$ 308,378	\$ 323,331	\$ -	\$ 73,765,444

CITY OF ANDERSON
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Electric	\$ 12,267,872	\$ 5,656,650
Storm Water	28,615	188,730
Wastewater	947,725	5,896,892
Water	<u>777,958</u>	<u>561,233</u>
Totals	<u>\$ 14,022,170</u>	<u>\$ 12,303,505</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
CITY OF ANDERSON/AIRPORT	AIRPORT HANGER	\$ 53,495	12/15/2000	6/15/2021
KRONOS SOFTWARE LEASE	PAYROLL SOFTWARE UPGRADE 2013	21,597	2/1/2013	1/1/2016
Total governmental activities		<u>75,092</u>		
Electric:				
CHASE	AUTO METER READING	1,163,288	3/29/2008	3/29/2018
FIRST MERCHANT	BUCKET TRUCK A	38,006	7/2/2012	7/2/2017
FIRST MERCHANT	BUCKET TRUCK B	33,131	10/22/2012	10/22/2017
FIRST MERCHANT	DIGGER DERRICK TRUCK	25,519	1/1/2014	7/1/2018
KRONOS SOFTWARE LEASE	PAYROLL SOFTWARE UPGRADE 2013	9,719	2/1/2013	1/1/2016
Total Electric		<u>1,269,663</u>		
Storm Water:				
KRONOS SOFTWARE LEASE	PAYROLL SOFTWARE UPGRADE 2013	1,080	2/1/2013	1/1/2016
Wastewater:				
KRONOS SOFTWARE LEASE	PAYROLL SOFTWARE UPGRADE 2013	5,399	2/1/2013	1/1/2016
Water:				
CHASE	AUTO METER READING	1,255,767	2/25/2008	2/25/2022
KRONOS SOFTWARE LEASE	PAYROLL SOFTWARE UPGRADE 2013	5,399	2/1/2013	1/1/2016
Total Water		<u>1,261,166</u>		
Total of annual lease payments		<u>\$ 2,612,400</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	PARK DISTRICT 2003 /URBAN PARK 12TH & MERIDIAN ST		\$ 760,000	\$ 178,035
General obligation bonds	LEASE RENTAL REFINANCE SERIES 2002 POL ST 2012		4,774,500	572,500
General obligation bonds	SANITARY DISTRICT BONDS 2014		6,180,000	685,117
Revenue bonds	REFINANCE SERIES 2002 PENDELTON/SERIES 2012		3,470,000	472,035
Revenue bonds	ACQUISTION & BUILD (2003 KROGER)		790,000	92,020
Revenue bonds	IMPROVEMENTS (ENTERPRISE) 2004A		1,500,000	229,088
Revenue bonds	IMPROVEMENTS (NESTLE 2009)		8,380,000	1,006,782
Revenue bonds	ECONOMIC DEV REV BONDS SERIES 2006A (NESTLE)		7,823,349	685,000
Notes and loans payable	REVENUE NOTE/FOOD & BEVERAGE TAX REVENUE NOTE		257,144	65,133
Notes and loans payable	ANDERSON TAXABLE TIF BOND 2013- GTI-HYPRO		5,245,000	614,903
Total governmental activities			<u>39,179,993</u>	<u>4,600,613</u>
Electric:				
Revenue bonds	ELECTRIC UTILITY REVENUE BONDS OF 2014		1,535,000	19,339
Revenue bonds	ELECTRIC UTILITY REFUNDING REV BONDS SERIES 2013		5,380,000	660,375
Total Electric			<u>6,915,000</u>	<u>679,714</u>
Storm Water:				
Notes and loans payable	WHITE RIVER LEEVE PROJECT		832,155	187,722
Wastewater:				
Revenue bonds	SERIES 2011(SRF) LTCP PHASE II		18,725,000	1,511,439
Revenue bonds	SERIES 2007 INFRASTRUCTURE IMPROVEMENTS		12,640,000	980,455
Revenue bonds	SERIES 2009A(SRF) LTCP PHASE 1		4,560,000	365,336
Revenue bonds	SERIES 2009B(SRF) CSO LTCP PHASE 1		4,045,000	402,414
Revenue bonds	SERIES 2010(SRF) TELVISING & SLUDGE INFRASTRUCTURE		2,040,000	150,800
Revenue bonds	SERIES 2012 SEWAGE REFUNDING REVENUE BONDS		6,805,000	1,018,586
Total Wastewater			<u>48,815,000</u>	<u>4,429,030</u>
Water:				
Revenue bonds	INFRASTRUCTURE IMPROVEMENTS/2007 WATERWORKS		3,700,000	397,978
Totals			<u>\$ 99,442,148</u>	<u>\$ 10,295,057</u>

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

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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, 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)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance


Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 2014-002, 2014-003, and 2014-004 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

December 17, 2015

(This page intentionally left blank.)

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, 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 Commerce</u>				
Economic Development Cluster				
Community Trade Adjustment Assistance Redevelopment Grant Fund	Direct Grant	11.010	06-46-05639	\$ 991,060
Economic Adjustment Assistance Economic Development Revolving Loan	Direct Grant	11.307	0061901906A	550,078
Total - Economic Development Cluster				1,541,138
Total - Department of Commerce				1,541,138
<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-12-MC-18-0001	235,663
Community Development - CDBG			B-13-MC-18-0001	523,485
Total - CDBG - Entitlement Grants Cluster				759,148
Neighborhood Stabilization Program Community Development - NSP - 3	Direct Grant	14.264	B-11-MN-18-0001	353,500
Total - Neighborhood Stabilization Program				353,500
HOME Investment Partnerships Program	Direct Grant	14.239		
Community Development - HOME			M-08-MC-18-0209	560
Community Development - HOME			M-11-MC-18-0209	13,077
Community Development - HOME			M-12-MC-18-0209	151,549
Community Development - HOME			M-13-MC-18-0209	52,876
Community Development - HOME			M14-MC-18-0209	3,694
Total - HOME Investment Partnerships Program				221,756
Total - Department of Housing and Urban Development				1,334,404
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program	Indiana Criminal Justice Institute	16.738		
MAN Unit Grant			2011-DJ-BX-2622 / 03	15,099
Police Grant Fund			2013-DJ-BX-0828	19,958
Total - JAG Program Cluster				35,057
Crime Victim Assistance General - Police Victim Advocate	Indiana Criminal Justice Institute	16.575	13-VA-2244	30,916
Bulletproof Vest Partnership Program	Direct Grant	16.607		
General - Police			FY-2013	4,100
General - Police			FY-2014	2,800
Total - Bulletproof Vest Partnership Program				6,900
Total - Department of Justice				72,873
<u>Department of Transportation</u>				
Federal Transit Cluster				
Federal Transit - Capital Investments Grants Intermodal Grant Fund	Direct Grant	20.500	IN-04-0036-00	4,820

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, 2014
(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>				
Federal Transit Cluster (continued)				
Federal Transit - Formula Grants	Direct Grant	20.507		
City of Anderson Transit System			IN-90-4643	112,748
City of Anderson Transit System			IN-90-X664	901,316
City of Anderson Transit System			IN-90-X664	<u>242,461</u>
Total - Federal Transit - Formula Grants				<u>1,256,525</u>
Total - Federal Transit Cluster				<u>1,261,345</u>
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205		
Traffic Grant			DES#1297539	51,451
Road Project Fund			DES#1005610	<u>10,773</u>
Total - Highway Planning and Construction Cluster				<u>62,224</u>
Highway Safety Cluster				
Alcohol Impaired Driving Countermeasures				
Incentive Grants I	Madison County	20.601		
Police Grant Fund			FY 2014	2,885
Donation Grant Fund - Police			PT-12-11-04-05	<u>23,381</u>
Total - Highway Safety Cluster				<u>26,266</u>
Transit Services Programs Cluster				
Job Access and Reverse Commute Program	Direct Grant	20.516		
City of Anderson Transit System			IN-37-X037-00	32,889
City of Anderson Transit System			IN-37-X037-00	<u>104,000</u>
Total - Transit Services Programs Cluster				<u>136,889</u>
Airport Improvement Program	Direct Grant	20.106		
Airport Grant - 27			AIP-3-18-0001-27	107,642
Airport Grant - 28			AIP-3-18-0001-28	<u>104,660</u>
Total - Airport Improvement Program				<u>212,302</u>
Total - Department of Transportation				<u>1,699,026</u>
<u>Environmental Protection Agency</u>				
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water				
State Revolving Funds	Indiana Finance Authority	66.458		
Wastewater Construction 2011			WW11094803	<u>35,098</u>
Total - Clean Water State Revolving Fund Cluster				<u>35,098</u>
Total - Environmental Protection Agency				<u>35,098</u>
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	FY2014	<u>13,666</u>
Staffing for Adequate Fire and Emergency Response (SAFER)	Direct Grant	97.083		
Fire Grant Fund			EMW-2013-FH-00810	<u>413,053</u>
Total - Department of Homeland Security				<u>426,719</u>
Total federal awards expended				<u>\$ 5,109,258</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 (SEFA) 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, 2014:

Program Title	Federal CFDA Number	2014
Community Development Block Grants/Entitlement Grants	14.218	\$ 186,976
HOME Investment Partnership Program	14.239	196,675
Neighborhood Stabilization Program	14.264	42,934

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

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

Revolving Loan Fund (RLF):					
Outstanding loans as of December 31, 2014				\$ 478,658	
Cash and Investments as of December 31, 2014				363,131	
Administrative expenses paid out of RLF income during 2014				1,889	
Unpaid principal on loans written off during 2014				<u>-</u>	
		Subtotal			843,678
Calculation of Federal Participation Rate (FPR):					
Original grant				313,000	
Original match (In-kind)				<u>167,000</u>	
		Subtotal		<u>480,000</u>	
FPR - Original grant awarded divided by total including original match					<u>65.20%</u>
Expenditures reported on the SEFA					<u>\$ 550,078</u>
					<u></u>

CITY OF ANDERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
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:

CFDA Number	Name of Federal Program or Cluster
97.083	Economic Development Cluster CDBG-Entitlement Grants Cluster Staffing for Adequate Fire and Emergency Response (SAFER)

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 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the 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 could remain undetected.

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

During the audit of the SEFA, we noted that total federal expenditures were understated by a net amount of \$608,103. The net expenditures were understated primarily due to the omission of amounts to be reported under the Community Trade Adjustment Assistance in the amount of \$142,554, Economic Development Revolving Loan of \$550,078, and for omitted federal award amounts (additions) and non-federal amounts erroneously included (reductions) to other grant funds resulting in a net reduction of \$84,529 to amounts reported on the SEFA. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report.

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:

"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.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.

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

- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - REPORTING, SPECIAL TESTS AND PROVISIONS

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

Federal Award Number and Year (or Other Identifying Number): 0061901906A

Management of the City has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Reporting and Special Tests and Provisions. No documentation was retained or available of management's approval of the semiannual reports submitted to the Economic Development Authority.

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 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 internal controls could enable material noncompliance to go undetected. Noncompliance of 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 establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

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

FINDING 2014-003 - REPORTING

Federal Agency: Housing and Urban Development

Federal Program: Community Development Block Grants/Entitlement Grants

CFDA Number: 14.218

Federal Award Number and Year (or Other Identifying Number): B-12-MC-18-0001, B-13-MC-18-0001

An effective set of internal controls have not been adopted by management over the Community Development Block Grant. A lack of segregation of duties over reporting creates a risk for noncompliance with reporting requirements and the grant agreement. Due to the ineffective internal controls over reporting, the grant could be subject to misuse or mismanagement of federal funding.

A control has been established by the City for reporting. As reimbursement requests, or performance and financial reports, are prepared for submission to the Department of Housing and Urban Development (HUD), an individual separate from the preparer is to approve and sign the reports. However, the internal controls were found to be ineffective during a test of twelve reimbursement request reports and eight performance and financial reports. Of the reports tested, four did not exhibit any type of documentation of a review completed by an individual separate from the preparer.

An effective internal control structure should be implemented to ensure that the unit remains in compliance with the grant agreement and federal regulation. Internal controls should be designed by management to provide reasonable assurance that any deviation from compliance with federal regulation will be prevented, detected or corrected, in a timely manner. Segregation of duties over the reporting process will mitigate the risk of misuse or mismanagement of funds. A single individual should not possess the authority to initiate, approve, perform and review a specific activity.

Grant and cooperative agreement recipients and contractors are required to register in the Federal Funding Accountability and Transparency Act (FFATA) Sub-award Reporting System (FSRS) and report sub-award data through FSRS. The FFATA Sub-award Reporting System (FSRS) is the reporting tool Federal prime awardees (i.e. prime contractors and prime grants recipients) use to capture and report sub-award and executive compensation data regarding their first-tier sub-awards to meet the FFATA reporting requirements.

Reporting through the FSRS was not completed for the Community Development Block Grant for any qualifying sub-awards during the audit period. Due to ineffective internal controls over reporting, monitoring to ensure compliance with FSRS reporting was not completed. Management was unaware of the requirement to submit the FFATA sub-award data. The Community Development Block Grant awarded contracts to three qualifying contractors during the audit period.

Implementation of effective internal controls over reporting would mitigate the risk of noncompliance with FSRS reporting requirements.

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."

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

2 CFR 170.320 states in part:

"Federal financial assistance subject to the Transparency Act means assistance that non-Federal entities described in §170.105 receive or administer in the form of:

- (a) Grants;
- (b) Cooperative agreements (which does not include cooperative research and development agreements pursuant to the Federal Technology Transfer Act of 1986, as amended (15 U.S.C. 3710a));
- (c) Loans;
- (d) Loan guarantees;
- (e) Subsidies;
- (f) Insurance;
- (g) Food commodities;
- (h) Direct appropriations;
- (i) Assessed and voluntary contributions; and,
- (j) Other financial assistance transactions that authorize the non-Federal entities' expenditure of Federal funds. . . ."

2 CFR 170.105 states: "This part applies to an agency's grants, cooperative agreements, loans, and other forms of Federal financial assistance subject to the Transparency Act, as defined in §170.320."

2 CFR 170 Appendix A to Part 170—Award Term states in part:

"I. Reporting Subawards and Executive Compensation.

a. *Reporting of first-tier subawards.*

1. *Applicability.* Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this award term).
2. *Where and when to report.*
 - i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
 - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

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

3. *What to report.* You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.
- b. *Reporting Total Compensation of Recipient Executives.*
1. *Applicability and what to report.* You must report total compensation for each of your five most highly compensated executives for the preceding completed fiscal year, if—
 - i. the total Federal funding authorized to date under this award is \$25,000 or more;
 - ii. in the preceding fiscal year, you received—
 - (A) 80 percent or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and
 - (B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and
 - iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)
 2. *Where and when to report.* You must report executive total compensation described in paragraph b.1. of this award term:
 - i. As part of your registration profile at <https://www.sam.gov>.
 - ii. By the end of the month following the month in which this award is made, and annually thereafter.
- c. *Reporting of Total Compensation of Subrecipient Executives.*
1. *Applicability and what to report.* Unless you are exempt as provided in paragraph d. of this award term, for each first-tier subrecipient under this award, you shall report the names and total compensation of each of the subrecipient's five most highly compensated executives for the subrecipient's preceding completed fiscal year, if—
 - i. in the subrecipient's preceding fiscal year, the subrecipient received—
 - (A) 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and

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

(B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and

ii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)

2. *Where and when to report.* You must report subrecipient executive total compensation described in paragraph c.1. of this award term:

i. To the recipient.

ii. By the end of the month following the month during which you make the subaward. For example, if a subaward is obligated on any date during the month of October of a given year (*i.e.*, between October 1 and 31), you must report any required compensation information of the subrecipient by November 30 of that year.
..."

The failure to establish internal controls enabled noncompliance to go undetected. Noncompliance of 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 establish controls and comply with the grant agreement and compliance requirements listed above.

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

Federal Agency: Department of Homeland Security

Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER)

CFDA Number: 97.083

Federal Award Number and Year (or Other Identifying Number): EMW-2013-FH-00810

An effective set of internal controls had not been established by management over the Staffing for Adequate Fire and Emergency Response (SAFER) grant for Allowable Activities, Allowable Costs, Cash Management, and Reporting. Internal controls should be designed by management to prevent, or detect and correct, any potential noncompliance in a timely manner.

The internal controls established by the unit for preventing, identifying and correcting noncompliance with Allowable Activities, Allowable Costs, Cash Management, and Reporting involve the segregation of duties. Reimbursement requests are prepared by management and reviewed by a separate individual before they are submitted. Four reimbursement requests and six performance and financial reports were selected for testing. However, during the preparation and review process, the immaterial errors found were not prevented, or detected or corrected, in a timely manner.

An effective internal control structure should be implemented to provide reasonable assurance that any deviation from compliance with the grant agreement or federal regulation will be prevented, detected or corrected, in a timely manner.

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."

The failure to establish internal controls enable material noncompliance to go undetected. Noncompliance of 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 establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

AUDITEE PREPARED DOCUMENTS

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



Kevin S. Smith, Mayor

*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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-001 (Auditor Assigned Reference Number)

Original Assigned SBA Audit Report Number:

Report Period: 2013

Pass-Through Entity or Federal Grantor Agency: Department of Transportation

Contact Person Responsible for Corrective Action: Jason C. Fenwick

Contact Phone Number: 765.648.6034

Status of Audit Finding: Corrected – Grant Tracking Policy and Procedures were implemented in early 2013, with updates on October 3, 2013 and April 29, 2015



(Signature)

Controller

(Title)

November 9, 2015

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)



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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-002 (Auditor Assigned Reference Number)

Original Assigned SBA Audit Report Number:

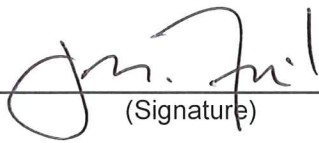
Report Period: 2013

Pass-Through Entity or Federal Grantor Agency: Department of Transportation

Contact Person Responsible for Corrective Action: Jason C. Fenwick

Contact Phone Number: 765.648.6034

Status of Audit Finding: In process – Due to staffing issues, the City did not have anyone managing capital assets for a period of time. Appropriate staffing has been added to begin addressing assets. Training will be provided prior to beginning an update of the City's capital assets.



(Signature)
Controller

(Title)
November 9, 2015

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)



Kevin S. Smith, Mayor

*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

CORRECTIVE ACTION PLAN

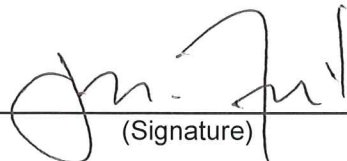
FINDING 2014-001

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

Description of Corrective Action Plan:

Due to a change in staff, the City did not have anyone familiar with all City grants managed in the previous year. Steps will be taken to ensure each respective Department reviews grant reported on the SEFA prior to submission.

Anticipated Completion Date: Immediately


(Signature)

Controller
(Title)

December 16, 2015
(Date)



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 2014-002

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

Description of Corrective Action Plan:

Economic Development Management review and documentation of review of semi-annual reporting requirements should be adopted effective January 2016.

Anticipated Completion Date: Immediately


(Signature)

Controller
(Title)

December 16, 2015
(Date)



Kevin S. Smith, Mayor

*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

CORRECTIVE ACTION PLAN

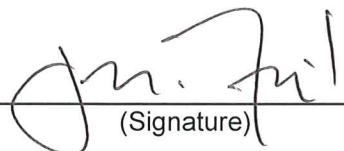
FINDING 2014-003

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

Description of Corrective Action Plan:

Segregation of duties between preparer and submitter has been established.

Anticipated Completion Date: Complete


(Signature)

Controller
(Title)

December 16, 2015
(Date)



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 2014-004

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

Description of Corrective Action Plan:

This finding has been corrected.

Anticipated Completion Date: Complete


(Signature)

Controller
(Title)

December 16, 2015
(Date)

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/>.