

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF LOGANSPOUT
CASS COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
06/13/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carol Sue Hayworth	01-01-12 to 12-31-15
	Stacy L. Cox	01-01-16 to 12-31-19
Mayor	Ted Franklin	01-01-12 to 12-31-15
	Dave Kitchell	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Ted Franklin	01-01-12 to 12-31-15
	Dave Kitchell	01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Joseph Buck	01-01-14 to 12-31-15
	Teresa Popejoy	01-01-16 to 12-31-16
Chairman of the Utility Service Board	Jay King	08-01-13 to 07-31-14
	Martin Monahan	08-01-14 to 07-31-15
	Daniel H. Slusser	08-01-15 to 07-31-16
Superintendent of Utilities	Paul A. Hartman	01-01-14 to 12-31-16
Utility Office Controller	LuAnn Davis	01-01-14 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF LOGANSPORT, CASS COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Logansport (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 March 14, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

March 14, 2016



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 LOGANSPORT, CASS 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 Logansport (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 March 14, 2016, 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 Logansport's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

March 14, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF LOGANSPORT
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 FUND	\$ 4,759,268	\$ 9,358,005	\$ 10,286,508	\$ 3,830,765
MOTOR VEHICLE HWY/STR	1,007,299	1,184,150	1,106,426	1,085,023
LOCAL ROADS/ST FUND	44,952	72,022	104,401	12,573
PARK OPERATING	36,095	36,708	37,771	35,032
NR LOGANSPORT HEALTH INS	500,000	-	-	500,000
NR UNSAFE BLDG FUND	65,685	22,987	31,035	57,637
RAINY DAY FUND	646,282	-	155,388	490,894
E.D. INC TAX (CEDIT) FUND	2,668,449	498,776	480,577	2,686,648
PARK CAPITAL IMPROVEMENT	292	-	-	292
NR DRUG INVEST./EQUIPMENT	3,999	-	2,941	1,058
CUMULATIVE CAPITAL FUND	225,136	48,316	-	273,452
TIF - INDUSTRIAL PARK	1,487,662	268,530	6,582	1,749,610
POLICE PENSION FUND	297,506	658,527	634,775	321,258
FIRE PENSION FUND	493,095	1,126,462	1,024,937	594,620
LOIT PUBLIC SAFETY FUND	730,476	497,039	175,718	1,051,797
POLYGRAPH FUND TESTING	-	1,000	526	474
2013 CHP GRANT FUND	-	87,538	126,925	(39,387)
PETTY CASH - GENERAL FUND	100	-	-	100
PETTY CASH - MOTOR VEHICLE HWY/STR	50	-	-	50
PETTY CASH - PARK OPERATING	20	-	-	20
PETTY CASH - NR GOLF OPERATING	500	-	-	500
DONATION FUND	15,566	9,824	11,518	13,872
FORESTRY/EXACT GRANT	2,830	-	2,830	-
AIP ENVIRONMENTAL GRANT	392	-	392	-
RECREATION TRAILS PROG GR	3,213	-	-	3,213
NR GRANT ADMINISTRATIVE	65,531	2,880	7,000	61,411
CDBG IN HOUSING GR 005	50	-	50	-
SAFE ROUTES-INDOT GRANT	250,000	-	250,000	-
TE EEL RIVER RUN TRAIL	46	-	-	46
18TH STREET CORRIDOR	211,698	140,942	191,187	161,453
POLICE RESERVE FUND	190	-	190	-
NR HOST COMM AGREE	1,252,791	511,881	-	1,764,672
CEMETERY PERPETUAL FD	77,677	9,081	-	86,758
CEMETERY ENDOWMENT	9,078	879	-	9,957
CALVARY PERPETUAL FUND	51,162	-	-	51,162
SPRY CHARITABLE FUND	10,252	-	-	10,252
PRATT CHARITABLE FUND	5,051	-	-	5,051
BEN H LONG FUND	473	-	-	473
BLITZ GRANT FUND	(779)	4,407	4,684	(1,056)
BULLETPROOF VEST FUND	7,627	325	8,836	(884)
NR INFRASTRUC MAINT FD	726,956	100,000	-	826,956
FIRE REPORT	737	84	201	620
EASTGATE PROPERTY FUND	560,534	33,984	13,809	580,709
NR HUSTON PARK DEV FUND	55,424	82,938	119,032	19,330
NR GOLF OPERATING FUND	147,526	387,677	426,068	109,135
LOGAN EQUIP NR CAPITAL FD	888,798	1,269	131,546	758,521
MUN. BLDG CORP/IVY TECH	73,353	-	-	73,353
NR LAW ENFORCE FUND	60,991	16,465	24,522	52,934
FIRE STA & ST BARN CONST	276	-	276	-

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

CITY OF LOGANSPORT
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
NR LAND DEV MT HOPE CEM	54,905	44,335	69,240	30,000
LITTLE TURTLE GRT/PLAZA	484	-	484	-
NR OLD US HWY RELINQ	454,737	-	-	454,737
LMU PAYROLL W/H CLEARING	-	2,176,448	2,176,448	-
PAYROLL FUND	-	3,694,795	3,694,795	-
TIF - LOGANS LANDING	640,108	157,620	64,449	733,279
TIF - EAST END	214,677	164,431	161,140	217,968
TIF - GATEWAY COMMERCE	14,704	11,044	6,583	19,165
SOLID WASTE DISTRICT FUND	38,378	10,182	-	48,560
LAND & WATER PHASE 2	(26,108)	26,108	-	-
TE EEL RIVER RUN BRIDGE	20,219	67,054	40,976	46,297
GIVING PROGRAM GRANT	4,000	-	-	4,000
EPA GRANT FUND	-	131,506	131,506	-
SAFE ROUTES-FAIRVIEW	(14,881)	75,528	69,567	(8,920)
KABOOM GRANT FUND	-	3,750	3,750	-
OCDETF - DEA GRANT	(1,424)	18,098	17,059	(385)
LOGANSPORT MEMORIAL HOME	-	25,575	4,607	20,968
UTILITY HEALTH INS TRUST	454,435	1,112,229	1,158,260	408,404
UTILITY HEALTH INSURANCE CHECKING	23,170	1,339,660	1,362,830	-
EMPLOYEE BANK VACATION	306,838	6,696	2,488	311,046
PETTY CASH - ELECTRIC OPER HI-FI	8,000	-	-	8,000
ELECTRIC OPERATING HI-FI	1,983,568	45,646,319	46,250,981	1,378,906
ELECTRIC D&R	2,787,971	1,509	-	2,789,480
ELECTRIC CUSTOMER DEP.	164,241	89	-	164,330
ELECTRIC INS. RESERVE	273,208	148	-	273,356
STORMWATER CONSTRUCTION	2,428,428	2,385,952	3,581,831	1,232,549
STORMWATER D&R	1,341,211	726	-	1,341,937
STORMWATER BOND SINKING	443,504	452,979	443,493	452,990
STORMWATER OPER. RESERVE	1,384,886	722	935,286	450,322
STORMWATER BOND RESERVE	103,323	103,323	-	206,646
STORMWATER OPERATING HI-FI	215,107	1,861,174	1,428,550	647,731
SEWAGE CONSTRUCTION	-	897,901	58,925	838,976
SEWAGE OPERATING RESERVE	-	587,413	-	587,413
SEWAGE OPERATING HI-FI	287,759	4,419,707	4,488,888	218,578
SEWAGE SINKING	23	237,621	237,644	-
SEWAGE D&R	4,116,504	3,787	1,479,388	2,640,903
SEWAGE INS. RESERVE	110,421	60	-	110,481
SEWAGE FISCAL AGENT	16,813	10	68	16,755
SEWAGE BOND RESERVE	261,442	141	1,520	260,063
WATER OPERATING RESERVE	-	413,203	-	413,203
WATER OPERATING HI-FI	316,834	3,415,365	3,454,682	277,517
WATER D&R	1,035,860	1,920	413,201	624,579
WATER BOND RESERVE	246,366	133	1,359	245,140
WATER BOND SINKING	28	224,604	224,632	-
WATER INSURANCE RESERVE	114,845	63	-	114,908
TRASH & GARBAGE PICKUP	109,704	62,828	172,245	287
TOTALS	\$ 37,378,597	\$ 84,945,452	\$ 87,503,526	\$ 34,820,523

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

CITY OF LOGANSPORT
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, storm water, trash, and urban redevelopment and housing.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

CITY OF LOGANSPORT
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 these types of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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

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

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

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

E. Disbursements

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

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

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

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

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

CITY OF LOGANSPOUR
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF LOGANSPORT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

CITY OF LOGANSPOUR
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

CITY OF LOGANSPOUR
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Plan Description

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

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

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

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being established for reimbursable grants. The reimbursements for expenditures made by the City were not received by December 31, 2014.

Note 8. Holding Corporation

The City has entered into a capital lease with Logansport Municipal Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. The City did not make any lease payments during 2014.

Note 9. Other Postemployment Benefits

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

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

	GENERAL FUND	MOTOR VEHICLE HWY/STR	LOCAL ROADS/ST FUND	PARK OPERATING	NR LOGANSPORT HEALTH INS	NR UNSAFE BLDG FUND
Cash and investments - beginning	\$ 4,759,268	\$ 1,007,299	\$ 44,952	\$ 36,095	\$ 500,000	\$ 65,685
Receipts:						
Taxes	6,301,351	305,566	-	-	-	-
Licenses and permits	227,468	-	-	-	-	-
Intergovernmental	2,449,036	861,082	72,022	-	-	-
Charges for services	106,244	-	-	-	-	-
Fines and forfeits	4,532	-	-	-	-	22,912
Utility fees	-	-	-	-	-	-
Other receipts	269,374	17,502	-	36,708	-	75
Total receipts	<u>9,358,005</u>	<u>1,184,150</u>	<u>72,022</u>	<u>36,708</u>	<u>-</u>	<u>22,987</u>
Disbursements:						
Personal services	7,110,071	573,163	-	-	-	-
Supplies	311,142	190,081	-	11,853	-	-
Other services and charges	2,392,102	67,320	-	25,918	-	31,035
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	466,485	275,862	104,401	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	6,708	-	-	-	-	-
Total disbursements	<u>10,286,508</u>	<u>1,106,426</u>	<u>104,401</u>	<u>37,771</u>	<u>-</u>	<u>31,035</u>
Excess (deficiency) of receipts over disbursements	<u>(928,503)</u>	<u>77,724</u>	<u>(32,379)</u>	<u>(1,063)</u>	<u>-</u>	<u>(8,048)</u>
Cash and investments - ending	<u>\$ 3,830,765</u>	<u>\$ 1,085,023</u>	<u>\$ 12,573</u>	<u>\$ 35,032</u>	<u>\$ 500,000</u>	<u>\$ 57,637</u>

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

	RAINY DAY FUND	E.D. INC TAX (CEDIT) FUND	PARK CAPITAL IMPROVEMENT	NR DRUG INVEST./ EQUIPMENT	CUMULATIVE CAPITAL FUND	TIF - INDUSTRIAL PARK
Cash and investments - beginning	\$ 646,282	\$ 2,668,449	\$ 292	\$ 3,999	\$ 225,136	\$ 1,487,662
Receipts:						
Taxes	-	-	-	-	-	267,922
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	460,276	-	-	48,316	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	38,500	-	-	-	608
Total receipts	<u>-</u>	<u>498,776</u>	<u>-</u>	<u>-</u>	<u>48,316</u>	<u>268,530</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	155,388	480,577	-	2,941	-	6,582
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>155,388</u>	<u>480,577</u>	<u>-</u>	<u>2,941</u>	<u>-</u>	<u>6,582</u>
Excess (deficiency) of receipts over disbursements	<u>(155,388)</u>	<u>18,199</u>	<u>-</u>	<u>(2,941)</u>	<u>48,316</u>	<u>261,948</u>
Cash and investments - ending	<u>\$ 490,894</u>	<u>\$ 2,686,648</u>	<u>\$ 292</u>	<u>\$ 1,058</u>	<u>\$ 273,452</u>	<u>\$ 1,749,610</u>

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

	POLICE PENSION FUND	FIRE PENSION FUND	LOIT PUBLIC SAFETY FUND	POLYGRAPH FUND TESTING	2013 CHP GRANT FUND	PETTY CASH - GENERAL FUND
Cash and investments - beginning	\$ 297,506	\$ 493,095	\$ 730,476	\$ -	\$ -	\$ 100
Receipts:						
Taxes	-	76,391	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	543,964	895,801	496,668	-	57,538	-
Charges for services	-	-	-	1,000	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	114,563	154,270	371	-	30,000	-
Total receipts	658,527	1,126,462	497,039	1,000	87,538	-
Disbursements:						
Personal services	108,108	155,740	-	-	123,908	-
Supplies	362	667	10,012	-	-	-
Other services and charges	520,627	868,530	69,019	526	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	96,687	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	5,678	-	-	-	3,017	-
Total disbursements	634,775	1,024,937	175,718	526	126,925	-
Excess (deficiency) of receipts over disbursements	23,752	101,525	321,321	474	(39,387)	-
Cash and investments - ending	\$ 321,258	\$ 594,620	\$ 1,051,797	\$ 474	\$ (39,387)	\$ 100

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

	PETTY CASH - MOTOR VEHICLE HWY/STR	PETTY CASH - PARK OPERATING	PETTY CASH - NR GOLF OPERATING	DONATION FUND	FORESTRY/ EXACT GRANT	AIP ENVIRONMENTAL GRANT
Cash and investments - beginning	\$ 50	\$ 20	\$ 500	\$ 15,566	\$ 2,830	\$ 392
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	9,824	-	-
Total receipts	-	-	-	9,824	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	11,518	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	2,830	392
Total disbursements	-	-	-	11,518	2,830	392
Excess (deficiency) of receipts over disbursements	-	-	-	(1,694)	(2,830)	(392)
Cash and investments - ending	<u>\$ 50</u>	<u>\$ 20</u>	<u>\$ 500</u>	<u>\$ 13,872</u>	<u>\$ -</u>	<u>\$ -</u>

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

	RECREATION TRAILS PROG GR	NR GRANT ADMINISTRATIVE	CDBG IN HOUSING GR 005	SAFE ROUTES-INDOT GRANT	TE EEL RIVER RUN TRAIL	18TH STREET CORRIDOR
Cash and investments - beginning	\$ 3,213	\$ 65,531	\$ 50	\$ 250,000	\$ 46	\$ 211,698
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	140,942
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	2,880	-	-	-	-
Total receipts	-	2,880	-	-	-	140,942
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	191,187
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	7,000	50	250,000	-	-
Total disbursements	-	7,000	50	250,000	-	191,187
Excess (deficiency) of receipts over disbursements	-	(4,120)	(50)	(250,000)	-	(50,245)
Cash and investments - ending	<u>\$ 3,213</u>	<u>\$ 61,411</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46</u>	<u>\$ 161,453</u>

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

	POLICE RESERVE FUND	NR HOST COMM AGREE	CEMETERY PERPETUAL FD	CEMETERY ENDOWMENT	CALVARY PERPETUAL FUND	SPRY CHARITABLE FUND
Cash and investments - beginning	\$ 190	\$ 1,252,791	\$ 77,677	\$ 9,078	\$ 51,162	\$ 10,252
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	261,881	9,081	879	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	250,000	-	-	-	-
Total receipts	-	511,881	9,081	879	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	190	-	-	-	-	-
Total disbursements	190	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(190)	511,881	9,081	879	-	-
Cash and investments - ending	\$ -	\$ 1,764,672	\$ 86,758	\$ 9,957	\$ 51,162	\$ 10,252

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

	PRATT CHARITABLE FUND	BEN H LONG FUND	BLITZ GRANT FUND	BULLETPROOF VEST FUND	NR INFRASTRUC MAINT FD	FIRE REPORT
Cash and investments - beginning	\$ 5,051	\$ 473	\$ (779)	\$ 7,627	\$ 726,956	\$ 737
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	4,407	325	100,000	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	84
Total receipts	<u>-</u>	<u>-</u>	<u>4,407</u>	<u>325</u>	<u>100,000</u>	<u>84</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	4,684	8,836	-	201
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>4,684</u>	<u>8,836</u>	<u>-</u>	<u>201</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(277)</u>	<u>(8,511)</u>	<u>100,000</u>	<u>(117)</u>
Cash and investments - ending	<u>\$ 5,051</u>	<u>\$ 473</u>	<u>\$ (1,056)</u>	<u>\$ (884)</u>	<u>\$ 826,956</u>	<u>\$ 620</u>

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

	EASTGATE PROPERTY FUND	NR HUSTON PARK DEV FUND	NR GOLF OPERATING FUND	LOGAN EQUIP NR CAPITAL FD	MUN. BLDG CORP/IVY TECH	NR LAW ENFORCE FUND
Cash and investments - beginning	\$ 560,534	\$ 55,424	\$ 147,526	\$ 888,798	\$ 73,353	\$ 60,991
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	24,500	-	383,490	1,269	-	16,465
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	9,484	82,938	4,187	-	-	-
Total receipts	<u>33,984</u>	<u>82,938</u>	<u>387,677</u>	<u>1,269</u>	<u>-</u>	<u>16,465</u>
Disbursements:						
Personal services	-	-	197,687	-	-	-
Supplies	-	-	116,293	-	-	-
Other services and charges	13,809	119,032	52,885	-	-	24,522
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	59,203	131,546	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>13,809</u>	<u>119,032</u>	<u>426,068</u>	<u>131,546</u>	<u>-</u>	<u>24,522</u>
Excess (deficiency) of receipts over disbursements	<u>20,175</u>	<u>(36,094)</u>	<u>(38,391)</u>	<u>(130,277)</u>	<u>-</u>	<u>(8,057)</u>
Cash and investments - ending	<u>\$ 580,709</u>	<u>\$ 19,330</u>	<u>\$ 109,135</u>	<u>\$ 758,521</u>	<u>\$ 73,353</u>	<u>\$ 52,934</u>

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

	FIRE STA & ST BARN CONST	NR LAND DEV MT HOPE CEM	LITTLE TURTLE GRT/PLAZA	NR OLD US HWY RELINQ	LMU PAYROLL W/H CLEARING	PAYROLL FUND
Cash and investments - beginning	\$ 276	\$ 54,905	\$ 484	\$ 454,737	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	44,335	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	2,176,448	3,694,795
Total receipts	-	44,335	-	-	2,176,448	3,694,795
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	69,240	484	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	276	-	-	-	2,176,448	3,694,795
Total disbursements	276	69,240	484	-	2,176,448	3,694,795
Excess (deficiency) of receipts over disbursements	(276)	(24,905)	(484)	-	-	-
Cash and investments - ending	\$ -	\$ 30,000	\$ -	\$ 454,737	\$ -	\$ -

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

	TIF - LOGANS LANDING	TIF - EAST END	TIF - GATEWAY COMMERCE	SOLID WASTE DISTRICT FUND	LAND & WATER PHASE 2	TE EEL RIVER RUN BRIDGE
Cash and investments - beginning	\$ 640,108	\$ 214,677	\$ 14,704	\$ 38,378	\$ (26,108)	\$ 20,219
Receipts:						
Taxes	157,368	164,431	11,044	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	26,108	62,844
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	252	-	-	10,182	-	4,210
Total receipts	<u>157,620</u>	<u>164,431</u>	<u>11,044</u>	<u>10,182</u>	<u>26,108</u>	<u>67,054</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	64,449	7,834	6,583	-	-	40,976
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	50,437	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	102,869	-	-	-	-
Total disbursements	<u>64,449</u>	<u>161,140</u>	<u>6,583</u>	<u>-</u>	<u>-</u>	<u>40,976</u>
Excess (deficiency) of receipts over disbursements	<u>93,171</u>	<u>3,291</u>	<u>4,461</u>	<u>10,182</u>	<u>26,108</u>	<u>26,078</u>
Cash and investments - ending	<u>\$ 733,279</u>	<u>\$ 217,968</u>	<u>\$ 19,165</u>	<u>\$ 48,560</u>	<u>\$ -</u>	<u>\$ 46,297</u>

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

	GIVING PROGRAM GRANT	EPA GRANT FUND	SAFE ROUTES- FAIRVIEW	KABOOM GRANT FUND	OCDETF - DEA GRANT	LOGANSPORT MEMORIAL HOME
Cash and investments - beginning	\$ 4,000	\$ -	\$ (14,881)	\$ -	\$ (1,424)	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	131,506	75,528	-	17,741	-
Charges for services	-	-	-	-	-	13,575
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	3,750	357	12,000
Total receipts	<u>-</u>	<u>131,506</u>	<u>75,528</u>	<u>3,750</u>	<u>18,098</u>	<u>25,575</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	131,506	69,567	3,750	17,059	4,607
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>131,506</u>	<u>69,567</u>	<u>3,750</u>	<u>17,059</u>	<u>4,607</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>5,961</u>	<u>-</u>	<u>1,039</u>	<u>20,968</u>
Cash and investments - ending	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ (8,920)</u>	<u>\$ -</u>	<u>\$ (385)</u>	<u>\$ 20,968</u>

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

	UTILITY HEALTH INS TRUST	UTILITY HEALTH INSURANCE CHECKING	EMPLOYEE BANK VACATION	PETTY CASH - ELECTRIC OPER HI-FI	ELECTRIC OPERATING HI-FI	ELECTRIC D&R
Cash and investments - beginning	\$ 454,435	\$ 23,170	\$ 306,838	\$ 8,000	\$ 1,983,568	\$ 2,787,971
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	42,224,085	-
Other receipts	1,112,229	1,339,660	6,696	-	3,422,234	1,509
Total receipts	1,112,229	1,339,660	6,696	-	45,646,319	1,509
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	46,250,981	-
Other disbursements	1,158,260	1,362,830	2,488	-	-	-
Total disbursements	1,158,260	1,362,830	2,488	-	46,250,981	-
Excess (deficiency) of receipts over disbursements	(46,031)	(23,170)	4,208	-	(604,662)	1,509
Cash and investments - ending	\$ 408,404	\$ -	\$ 311,046	\$ 8,000	\$ 1,378,906	\$ 2,789,480

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

	ELECTRIC CUSTOMER DEP.	ELECTRIC INS. RESERVE	STORMWATER CONSTRUCTION	STORMWATER D&R	STORMWATER BOND SINKING	STORMWATER OPER. RESERVE
Cash and investments - beginning	\$ 164,241	\$ 273,208	\$ 2,428,428	\$ 1,341,211	\$ 443,504	\$ 1,384,886
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	89	148	2,385,952	726	452,979	722
Total receipts	<u>89</u>	<u>148</u>	<u>2,385,952</u>	<u>726</u>	<u>452,979</u>	<u>722</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	443,493	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	3,581,831	-	-	935,286
Total disbursements	<u>-</u>	<u>-</u>	<u>3,581,831</u>	<u>-</u>	<u>443,493</u>	<u>935,286</u>
Excess (deficiency) of receipts over disbursements	<u>89</u>	<u>148</u>	<u>(1,195,879)</u>	<u>726</u>	<u>9,486</u>	<u>(934,564)</u>
Cash and investments - ending	<u>\$ 164,330</u>	<u>\$ 273,356</u>	<u>\$ 1,232,549</u>	<u>\$ 1,341,937</u>	<u>\$ 452,990</u>	<u>\$ 450,322</u>

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

	STORMWATER BOND RESERVE	STORMWATER OPERATING HI-FI	SEWAGE CONSTRUCTION	SEWAGE OPERATING RESERVE	SEWAGE OPERATING HI-FI	SEWAGE SINKING
Cash and investments - beginning	\$ 103,323	\$ 215,107	\$ -	\$ -	\$ 287,759	\$ 23
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	1,287,378	-	-	3,387,411	-
Other receipts	103,323	573,796	897,901	587,413	1,032,296	237,621
Total receipts	<u>103,323</u>	<u>1,861,174</u>	<u>897,901</u>	<u>587,413</u>	<u>4,419,707</u>	<u>237,621</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	1,428,550	-	-	4,229,731	213,565
Other disbursements	-	-	58,925	-	259,157	24,079
Total disbursements	<u>-</u>	<u>1,428,550</u>	<u>58,925</u>	<u>-</u>	<u>4,488,888</u>	<u>237,644</u>
Excess (deficiency) of receipts over disbursements	<u>103,323</u>	<u>432,624</u>	<u>838,976</u>	<u>587,413</u>	<u>(69,181)</u>	<u>(23)</u>
Cash and investments - ending	<u>\$ 206,646</u>	<u>\$ 647,731</u>	<u>\$ 838,976</u>	<u>\$ 587,413</u>	<u>\$ 218,578</u>	<u>\$ -</u>

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

	SEWAGE D&R	SEWAGE INS. RESERVE	SEWAGE FISCAL AGENT	SEWAGE BOND RESERVE	WATER OPERATING RESERVE	WATER OPERATING HI-FI
Cash and investments - beginning	\$ 4,116,504	\$ 110,421	\$ 16,813	\$ 261,442	\$ -	\$ 316,834
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	2,820,157
Other receipts	3,787	60	10	141	413,203	595,208
Total receipts	<u>3,787</u>	<u>60</u>	<u>10</u>	<u>141</u>	<u>413,203</u>	<u>3,415,365</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	3,426,698
Other disbursements	1,479,388	-	68	1,520	-	27,984
Total disbursements	<u>1,479,388</u>	<u>-</u>	<u>68</u>	<u>1,520</u>	<u>-</u>	<u>3,454,682</u>
Excess (deficiency) of receipts over disbursements	<u>(1,475,601)</u>	<u>60</u>	<u>(58)</u>	<u>(1,379)</u>	<u>413,203</u>	<u>(39,317)</u>
Cash and investments - ending	<u>\$ 2,640,903</u>	<u>\$ 110,481</u>	<u>\$ 16,755</u>	<u>\$ 260,063</u>	<u>\$ 413,203</u>	<u>\$ 277,517</u>

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

	WATER D&R	WATER BOND RESERVE	WATER BOND SINKING	WATER INSURANCE RESERVE	TRASH & GARBAGE PICKUP	TOTALS
Cash and investments - beginning	\$ 1,035,860	\$ 246,366	\$ 28	\$ 114,845	\$ 109,704	\$ 37,378,597
Receipts:						
Taxes	-	-	-	-	-	7,284,073
Licenses and permits	-	-	-	-	-	227,468
Intergovernmental	-	-	-	-	-	6,444,104
Charges for services	-	-	-	-	59,068	921,787
Fines and forfeits	-	-	-	-	-	27,444
Utility fees	-	-	-	-	-	49,719,031
Other receipts	1,920	133	224,604	63	3,760	20,321,545
Total receipts	1,920	133	224,604	63	62,828	84,945,452
Disbursements:						
Personal services	-	-	-	-	-	8,268,677
Supplies	-	-	-	-	-	651,928
Other services and charges	-	-	-	-	172,245	5,624,021
Debt service - principal and interest	-	-	-	-	-	443,493
Capital outlay	-	-	-	-	-	1,184,621
Utility operating expenses	-	-	196,648	-	-	55,746,173
Other disbursements	413,201	1,359	27,984	-	-	15,584,613
Total disbursements	413,201	1,359	224,632	-	172,245	87,503,526
Excess (deficiency) of receipts over disbursements	(411,281)	(1,226)	(28)	63	(109,417)	(2,558,074)
Cash and investments - ending	\$ 624,579	\$ 245,140	\$ -	\$ 114,908	\$ 287	\$ 34,820,523

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

Government or Enterprise	Accounts Payable	Accounts Receivable
Electric	\$ 2,410,971	\$ 2,809,806
Storm Water	5,640	115,292
Wastewater	170,284	231,501
Water	123,428	220,000
Governmental activities	<u>565,916</u>	<u>-</u>
Totals	<u>\$ 3,276,239</u>	<u>\$ 3,376,599</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Logansport Municipal Building Corporation	Ivy Tech Building	<u>\$ 311,000</u>	03/01/2008	09/01/2028

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: Notes and loans payable	Industrial Energy Efficiency Loan	\$ 8,350	\$ 6,680
Storm Water: Revenue bonds	Infrastructure Lines 2014	670,615	72,956
Revenue bonds	Infrastructure Lines 2012	<u>8,565,740</u>	<u>513,694</u>
Total Storm Water		<u>9,236,355</u>	<u>586,650</u>
Wastewater: Revenue bonds	Infrastructure Lines 2001	1,157,000	165,053
Revenue bonds	Infrastructure Lines 2005	<u>344,000</u>	<u>90,787</u>
Total Wastewater		<u>1,501,000</u>	<u>255,840</u>
Water: Revenue bonds	Infrastructure - Water Mains	1,696,000	241,850
Totals		<u>\$ 12,441,705</u>	<u>\$ 1,091,020</u>

CITY OF LOGANSPORT
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	\$ 6,514,528
Infrastructure	16,346,666
Buildings	13,321,757
Improvements other than buildings	6,563,604
Machinery, equipment, and vehicles	7,331,578
Total governmental activities	50,078,133
Electric:	
Land	468,635
Infrastructure	55,205,146
Buildings	2,511,480
Improvements other than buildings	20,357,033
Machinery, equipment, and vehicles	4,315,454
Total Electric	82,857,748
Storm Water:	
Infrastructure	15,629,596
Construction in progress	667,656
Total Storm Water	16,297,252
Wastewater:	
Land	536,519
Infrastructure	30,520,450
Buildings	2,418,571
Improvements other than buildings	296,203
Machinery, equipment, and vehicles	1,177,062
Construction in progress	64,566
Total Wastewater	35,013,371
Water:	
Land	376,916
Infrastructure	16,826,063
Buildings	281,527
Improvements other than buildings	5,470,586
Machinery, equipment, and vehicles	758,319
Total Water	23,713,411
Total capital assets	\$ 207,959,915

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CITY OF LOGANSPOBT, CASS COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the City of Logansport'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 its major federal program for the year ended December 31, 2014. The City's major federal program is 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 the City's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the 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 its major federal program for the year ended December 31, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 items 2014-002 and 2014-003. Our opinion on the 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 and 2014-003 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

March 14, 2016

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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

CITY OF LOGANSPORT
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 the Interior</u>				
Outdoor Recreation_Acquisition, Development and Planning Phase II Huston Park	Indiana Department of Natural Resources	15.916	E10-9-S07	\$ 26,109
Total - Department of the Interior				<u>26,109</u>
<u>Department of Justice</u>				
Joint Law Enforcement Operations (JLEO) OCDEF - DEA Grant	Direct	16.111	G/L-INN-0154	<u>17,741</u>
Bulletproof Vest Partnership Program	Direct	16.607	15-0404-0-1-754	<u>325</u>
Public Safety Partnership and Community Policing Grants	Direct	16.710	2013-UM-WX-0163	<u>57,538</u>
Total - Department of Justice				<u>75,604</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction 18th Street Corridor Discretionary Safety Grant - Safe Routes - Fairview Transportation Enhancement	Indiana Department of Transportation	20.205	A249-12-320474 A249-13-320442 A249-11-320855	115,500 75,528 <u>56,043</u>
Total - Highway Planning and Construction Cluster				<u>247,071</u>
Highway Safety Cluster State and Community Highway Safety Operation Pullover Blitz	Indiana Criminal Justice Institute	20.600	D3-14-8226	<u>4,408</u>
Total - Highway Safety Cluster				<u>4,408</u>
Total - Department of Transportation				<u>251,479</u>
<u>Environmental Protection Agency</u>				
Clean Water State Revolving Fund Cluster ARRA - Capitalization Grants for Clean Water State Revolving Funds, Recovery Act Stormwater Construction	Indiana Finance Authority	66.458	WW12091703	1,299,673
Capitalization Grants for Clean Water State Revolving Funds Stormwater and Wastewater Construction	Indiana Finance Authority	66.458	WW15030904	<u>240,483</u>
Total - Clean Water State Revolving Fund Cluster				<u>1,540,156</u>
ARRA - Brownfields Assessment and Cleanup Cooperative Agreements, Recovery Act EPA Grant	Direct	66.818	BF00E01062-0	<u>131,506</u>
Total - Environmental Protection Agency				<u>1,671,662</u>
Total federal awards expended				<u>\$ 2,024,854</u>

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

CITY OF LOGANSPORT
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

CITY OF LOGANSPORT
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 program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	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 Program:

_____ Name of Federal Program or Cluster _____

Clean Water State Revolving Fund Cluster

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the City related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: The City has not separated incompatible activities related to receipts. The same employee issues receipts, prepares deposit slips, takes the deposits to the bank, and posts receipts to the City's financial ledger. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

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

2. Preparation of the Financial Statement: The City should have proper controls in place over the preparation of the financial statement to ensure accurate, complete, and reliable reporting of the City's financial activity. Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the City's financial statement and then determining how those identified risks should be managed. The City has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements.

A financial consulting firm was contracted to complete the Gateway Annual Financial Report (AFR) which is used to generate the financial statement. The Clerk-Treasurer did not adequately review the AFR in order to detect and correct errors before it was submitted.

3. Preparation of the Schedule of Federal Awards (SEFA): The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the 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.

A financial consulting firm was contracted to complete the AFR which is used to generate the SEFA. The Clerk-Treasurer did not adequately review the AFR in order to detect and correct errors before it was submitted.

4. Monitoring of Controls: Effective internal control over financial reporting requires the Common Council to monitor and assess the quality of the City's system of internal controls. The Common Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the City at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the City has no process to identify or communicate corrective actions to improve controls.

The Clerk-Treasurer is responsible for reporting all financial information in the AFR, which includes a SEFA (grant schedule). The AFR and grant schedule are then used to compile the financial statement and the SEFA. The financial statement and SEFA presented for audit included the following errors and omissions:

AFR: Several funds were either not reported or were reported for incorrect amounts in the AFR which resulted in the following:

1. Beginning cash and investment balances were understated by \$3,212,866.
2. Receipts were overstated by \$2,008,185.
3. Disbursements were understated by \$7,177,657.
4. Ending cash and investment balances were overstated by \$5,972,976.

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

SEFA:

1. Federal awards which totaled \$1,597,694 for two grants were not reported.
2. Local or state receipts which totaled \$119,391 were reported as federal awards for three grants.

Audit adjustments were proposed, accepted by the City, and made to the financial statement and 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)

Indiana Code 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by in the manner prescribed under IC 5-14-3.8-7."

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
.. ."

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - DAVIS-BACON ACT

Federal Agency: Environmental Protection Agency
Federal Program: ARRA - Capitalization Grants for Clean Water State Revolving Funds, Recovery Act
CFDA Number: 66.458
Federal Award Number (or Other Identifying Number): WW12091703
Pass-Through Entity: Indiana Finance Authority

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 Davis-Bacon Act compliance requirements. The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the applicable 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.

The City has not designed or implemented adequate policies and procedures to ensure compliance with the Davis-Bacon Act requirements of the program. There were no controls in place to ensure that required certified payrolls from contractors were obtained and reviewed for compliance. An adequate oversight or review process was not implemented.

The City was required to comply with the requirements of the Davis-Bacon Act that are applicable to construction work financed with a federal award. The City was required to ensure that certified payrolls from construction contractors were obtained and reviewed by a Labor Standards Administrator (LSA). The review must ensure that the prevailing wage rates were paid to contractors and subcontractors on applicable projects.

The City did not obtain nine of thirteen certified payrolls from the LSA for review. When the additional certified payrolls were requested, only eight could be provided. Therefore, it could not be established that the City monitored the applicable contractors' payrolls to ensure that prevailing wage rates were paid.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities over compliance requirements. 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.

CITY OF LOGANSPORT
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."

40 CFR 31.36(i) states in part:

"*Contract provisions.* A grantee's and subgrantee's contracts must contain provisions in paragraph (i) of this section. Federal agencies are permitted to required changes, remedies, changed conditions, access and records retention, suspension of work, and other clauses approved by the Office of Federal Procurement Policy. . . .

- (5) Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts in excess of \$2000 awarded by grantees and subgrantees when required by Federal grant program legislation)"

29 CFR 5.5(a)(3) states in part:

"(ii) (A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the (write in name of appropriate federal agency) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner as the case may be, for transmission to the (write in name of agency). The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/esa/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. . . .

(B) Each payroll submitted shall be accompanied by a 'Statement of Compliance,' signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following: . . .

(iii) The contractor or subcontractor shall make the records required under paragraph (a) (3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the (write the name of the agency) or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12."

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the City.

We recommended that the City's management establish and implement controls, including segregation of duties, to ensure compliance with the grant agreement and the Davis-Bacon Act compliance requirements. We also recommended that the City comply with the grant agreement and the Davis-Bacon Act compliance requirements.

FINDING 2014-003 - SPECIAL TESTS AND PROVISIONS - ARRA REQUIREMENTS

Federal Agency: Environmental Protection Agency
Federal Program: ARRA - Capitalization Grants for Clean Water State Revolving Funds, Recovery Act
CFDA Number: 66.458
Federal Award Number (or Other Identifying Number): WW12091703
Pass-Through Entity: Indiana Finance Authority

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 Special Tests and Provisions - American Recovery and Reinvestment Act of 2009 (ARRA) compliance requirements. 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.

The City has not designed or implemented internal control procedures to ensure compliance with the requirements for Special Tests and Provisions - ARRA. The City did not have controls in place to ensure that ARRA funded federal awards were properly reported on the SEFA. An oversight, review, or approval process was not established.

Federal awards with ARRA funding must be reported separately on the SEFA. A financial consulting firm was contracted to complete the AFR which is used to generate the SEFA. The Clerk-Treasurer did not adequately review the AFR in order to detect and correct errors before it was submitted. The City did not report the expenditures of federal awards for an ARRA funded grant on their SEFA for 2014.

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."

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

2 CFR section 176.210 (b) states:

"For recipients covered by the Single Audit Act Amendments of 1996 and OMB Circular A-133, 'Audits of States, Local Governments, and Non-Profit Organizations,' recipients agree to separately identify the expenditures for Federal awards under the Recovery Act on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133. OMB Circular A-133 is available at <http://www.whitehouse.gov/omb/circulars/a133/a133.html>. This shall be accomplished by identifying expenditures for Federal awards made under the Recovery Act separately on the SEFA, and as separate rows under Item 9 of Part III on the SF-SAC by CFDA number, and inclusion of the prefix 'ARRA-' in identifying the name of the Federal program on the SEFA and as the first characters in Item 9d of Part III on the SF-SAC."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the City.

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements for Special Tests and Provisions - ARRA. We also recommended that the City comply with the grant agreement and the compliance requirements for Special Tests and Provisions - ARRA.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.



STACY COX
CLERK-TREASURER

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for the Corrective Action Plan: Stacy L. Cox
Contact Phone Number: (574) 739-1416

Description of Corrective Action Plan:

1. With regards to the lack of segregation of duties related to the receipts process, the following procedures will be implemented to increase internal controls. The accounts receivable clerk will issue receipts for all money received. Another deputy will prepare the deposit. The accounts receivable clerk will take the deposit to the bank. The chief deputy will then review the batches before they are posted to the ledger. Internal controls will be increased by having two or three deputies involved in the cash receipts procedure.
2. Preparation of the financial statement will now be handled entirely by the Clerk Treasurer's office rather than an outside financial consulting firm. The work papers will be prepared by the Deputy Clerks and reviewed and submitted by the Clerk Treasurer. With this internal preparation and thorough review, the City will be able to adequately identify and correct errors and prevent material misstatements in financial reporting.
3. Regarding the preparation of the Schedule of Expenditures of Federal Awards (SEFA), the Clerk Treasurer's office will improve internal controls. This will be accomplished by assigning the Deputy Grants Administrator to the preparation of the SEFA. The Clerk Treasurer will then review the SEFA to prevent, identify and correct errors. During the review process, the ledger will be checked to ensure no funds are omitted and no local awards are reported in error. With these changes, the City will have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards.
4. The issues with the lack of monitoring controls will be remedied by involving the Common Council regularly. The Common Council will evaluate the City's system of internal controls. A report of internal controls will be provided to the Common Council quarterly. Their review will be documented and filed in the Clerk Treasurer's office.

Anticipated Completion Date: 4/30/2016

Stacy L. Cox
(Signature)

Clerk Treasurer
(Title)

March 14, 2016
(Date)

Laura Replogle
(Signature)

Common Council President
(Title)

March 14, 2016
(Date)



LOGANSPORT MUNICIPAL UTILITIES

Paul A. Hartman, Superintendent

*601 E. Broadway, Room 101
Logansport, IN 46947
Telephone: 574.753.6231
Fax: 574.753.9828*

CORRECTIVE ACTION PLAN

March 9, 2016

FINDING 2014-002 DAVIS BACON

Federal Agency: Environmental Protection Agency
Federal Program: ARRA - Capitalization Grants for Clean Water State Revolving Funds, Recovery Act
CFDA Number: 66.458
Federal Award Number and Year (or Other Identifying Number): WW12091703
Pass-Through Entity: Indiana Finance Authority

Contact Person Responsible for Corrective Action: Paul A. Hartman
Utilities Superintendent

Contact Phone Number: 574-753-6232

Description of Corrective Action Plan:

- 1) Logansport Municipal Utilities (LMU) will continue to enhance our internal control and improve our oversight functions. LMU will work hand in hand with the LSA to ensure they, as well as the City, have copies of all information related to contractors and subcontractors on all projects.

Anticipated Completion Date: March 21, 2016

- 2) LMU has instituted a segregation of duties, to ensure compliance with both the grant agreement and the Davis Bacon compliance requirements. The LSA will first submit to the Project Engineer for review and verification, then jointly to LMU for additional oversight verification and to the City Clerk-Treasurer's Office for filing so that compliance with the Davis Bacon Act is easily accessible.

Anticipated Completion Date: March 9, 2016

- 3) LMU will commit to training of employees involved in projects with federal funding so that they understand the requirements of the Davis Bacon Act.

LOGANSPORT MUNICIPAL UTILITIES

UTILITY SERVICE BOARD

Paul A. Hartman, Superintendent

Dan Slusser, Chairman



STACY COX
CLERK-TREASURER

CORRECTIVE ACTION PLAN


FINDING 2014-003

Contact Person Responsible for the Corrective Action Plan: Stacy L. Cox
Contact Phone Number: (574) 739-1416

Description of Corrective Action Plan:

1. With regards to ARRA Requirements and the preparation of the Schedule of Expenditures of Federal Awards (SEFA), the Clerk Treasurer's office will improve procedures to ensure accuracy and completeness. The Clerk Treasurer and Utilities Controller will work together to improve communication and coordination in preparing the SEFA. We will develop a combined reconciliation process to improve internal controls and facilitate a better method for review. This enhanced review of the SEFA prior to submission will allow us to prevent, identify and correct errors. With these changes, the City will have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards, especially the ARRA Federal programs.

Anticipated Completion Date: 4/30/2016



(Signature)

Clerk Treasurer
(Title)

March 14, 2016
(Date)



(Signature)

Common Council President
(Title)

March 14, 2016
(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/>.