

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF ANDERSON
MADISON COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
04/24/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Jason C. Fenwick	01-01-15 to 12-31-15
	David Eicks (interim)	01-01-16 to 04-17-16
	Douglas A. Whitham	04-18-16 to 12-31-17
Mayor	Kevin S. Smith	01-01-12 to 12-31-15
	Thomas J. Broderick, Jr.	01-01-16 to 12-31-19
President of the Board of Public Works	Pete Heuer	01-01-15 to 12-31-15
	David Eicks	01-01-16 to 12-31-17
President of the Common Council	Donna Davis	01-01-15 to 12-31-15
	Antony Bibbs	01-01-16 to 12-31-16
	C. Gregory Graham	01-01-17 to 12-31-17



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Anderson (City), which comprises the financial position and results of operations for the year ended December 31, 2015, 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 (Indiana Code 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 did not audit the financial information of the City's Department of Municipal Power and Light (Electric Utility). The financial information of the Electric Utility is reported in the City's financial statement as the twelve separate funds with fund names beginning with "Electric" and the Construction Fund - 2014. That financial information was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the City's financial statement for the Electric Utility, is based solely on the report of the other auditors. 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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, based on our audit and the report of other auditors, 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, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, based on our audit and the report of other auditors, 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, 2015, 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 Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

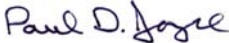
INDEPENDENT AUDITOR'S REPORT
(Continued)

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 15, 2017, 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 15, 2017



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Anderson (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated March 15, 2017, 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. Our report includes a reference to other auditors who audited the financial information of the City's Department of Municipal Power and Light, as described in our report on the City's financial statement. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002, that we consider 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 2015-001.

City of Anderson's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

March 15, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF ANDERSON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
General	\$ 3,746,196	\$ 31,193,889	\$ 31,456,451	\$ 3,483,634
Motor Vehicle Highway	811,742	2,120,441	2,085,317	846,866
Local Road And Street	303,791	530,286	502,379	331,698
Airport AVFUEL Corp Account	11,748	308,054	279,931	39,871
Park Nonreverting Operating	301,544	409,240	493,202	217,582
Econ Dev Food & Beverage	1,218,981	1,333,555	1,650,577	901,959
C.A.T.S.	242,359	2,380,845	2,398,315	224,889
Community Development	20,299	440,131	452,195	8,235
Clerk's Records Perpetuation	12,364	4,625	3,015	13,974
Parks And Recreation	391,720	1,127,086	1,454,175	64,631
User Fee	34,512	5,610	8,621	31,501
Slot Machine Wagering Fund	447,407	2,622,460	2,500,568	569,299
BROWNFIELD	3,252	-	3,252	-
Police Pension	99,819	3,315,070	3,221,342	193,547
Fire Pension	110,255	3,578,608	3,561,718	127,145
Life Insurance Fund	16,230	61,938	63,055	15,113
NSP FEDERAL	47,447	648	-	48,095
HEALTH INS ANCILLARY FUND	115,882	232,766	220,023	128,625
FIRE GRANTS FUND	(450)	64,301	70,281	(6,430)
POLICE GRANT FUND	906	36,152	34,982	2,076
TOWN CENTER PARK ENDOWMENT	7,399	4,711	-	12,110
MILLER TRAILWAY CLEARING FUND	3,236	46,118	46,250	3,104
REDEVELOPMENT GRANT FUND	(261,393)	286,358	25,020	(55)
INTERMODAL GRANT FUND	1,400	-	-	1,400
STREET DEPT NON-REVERTING FUND	32,399	17,541	25,402	24,538
Parking Authority Non Reverting	20,119	61,016	69,174	11,961
SAFER GRANT FUND	(80,206)	570,139	553,776	(63,843)
CATS Vehicle Grant Fund	-	564,499	564,499	-
GM BEAUTIFICATION FUND	2,985	-	-	2,985
APD VIN	1,428	-	105	1,323
Firefighters Exam Fee	3,930	-	-	3,930
Eda Flagship	266	-	-	266
Redevelopment Tif Reserve	2,381,389	-	-	2,381,389
Unsafe Building Fund	-	13,041	-	13,041
City Court Account	296,053	911,569	862,018	345,604
Florentine Bed B&I BNY Account	1	-	-	1
Police Station Refinance BNY Account	774,655	-	774,655	-
Rainy Day	95	-	-	95
Airport Grant 29	-	35,061	37,009	(1,948)
Sirmax	-	3,400,000	3,637,244	(237,244)
Flagship Purdue P3	-	15,000,000	1,347,077	13,652,923
Sign Reflectivity Grant	-	18,160	75,600	(57,440)
TRUST INDIANA	-	8,035	-	8,035
BLIGHT	-	257,921	242,820	15,101
67TH RD PROJECT	-	47,297	109,309	(62,012)
Operation Pullover	-	13,305	17,141	(3,836)
Sanitary District Const	-	-	356	(356)
Probation	86,938	194,591	186,120	95,409
Donations	118,097	107,891	142,586	83,402
Airport	346,188	429,570	475,898	299,860
Police Continuing Ed	9,341	49,612	27,699	31,254
Airport Non-Reverting	19,162	75,972	128,016	(32,882)
Bldg Non-Reverting	125	200	-	325
Fire Bldg & Equipt	2,407,358	1,495,970	2,597,367	1,305,961
Operation Clean	3,074	5,246	-	8,320
Tax Abatement	2,413	1,650	389	3,674
Administration Fees	61,983	26,906	21,576	67,313
Court Sup Pub Def Fees	11,083	8,460	944	18,599
Home	-	261,082	261,078	4
Apd Man	93,184	64,052	61,097	96,139
E D Revolving Loan	363,106	113,555	141,194	335,467

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

CITY OF ANDERSON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
Redevelopment	209,398	43,821	78,327	174,892
Sinking Fund	160,740	173,095	316,073	17,762
Sanitary District Sinking	22,830	974,371	685,117	312,084
Redev Bond & Int-Kroger	330,614	113,382	92,020	351,976
Loss Fund	109,580	1,546,887	1,060,524	595,943
Redevelopment Tif Levy	7,889,171	11,462,288	13,837,607	5,513,852
Police Training Fund	96,005	76,079	102,342	69,742
Arc Lease/Rental	524,199	802,263	198,698	1,127,764
Redevelopment Bond & Interest	1,928,730	3,450,000	1,905,739	3,472,991
Insurance Escrow	4,167,749	13,881,717	11,933,849	6,115,617
Nestle Tif Capital	191,142	-	-	191,142
Airport Grant Fund	(1,028)	112,768	113,221	(1,481)
Court Due County	-	33,397	33,397	-
Wheel Tax Fund	134,522	1,080,814	915,541	299,795
Fire Fighting Training Fund	5,753	11,913	14,072	3,594
Public Safety Coit Fund	747,502	2,356,905	1,828,591	1,275,816
Nestle Taxable Tif Capital	5,788,709	4,313,651	1,695,830	8,406,530
Capital Improvements	188,885	140,981	211,956	117,910
Certified Tech Park Fund	796,485	732,814	1,521,025	8,274
Civil City Payroll	62,731	9,470,697	9,406,647	126,781
Construction Fund-2014	1,300,000	-	-	1,300,000
Electric Petty Cash	1,000	-	-	1,000
Electric Mail Permit Deposit	3,000	-	-	3,000
Electric Ups Deposit	152	-	-	152
Electric Utility-Operating	204,573	89,694,447	88,735,715	1,163,305
Electric Utility-Bond And Interest	-	837,376	837,376	-
Electric Utility-Customer Deposit	1,316,991	539,145	388,863	1,467,273
Electric Utility-Construction	-	706	706	-
Electric Utility Depreciation	1,728,530	3,523,045	534,569	4,717,006
Electric Automatic Meter Reading	-	1,163,292	1,163,288	4
Electric Garage Reserve	29,997	2,563	-	32,560
Electric Utility Fiber	196,293	232,377	217,848	210,822
Electric Utility Reserve-Cilt	1,569,787	1,152,804	1,281,586	1,441,005
Storm Water UT Mail Permit Deposit	3,000	-	-	3,000
Storm Water Utility-Operating	331,195	2,265,630	2,136,772	460,053
Stormwater Utility Depreciation	211,703	113,579	220,079	105,203
Stormwater Bond & Interest	31,378	188,807	188,712	31,473
Storm Water Reserve Cilt	500,150	250,026	250,018	500,158
Wastewater-Construction 2011	1,693,446	169	-	1,693,615
Wastewater Petty Cash	1,000	-	-	1,000
Wastewater Mail Permit Deposit	3,000	-	-	3,000
Wastewater 2010 Construction	-	-	-	-
Wastewater 2009B Construction	370,565	-	-	370,565
Wastewater Utility-Operating	13,753,629	20,268,255	19,405,368	14,616,516
Wastewater Util-Bond And Interest	3,125,666	4,424,682	4,413,782	3,136,566
Wastewater Depreciation	2,175,965	997,119	601,383	2,571,701
Wastewater Reserve Cilt	1,998,448	1,007,902	1,007,816	1,998,534
Wastewater Replacement	1,483,721	240,032	-	1,723,753
Wastewater Automatic Meter Reading	-	565,095	565,095	-
Wastewater Utility Improvement	2,439,765	600,523	106,349	2,933,939
Wastewater Revolving Sewer Const	79,557	119,113	136,388	62,282
Water Utility Petty Cash	1,000	-	-	1,000
Water Mail Permit Deposit	3,000	-	-	3,000
Water Utility-Operating	98,292	9,777,215	9,793,213	82,294
Water Utility-Bond And Interest	-	402,927	402,927	-
Water Utility-Customer Deposit	483,403	237,900	164,729	556,574
Water Utility Depreciation	308,378	421,187	347,997	381,568
Water Utility Reserve Cilt	323,331	259,085	215,554	366,862
Water Automatic Meter Reading	-	1,255,767	1,255,767	-
Totals	\$ 73,765,444	\$ 265,173,844	\$ 243,213,294	\$ 95,725,994

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. Amounts received from businesses, occupations, or non-businesses 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

On Behalf Payments

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

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

Plan Description

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

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

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

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

Funding Policy

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

Note 7. Cash Balance Deficits

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

Note 8. Other Postemployment Benefits

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

Note 9. Subsequent Events

The City entered into two new bond issues in 2016. The Waterworks Revenue Bond, Series 2016, in the amount of \$14,270,000 was closed on May 25, 2016. The Redevelopment District Tax Increment Revenue Bonds, Series 2016, in the amount of \$7,000,000 was closed on October 12, 2016.

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

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

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	General	Motor Vehicle Highway	Local Road And Street	Airport AVFUEL Corp Account	Park Nonreverting Operating	Econ Dev Food & Beverage	C.A.T.S.	Community Development
Cash and investments - beginning	\$ 3,746,196	\$ 811,742	\$ 303,791	\$ 11,748	\$ 301,544	\$ 1,218,981	\$ 242,359	\$ 20,299
Receipts:								
Taxes	14,735,393	-	-	-	-	1,330,975	-	-
Licenses and permits	1,027,328	64,817	-	-	-	-	-	-
Intergovernmental receipts	12,134,600	2,050,951	530,286	-	12,500	-	2,164,828	433,427
Charges for services	3,165,322	4,512	-	-	309,403	-	215,835	-
Fines and forfeits	58,682	-	-	-	18,440	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	72,564	161	-	308,054	68,897	2,580	182	6,704
Total receipts	31,193,889	2,120,441	530,286	308,054	409,240	1,333,555	2,380,845	440,131
Disbursements:								
Personal services	22,675,519	1,401,986	-	-	123,693	378,303	1,957,819	130,831
Supplies	499,804	255,320	364,339	-	166,187	59	234,452	-
Other services and charges	7,658,376	219,807	-	-	112,925	736,639	206,044	20
Debt service - principal and interest	353,789	-	-	-	-	65,133	-	-
Capital outlay	268,108	208,204	138,040	-	86,777	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	855	-	-	279,931	3,620	470,443	-	321,344
Total disbursements	31,456,451	2,085,317	502,379	279,931	493,202	1,650,577	2,398,315	452,195
Excess (deficiency) of receipts over disbursements	(262,562)	35,124	27,907	28,123	(83,962)	(317,022)	(17,470)	(12,064)
Cash and investments - ending	\$ 3,483,634	\$ 846,866	\$ 331,698	\$ 39,871	\$ 217,582	\$ 901,959	\$ 224,889	\$ 8,235

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Clerk's Records Perpetuation	Parks And Recreation	User Fee	Slot Machine Wagering Fund	BROWNFIELD	Police Pension	Fire Pension	Life Insurance Fund
Cash and investments - beginning	\$ 12,364	\$ 391,720	\$ 34,512	\$ 447,407	\$ 3,252	\$ 99,819	\$ 110,255	\$ 16,230
Receipts:								
Taxes	-	970,985	-	-	-	501,430	485,493	-
Licenses and permits	-	950	-	-	-	-	-	-
Intergovernmental receipts	-	103,846	-	2,622,335	-	2,813,640	3,093,115	-
Charges for services	-	49,746	5,610	-	-	-	-	-
Fines and forfeits	4,625	250	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	1,309	-	125	-	-	-	61,938
Total receipts	4,625	1,127,086	5,610	2,622,460	-	3,315,070	3,578,608	61,938
Disbursements:								
Personal services	-	918,525	-	1,246,335	-	3,213,209	3,559,118	-
Supplies	334	141,845	-	28,494	-	6	340	-
Other services and charges	2,681	249,619	-	1,210,742	-	8,127	2,260	63,055
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	143,936	-	14,797	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	250	8,621	200	3,252	-	-	-
Total disbursements	3,015	1,454,175	8,621	2,500,568	3,252	3,221,342	3,561,718	63,055
Excess (deficiency) of receipts over disbursements	1,610	(327,089)	(3,011)	121,892	(3,252)	93,728	16,890	(1,117)
Cash and investments - ending	\$ 13,974	\$ 64,631	\$ 31,501	\$ 569,299	\$ -	\$ 193,547	\$ 127,145	\$ 15,113

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	NSP FEDERAL	HEALTH INS ANCILLARY FUND	FIRE GRANTS FUND	POLICE GRANT FUND	TOWN CENTER PARK ENDOWMENT	MILLER TRAILWAY CLEARING FUND	REDEVELOPMENT GRANT FUND
Cash and investments - beginning	\$ 47,447	\$ 115,882	\$ (450)	\$ 906	\$ 7,399	\$ 3,236	\$ (261,393)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	590	-	64,301	36,152	-	-	286,358
Charges for services	-	-	-	-	-	46,118	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	58	232,766	-	-	4,711	-	-
Total receipts	<u>648</u>	<u>232,766</u>	<u>64,301</u>	<u>36,152</u>	<u>4,711</u>	<u>46,118</u>	<u>286,358</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	220,023	70,281	34,982	-	46,250	25,020
Total disbursements	<u>-</u>	<u>220,023</u>	<u>70,281</u>	<u>34,982</u>	<u>-</u>	<u>46,250</u>	<u>25,020</u>
Excess (deficiency) of receipts over disbursements	<u>648</u>	<u>12,743</u>	<u>(5,980)</u>	<u>1,170</u>	<u>4,711</u>	<u>(132)</u>	<u>261,338</u>
Cash and investments - ending	<u>\$ 48,095</u>	<u>\$ 128,625</u>	<u>\$ (6,430)</u>	<u>\$ 2,076</u>	<u>\$ 12,110</u>	<u>\$ 3,104</u>	<u>\$ (55)</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	INTERMODAL GRANT FUND	STREET DEPT NON-REVERTING FUND	Parking Authority Non Reverting	SAFER GRANT FUND	CATS Vehicle Grant Fund	GM BEAUTIFICATION FUND	APD VIN
Cash and investments - beginning	\$ 1,400	\$ 32,399	\$ 20,119	\$ (80,206)	\$ -	\$ 2,985	\$ 1,428
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	570,139	564,499	-	-
Charges for services	-	2,989	61,016	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	14,552	-	-	-	-	-
Total receipts	-	17,541	61,016	570,139	564,499	-	-
Disbursements:							
Personal services	-	15,835	1,674	553,776	-	-	-
Supplies	-	-	4,644	-	-	-	-
Other services and charges	-	8,050	62,856	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	564,499	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	1,517	-	-	-	-	105
Total disbursements	-	25,402	69,174	553,776	564,499	-	105
Excess (deficiency) of receipts over disbursements	-	(7,861)	(8,158)	16,363	-	-	(105)
Cash and investments - ending	\$ 1,400	\$ 24,538	\$ 11,961	\$ (63,843)	\$ -	\$ 2,985	\$ 1,323

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Firefighters Exam Fee	Eda Flagship	Redevelopment Tif Reserve	Unsafe Building Fund	City Court Account	Florentine Bed B&I BNY Account	Police Station Refinance BNY Account
Cash and investments - beginning	\$ 3,930	\$ 266	\$ 2,381,389	\$ -	\$ 296,053	\$ 1	\$ 774,655
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	911,569	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	13,041	-	-	-
Total receipts	-	-	-	13,041	911,569	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	862,018	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	774,655
Total disbursements	-	-	-	-	862,018	-	774,655
Excess (deficiency) of receipts over disbursements	-	-	-	13,041	49,551	-	(774,655)
Cash and investments - ending	\$ 3,930	\$ 266	\$ 2,381,389	\$ 13,041	\$ 345,604	\$ 1	\$ -

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Rainy Day	Airport Grant 29	Simax	Flagship Purdue P3	Sign Reflectivity Grant	TRUST INDIANA	BLIGHT
Cash and investments - beginning	\$ 95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	35,061	-	-	-	-	247,921
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	3,400,000	15,000,000	18,160	8,035	10,000
Total receipts	-	35,061	3,400,000	15,000,000	18,160	8,035	257,921
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	37,009	-	808,970	-	-	234,710
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	3,637,244	538,107	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	75,600	-	8,110
Total disbursements	-	37,009	3,637,244	1,347,077	75,600	-	242,820
Excess (deficiency) of receipts over disbursements	-	(1,948)	(237,244)	13,652,923	(57,440)	8,035	15,101
Cash and investments - ending	\$ 95	\$ (1,948)	\$ (237,244)	\$ 13,652,923	\$ (57,440)	\$ 8,035	\$ 15,101

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	67TH RD PROJECT	Operation Pullover	Sanitary District Const	Probation	Donations	Airport	Police Continuing Ed
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 86,938	\$ 118,097	\$ 346,188	\$ 9,341
Receipts:							
Taxes	-	-	-	-	-	140,526	-
Licenses and permits	-	-	-	-	-	-	32,210
Intergovernmental receipts	47,199	-	-	-	-	17,783	-
Charges for services	-	-	-	-	649	266,967	17,315
Fines and forfeits	-	-	-	194,591	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	98	13,305	-	-	107,242	4,294	87
Total receipts	<u>47,297</u>	<u>13,305</u>	<u>-</u>	<u>194,591</u>	<u>107,891</u>	<u>429,570</u>	<u>49,612</u>
Disbursements:							
Personal services	-	17,141	356	185,884	196	150,753	-
Supplies	-	-	-	-	-	14,218	10,000
Other services and charges	109,309	-	-	236	-	255,968	11,000
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	54,959	6,699
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	142,390	-	-
Total disbursements	<u>109,309</u>	<u>17,141</u>	<u>356</u>	<u>186,120</u>	<u>142,586</u>	<u>475,898</u>	<u>27,699</u>
Excess (deficiency) of receipts over disbursements	<u>(62,012)</u>	<u>(3,836)</u>	<u>(356)</u>	<u>8,471</u>	<u>(34,695)</u>	<u>(46,328)</u>	<u>21,913</u>
Cash and investments - ending	<u>\$ (62,012)</u>	<u>\$ (3,836)</u>	<u>\$ (356)</u>	<u>\$ 95,409</u>	<u>\$ 83,402</u>	<u>\$ 299,860</u>	<u>\$ 31,254</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Airport Non-Reverting	Bldg Non-Reverting	Fire Bldg & Equip	Operation Clean	Tax Abatement	Administration Fees	Court Sup Pub Def Fees
Cash and investments - beginning	\$ 19,162	\$ 125	\$ 2,407,358	\$ 3,074	\$ 2,413	\$ 61,983	\$ 11,083
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	8,621	-
Charges for services	-	200	1,480,970	-	1,650	-	-
Fines and forfeits	-	-	-	5,246	-	18,285	8,460
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	75,972	-	15,000	-	-	-	-
Total receipts	<u>75,972</u>	<u>200</u>	<u>1,495,970</u>	<u>5,246</u>	<u>1,650</u>	<u>26,906</u>	<u>8,460</u>
Disbursements:							
Personal services	-	-	654,471	-	-	-	-
Supplies	28,090	-	272,000	-	-	-	-
Other services and charges	46,131	-	192,153	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	53,495	-	1,473,477	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	300	-	5,266	-	389	21,576	944
Total disbursements	<u>128,016</u>	<u>-</u>	<u>2,597,367</u>	<u>-</u>	<u>389</u>	<u>21,576</u>	<u>944</u>
Excess (deficiency) of receipts over disbursements	<u>(52,044)</u>	<u>200</u>	<u>(1,101,397)</u>	<u>5,246</u>	<u>1,261</u>	<u>5,330</u>	<u>7,516</u>
Cash and investments - ending	<u>\$ (32,882)</u>	<u>\$ 325</u>	<u>\$ 1,305,961</u>	<u>\$ 8,320</u>	<u>\$ 3,674</u>	<u>\$ 67,313</u>	<u>\$ 18,599</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Home	Apd Man	E D Revolving Loan	Redevelopment	Sinking Fund	Sanitary District Sinking	Redev Bond & Int-Kroger
Cash and investments - beginning	\$ -	\$ 93,184	\$ 363,106	\$ 209,398	\$ 160,740	\$ 22,830	\$ 330,614
Receipts:							
Taxes	-	-	-	-	162,159	912,932	113,382
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	261,082	7,500	-	-	10,936	61,439	-
Charges for services	-	-	-	25,200	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	56,552	113,555	18,621	-	-	-
Total receipts	261,082	64,052	113,555	43,821	173,095	974,371	113,382
Disbursements:							
Personal services	22,463	6,245	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	66,920	-	-	-
Debt service - principal and interest	-	-	-	-	316,073	685,117	92,020
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	238,615	54,852	141,194	11,407	-	-	-
Total disbursements	261,078	61,097	141,194	78,327	316,073	685,117	92,020
Excess (deficiency) of receipts over disbursements	4	2,955	(27,639)	(34,506)	(142,978)	289,254	21,362
Cash and investments - ending	\$ 4	\$ 96,139	\$ 335,467	\$ 174,892	\$ 17,762	\$ 312,084	\$ 351,976

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Loss Fund	Redevelopment Tif Levy	Police Training Fund	Arc Lease/Rental	Redevelopment Bond & Interest	Insurance Escrow	Nestle Tif Capital
Cash and investments - beginning	\$ 109,580	\$ 7,889,171	\$ 96,005	\$ 524,199	\$ 1,928,730	\$ 4,167,749	\$ 191,142
Receipts:							
Taxes	-	3,358,713	-	-	2,700,000	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	7,507	-	801,128	-	-	-
Charges for services	-	14,000	41,579	1,135	-	-	-
Fines and forfeits	-	-	1,220	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,546,887	8,082,068	33,280	-	750,000	13,881,717	-
Total receipts	1,546,887	11,462,288	76,079	802,263	3,450,000	13,881,717	-
Disbursements:							
Personal services	-	-	-	-	-	29,216	-
Supplies	-	-	-	-	-	-	-
Other services and charges	1,060,524	372,695	-	-	3,990	11,756,034	-
Debt service - principal and interest	-	-	-	-	1,901,749	-	-
Capital outlay	-	9,650,134	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	3,814,778	102,342	198,698	-	148,599	-
Total disbursements	1,060,524	13,837,607	102,342	198,698	1,905,739	11,933,849	-
Excess (deficiency) of receipts over disbursements	486,363	(2,375,319)	(26,263)	603,565	1,544,261	1,947,868	-
Cash and investments - ending	\$ 595,943	\$ 5,513,852	\$ 69,742	\$ 1,127,764	\$ 3,472,991	\$ 6,115,617	\$ 191,142

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Airport Grant Fund	Court Due County	Wheel Tax Fund	Fire Fighting Training Fund	Public Safety Coit Fund	Nestle Taxable Tif Capital	Capital Improvements
Cash and investments - beginning	\$ (1,028)	\$ -	\$ 134,522	\$ 5,753	\$ 747,502	\$ 5,788,709	\$ 188,885
Receipts:							
Taxes	-	-	-	-	-	4,313,651	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	112,768	-	1,080,814	-	2,356,828	-	140,981
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	33,397	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	11,913	77	-	-
Total receipts	112,768	33,397	1,080,814	11,913	2,356,905	4,313,651	140,981
Disbursements:							
Personal services	-	-	-	-	656,068	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	915,541	-	1,172,523	4,050	127,942
Debt service - principal and interest	-	-	-	-	-	1,691,780	-
Capital outlay	113,221	-	-	-	-	-	84,014
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	33,397	-	14,072	-	-	-
Total disbursements	113,221	33,397	915,541	14,072	1,828,591	1,695,830	211,956
Excess (deficiency) of receipts over disbursements	(453)	-	165,273	(2,159)	528,314	2,617,821	(70,975)
Cash and investments - ending	\$ (1,481)	\$ -	\$ 299,795	\$ 3,594	\$ 1,275,816	\$ 8,406,530	\$ 117,910

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Certified Tech Park Fund	Civil City Payroll	Construction Fund-2014	Electric Petty Cash	Electric Mail Permit Deposit	Electric Ups Deposit	Electric Utility-Operating
Cash and investments - beginning	\$ 796,485	\$ 62,731	\$ 1,300,000	\$ 1,000	\$ 3,000	\$ 152	\$ 204,573
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	732,814	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	89,019,038
Penalties	-	-	-	-	-	-	-
Other receipts	-	9,470,697	-	-	-	-	675,409
Total receipts	732,814	9,470,697	-	-	-	-	89,694,447
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	8,998,577
Other disbursements	1,521,025	9,406,647	-	-	-	-	79,737,138
Total disbursements	1,521,025	9,406,647	-	-	-	-	88,735,715
Excess (deficiency) of receipts over disbursements	(788,211)	64,050	-	-	-	-	958,732
Cash and investments - ending	\$ 8,274	\$ 126,781	\$ 1,300,000	\$ 1,000	\$ 3,000	\$ 152	\$ 1,163,305

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Electric Utility-Bond And Interest	Electric Utility-Customer Deposit	Electric Utility-Construction	Electric Utility Depreciation	Electric Automatic Meter Reading	Electric Garage Reserve	Electric Utility Fiber
Cash and investments - beginning	\$ -	\$ 1,316,991	\$ -	\$ 1,728,530	\$ -	\$ 29,997	\$ 196,293
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	232,377
Penalties	-	-	-	-	-	-	-
Other receipts	837,376	539,145	706	3,523,045	1,163,292	2,563	-
Total receipts	837,376	539,145	706	3,523,045	1,163,292	2,563	232,377
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	837,376	-	-	-	1,163,288	-	-
Capital outlay	-	-	-	534,569	-	-	160,359
Utility operating expenses	-	-	-	-	-	-	57,489
Other disbursements	-	388,863	706	-	-	-	-
Total disbursements	837,376	388,863	706	534,569	1,163,288	-	217,848
Excess (deficiency) of receipts over disbursements	-	150,282	-	2,988,476	4	2,563	14,529
Cash and investments - ending	\$ -	\$ 1,467,273	\$ -	\$ 4,717,006	\$ 4	\$ 32,560	\$ 210,822

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Electric Utility Reserve-Cilt	Storm Water UT Mail Permit Deposit	Storm Water Utility-Operating	Stormwater Utility Depreciation	Stormwater Bond & Interest	Storm Water Reserve Cilt	Wastewater-Construction 2011
Cash and investments - beginning	\$ 1,569,787	\$ 3,000	\$ 331,195	\$ 211,703	\$ 31,378	\$ 500,150	\$ 1,693,446
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	2,263,935	-	-	-	-
Penalties	-	-	1,695	-	-	-	-
Other receipts	1,152,804	-	-	113,579	188,807	250,026	169
Total receipts	1,152,804	-	2,265,630	113,579	188,807	250,026	169
Disbursements:							
Personal services	-	-	809,488	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	18,423	-	-	-	-
Debt service - principal and interest	-	-	-	-	188,712	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	976,558	-	-	-	-
Other disbursements	1,281,586	-	332,303	220,079	-	250,018	-
Total disbursements	1,281,586	-	2,136,772	220,079	188,712	250,018	-
Excess (deficiency) of receipts over disbursements	(128,782)	-	128,858	(106,500)	95	8	169
Cash and investments - ending	\$ 1,441,005	\$ 3,000	\$ 460,053	\$ 105,203	\$ 31,473	\$ 500,158	\$ 1,693,615

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Wastewater Petty Cash	Wastewater Mail Permit Deposit	Wastewater 2010 Construction	Wastewater 2009B Construction	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Depreciation
Cash and investments - beginning	\$ 1,000	\$ 3,000	\$ -	\$ 370,565	\$ 13,753,629	\$ 3,125,666	\$ 2,175,965
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	19,915,719	-	-
Penalties	-	-	-	-	22,014	-	-
Other receipts	-	-	-	-	330,522	4,424,682	997,119
Total receipts	-	-	-	-	20,268,255	4,424,682	997,119
Disbursements:							
Personal services	-	-	-	-	6,282,631	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	92,116	-	-
Debt service - principal and interest	-	-	-	-	-	4,413,782	-
Capital outlay	-	-	-	-	73,619	-	-
Utility operating expenses	-	-	-	-	5,493,405	-	-
Other disbursements	-	-	-	-	7,463,597	-	601,383
Total disbursements	-	-	-	-	19,405,368	4,413,782	601,383
Excess (deficiency) of receipts over disbursements	-	-	-	-	862,887	10,900	395,736
Cash and investments - ending	\$ 1,000	\$ 3,000	\$ -	\$ 370,565	\$ 14,616,516	\$ 3,136,566	\$ 2,571,701

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Wastewater Reserve Cilt	Wastewater Replacement	Wastewater Automatic Meter Reading	Wastewater Utility Improvement	Wastewater Revolving Sewer Const	Water Utility Petty Cash	Water Mail Permit Deposit
Cash and investments - beginning	\$ 1,998,448	\$ 1,483,721	\$ -	\$ 2,439,765	\$ 79,557	\$ 1,000	\$ 3,000
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,007,902	240,032	565,095	600,523	119,113	-	-
Total receipts	1,007,902	240,032	565,095	600,523	119,113	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	565,095	-	-	-	-
Capital outlay	-	-	-	106,349	-	-	-
Utility operating expenses	-	-	-	-	136,388	-	-
Other disbursements	1,007,816	-	-	-	-	-	-
Total disbursements	1,007,816	-	565,095	106,349	136,388	-	-
Excess (deficiency) of receipts over disbursements	86	240,032	-	494,174	(17,275)	-	-
Cash and investments - ending	\$ 1,998,534	\$ 1,723,753	\$ -	\$ 2,933,939	\$ 62,282	\$ 1,000	\$ 3,000

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Customer Deposit	Water Utility Depreciation	Water Utility Reserve Cilt	Water Automatic Meter Reading	Totals
Cash and investments - beginning	\$ 98,292	\$ -	\$ 483,403	\$ 308,378	\$ 323,331	\$ -	\$ 73,765,444
Receipts:							
Taxes	-	-	-	-	-	-	29,725,639
Licenses and permits	-	-	-	-	-	-	1,125,305
Intergovernmental receipts	-	-	-	-	-	-	33,411,949
Charges for services	-	-	-	-	-	-	5,710,216
Fines and forfeits	-	-	-	-	-	-	1,254,765
Utility fees	9,733,271	-	-	36	-	565,095	121,729,471
Penalties	-	-	-	-	-	-	23,709
Other receipts	43,944	402,927	237,900	421,151	259,085	690,672	72,192,790
Total receipts	<u>9,777,215</u>	<u>402,927</u>	<u>237,900</u>	<u>421,187</u>	<u>259,085</u>	<u>1,255,767</u>	<u>265,173,844</u>
Disbursements:							
Personal services	4,077,287	-	-	-	-	-	49,068,822
Supplies	-	-	-	-	-	-	2,020,132
Other services and charges	134,236	-	-	-	-	-	28,823,699
Debt service - principal and interest	-	402,927	-	-	-	1,255,767	13,932,608
Capital outlay	39,950	-	-	347,997	-	-	18,298,554
Utility operating expenses	1,110,494	-	-	-	-	-	16,772,911
Other disbursements	4,431,246	-	164,729	-	215,554	-	114,296,568
Total disbursements	<u>9,793,213</u>	<u>402,927</u>	<u>164,729</u>	<u>347,997</u>	<u>215,554</u>	<u>1,255,767</u>	<u>243,213,294</u>
Excess (deficiency) of receipts over disbursements	<u>(15,998)</u>	<u>-</u>	<u>73,171</u>	<u>73,190</u>	<u>43,531</u>	<u>-</u>	<u>21,960,550</u>
Cash and investments - ending	<u>\$ 82,294</u>	<u>\$ -</u>	<u>\$ 556,574</u>	<u>\$ 381,568</u>	<u>\$ 366,862</u>	<u>\$ -</u>	<u>\$ 95,725,994</u>

CITY OF ANDERSON
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Electric	\$ 12,563,334	\$ 3,290,167
Storm Water	5,089	218,823
Wastewater	674,406	5,199,640
Water	759,605	555,451
Governmental activities	<u>-</u>	<u>-</u>
Totals	<u>\$ 14,002,434</u>	<u>\$ 9,264,081</u>

CITY OF ANDERSON
SCHEDULE OF LEASES AND DEBT
December 31, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
CITY OF ANDERSON/AIRPORT	AIRPORT HANGER	\$ 53,495	12/15/2000	6/15/2021
FIRST MERCHANT BANK	POLICE LOAN - CAR	38,480	7/15/2015	1/15/2020
FIRST MERCHANT BANK	CITY HALL - CAR	7,363	6/1/2015	12/1/2019
KRONOS SOFTWARE LEASE	PAYROLL SOFTWARE UPGRADE 2013	<u>21,597</u>	2/1/2013	1/1/2016
Total governmental activities		<u>120,935</u>		
Electric:				
CHASE	AUTO METER READING	853,066	3/29/2008	3/29/2018
FIRST MERCHANT	BUCKET TRUCK A	38,006	7/2/2012	7/2/2017
FIRST MERCHANT	BUCKET TRUCK B	33,130	10/22/2012	10/22/2017
FIRST MERCHANT	DIGGER DERRICK TRUCK	12,760	1/1/2014	7/1/2018
KRONOS SOFTWARE LEASE	PAYROLL SOFTWARE UPGRADE 2013	<u>9,719</u>	2/1/2013	1/1/2016
Total Electric		<u>946,681</u>		
Storm Water:				
KRONOS SOFTWARE LEASE	PAYROLL SOFTWARE UPGRADE 2013	1,080	2/1/2013	1/1/2016
PNC NATIONAL CITY BANK	WHITE RIVER LEVEE PROJECT	<u>187,722</u>	5/1/2010	11/5/2019
Total Storm Water		<u>188,802</u>		
Wastewater:				
KRONOS SOFTWARE LEASE	PAYROLL SOFTWARE UPGRADE 2013	<u>5,399</u>	2/1/2013	1/1/2016
Water:				
CHASE	AUTO METER READING	1,565,990	2/25/2008	2/25/2022
KRONOS SOFTWARE LEASE	PAYROLL SOFTWARE UPGRADE 2013	<u>5,399</u>	2/1/2013	1/1/2016
Total Water		<u>1,571,389</u>		
Total of annual lease payments		<u>\$ 2,833,206</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	PARK DISTRICT 2003 /URBAN PARK 12TH & MERIDIAN ST	\$ 620,000	\$ 176,385
General obligation bonds	LEASE RENTAL REFINANCE SERIES 2002 POL ST 2012	4,090,000	562,720
General obligation bonds	SANITARY DISTRICT BONDS 2014	5,640,000	677,688
Revenue bonds	REFINANCE SERIES 2002 PENDELTON/SERIES 2012	3,060,000	469,698
Revenue bonds	ACQUISITION & BUILD (2003 KROGER)	744,000	93,140
Revenue bonds	IMPROVEMENTS (ENTERPRISE) 2004A	1,350,000	221,513
Revenue bonds	IMPROVEMENTS (NESTLE 2009)	7,825,000	1,003,375
Revenue bonds	ECONOMIC DEV REV BONDS SERIES 2006A (NESTLE)	7,407,647	1,011,652
Notes and loans payable	ANDERSON TAXABLE TIF BONDS SERIES 2015 (SIRMAX)	3,500,000	270,081
Notes and loans payable	ANDERSON TAXABLE TIF BONDS SERIES 2015 (PURDUE)	15,000,000	324,583
Notes and loans payable	ANDERSON TAXABLE TIF BONDS SERIES 2015 (EXTEND LIFE OF TIF)	3,000,000	264,525
Notes and loans payable	REVENUE NOTE/FOOD & BEVERAGE TAX REVENUE NOTE	200,000	64,094
Notes and loans payable	ANDERSON TAXABLE TIF BOND 2013- GTI-HYPRO	<u>4,845,000</u>	<u>613,070</u>
Total governmental activities		<u>57,281,647</u>	<u>5,752,524</u>
Electric:			
Revenue bonds	ELECTRIC UTILITY REFUNDING REV BONDS SERIES 2013	4,835,000	667,338
Revenue bonds	ELECTRIC UTILITY REVENUE BONDS OF 2014	<u>1,505,000</u>	<u>65,368</u>
Total Electric		<u>6,340,000</u>	<u>732,706</u>
Wastewater:			
Revenue bonds	SERIES 2011(SRF) LTCP PHASE II	17,915,000	1,511,096
Revenue bonds	SERIES 2007 INFRASTRUCTURE IMPROVEMENTS	12,195,000	972,656
Revenue bonds	SERIES 2009A(SRF) LTCP PHASE 1	4,300,000	364,330
Revenue bonds	SERIES 2009B(SRF) CSO LTCP PHASE 1	3,860,000	404,366
Revenue bonds	SERIES 2010(SRF) TELVISING & SLUDGE INFRASTRUCTURE	1,930,000	148,600
Revenue bonds	SERIES 2012 SEWAGE REFUNDING REVENUE BONDS	<u>5,930,000</u>	<u>1,030,124</u>
Total Wastewater		<u>46,130,000</u>	<u>4,431,172</u>
Water:			
Revenue bonds	INFRASTRUCTURE IMPROVEMENTS/2007 WATERWORKS	<u>3,460,000</u>	<u>397,778</u>
Totals		<u>\$ 113,211,647</u>	<u>\$ 11,314,180</u>

CITY OF ANDERSON
SCHEDULE OF CAPITAL ASSETS
December 31, 2015

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

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

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Anderson's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-005 and 2015-007. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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


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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-003, 2015-004, 2015-005, 2015-006, and 2015-007, that we consider 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.

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 15, 2017

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF ANDERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

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	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Urban and Community Forestry Program Redevelopment Grant Fund	Indiana Department of Natural Resources	10.675	E9-14-UFMG1	\$ -	\$ 12,500
Total - Department of Agriculture				-	12,500
<u>Department of Commerce</u>					
Economic Development Cluster					
Community Trade Adjustment Assistance Redevelopment Grant Fund	Direct Grant	11.010	06-46-05639	-	273,837
Economic Adjustment Assistance Economic Development Revolving Loan	Direct Grant	11.307	0061901906A	-	559,802
Total - Economic Development Cluster				-	833,639
Total - Department of Commerce				-	833,639
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/Entitlement Grants					
Community Development-CDBG Community Development-CDBG	Direct Grant	14.218	B-13-MC-18-0001 B-15-MC-18-0001	97,356 40,890	263,258 169,920
Total - Community Development Block Grants/Entitlement Grants				138,246	433,178
HOME Investment Partnerships Program					
Community Development - HOME Community Development - HOME Community Development - HOME Community Development - HOME	Direct Grant	14.239	M-08-MC-18-0209 M-11-MC-18-0209 M-13-MC-18-0209 M-14-MC-18-0209	5,140 33,147 170,469 29,848	5,140 33,147 170,469 52,575
Total - HOME Investment Partnerships Program				238,604	261,331
Total - Department of Housing and Urban Development				376,850	694,509
<u>Department of Justice</u>					
Crime Victim Assistance					
Victim Assistance Grant Victim Assistance Grant	Indiana Criminal Justice Institute	16.575	13-VA-2244 14-VA-3571	- -	7,729 23,187
Total - Crime Victim Assistance				-	30,916
Bulletproof Vest Partnership Program					
General - Police	Direct Grant	16.607	FY-2013	-	11,725
Total - Bulletproof Vest Partnership Program				-	11,725
Edward Byrne Memorial Justice Assistance Grant Program					
Police Grant Fund	Indiana Criminal Justice Institute	16.738	2014-DJ-BX-0776	-	24,427
Total - Edward Byrne Memorial Justice Assistance Grant Program				-	24,427
Total - Department of Justice				-	67,068

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF ANDERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Transportation</u>					
Federal Transit Cluster					
Federal Transit_Formula Grants					
	Direct Grant	20.507			
City of Anderson Transit System - Capital			IN-90-X664-00	-	430,102
City of Anderson Transit System - Operating			IN-90-X664-00	-	27,410
City of Anderson Transit System - Operating			IN-90-X675-00	-	953,000
City of Anderson Transit System - CMAQ			IN-95-X050-00	-	134,397
Total - Federal Transit_Formula Grants				-	1,544,909
Total - Federal Transit Cluster				-	1,544,909
Highway Planning and Construction Cluster					
Highway Planning and Construction					
	Indiana Department of Transportation	20.205			
67th Street Road (Enterprise Dr) Project			DES #0200599	-	30,868
67th Street - Bridge over Michaels Ditch Project			DES #0501014	-	8,590
67th Street - Bridge over Bolan Drain Project			DES #0501015	-	7,741
ITS Traffic Grant			DES #1297539	-	62,674
Sign Reflectivity			DES #1400931	-	18,160
Total - Highway Planning and Construction Cluster				-	128,033
Highway Safety Cluster					
Alcohol Impaired Driving Countermeasures Incentive Grants I					
	Indiana Criminal Justice Institute	20.601			
DUI Taskforce			3065	-	182
Operation Pullover			D3-15-8948	-	13,124
Total - Alcohol Impaired Driving Countermeasures Incentive Grants I				-	13,306
Total - Highway Safety Cluster				-	13,306
Transit Services Programs Cluster					
Job Access_Reverse Commute					
	Direct Grant	20.516			
City of Anderson Transit System			IN-37-X037-00	-	29,983
Total - Job Access_Reverse Commute				-	29,983
Total - Transit Services Programs Cluster				-	29,983
Airport Improvement Program					
	Direct Grant	20.106			
Airport Grant - 27			AIP-3-18-0001-27	-	92,794
Airport Grant - 28			AIP-3-18-0001-28	-	16,910
Airport Grant - 29			AIP-3-18-0001-29	-	35,061
Total - Airport Improvement Program				-	144,765
Total - Department of Transportation				-	1,860,996
<u>Department of Homeland Security</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)					
	Indiana Department of Homeland Security	97.036			
			095-01468-00	-	150,744
Staffing for Adequate Fire and Emergency Response (SAFER) Fire Grant Fund					
	Direct Grant	97.083			
			EMW-2013-FH-00810	-	570,139
Total - Department of Homeland Security				-	720,883
Total federal awards expended				\$ 376,850	\$ 4,189,595

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF ANDERSON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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

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

Revolving Loan Fund (RLF):	
Outstanding loans as of December 31, 2015	\$ 521,821
Cash and Investments as of December 31, 2015	335,467
Administrative expenses paid out of RLF income during 2015	1,194
Unpaid principal on loans written off during 2015	<u>-</u>
Subtotal	858,592
Calculation of Federal Participation Rate (FPR):	
Original grant	313,000
Original match (In-kind)	<u>167,000</u>
Subtotal	<u>480,000</u>
FPR - Original grant awarded divided by total including original match	<u>65.21%</u>
Expenditures reported on the SEFA	<u>559,802</u>

CITY OF ANDERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
	Economic Development Cluster	Unmodified
	Federal Transit Cluster	Unmodified
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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

**FINDING 2015-001 - PREPARATION OF THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS**

Condition

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The SEFA presented for audit was understated by a net of \$1,146,883.

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

During the audit, the SEFA had the following errors:

1. Several grants, totaling \$1,393,654, were omitted from the SEFA.
2. Two grants, totaling \$246,771, were included on the SEFA but should not have been.
3. One grant in the amount of \$134,397 was reported using an incorrect CFDA number.
4. One amount reported as Pass-Through to Subrecipient was understated by \$29,845.

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Because a proper system of internal control was not in place, material misstatements of the SEFA remained undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

Condition

The City had the following deficiencies within their internal control system:

1. Lack of Internal Controls over Payroll Disbursements: The City's procedures to ensure the accuracy of payroll disbursements included a review of the Payroll Detail Proof Report by each department head prior to payment of employees. Evidence of this control to allow determination of proper implementation of the control was not provided. Additionally, time

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

cards were prepared each pay period for all hourly and salary employees. After being prepared by the employees, the time cards were reviewed and approved by their supervisor. Time cards reviewed for the payrolls ending on May 23, 2015, August 28, 2015, and October 23, 2015, had several departments in which time cards were not reviewed by a supervisor.

The control procedures in place at the City did not ensure that the disbursements were posted in the proper reporting period.

2. Bank Reconcilements: The City's procedures to ensure the accuracy of the bank reconciliation was for the Controller to approve the bank reconciliations once they were prepared. No documentation was presented for audit to substantiate this control had been implemented.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management of the City had not established or properly implemented a proper system of internal control related to payroll disbursements. There was no evidence of the Controller's review of the bank reconciliations.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003 - REPORTING AND SPECIAL TESTS AND PROVISIONS

Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 0061901906A

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-002.

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the requirements related to Reporting and Special Tests and Provisions.

No documentation was presented for audit to provide evidence that a control procedure was established by the City to ensure the accuracy of the semiannual reports submitted to the Economic Development Authority. Additionally, no documentation was presented for audit to provide evidence that a control procedure was established by the City to ensure that the minimum standard loan documentation was obtained for each potential loan.

Context

Both semiannual reports and all loan documentation for new loans created during the audit period were examined. No control procedures were in place during the audit period to ensure the accuracy of the reports or that the minimum standard loan documentation was obtained for each loan.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Reporting and Special Tests and Provisions compliance requirements.

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

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

***FINDING 2015-004 - ACTIVITIES ALLOWED OR UNALLOWED,
ALLOWABLE COSTS/COST PRINCIPLES, AND REPORTING***

Federal Agency: Department of Transportation

Federal Program: Federal Transit - Formula Grants

CFDA Number: 20.507

Federal Award Numbers and Years (or Other Identifying Numbers): IN-90-X664-00, IN-90-X675-00,
IN-95-X050-00

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Cost/Cost Principles, and Reporting.

Activities Allowed or Unallowed and Allowable Cost/Cost Principles

The City's Transit System department prepared reimbursement requests from information obtained from the City's financial accounting system. There was no evidence of a control, such as an oversight, review, or approval process, to ensure that only activities allowable and allowable costs were included on the requests.

Reporting

The City's Transit System department submitted quarterly Narrative reports to the Department of Transportation during 2015. No evidence of a control, such as an oversight, review, or approval process, to ensure the accuracy of the reports was identified.

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

Context

The lack of controls was a systemic problem during the period audited and affected all of the compliance requirements listed above.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting compliance requirements.

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

FINDING 2015-005 - PROCUREMENT AND SUSPENSION AND DEBARMENT

Federal Agency: Department of Transportation
Federal Program: Federal Transit - Formula Grants
CFDA Number: 20.507
Federal Award Number and Year (or Other Identifying Number): IN-90-X675-00

Condition

Management of the City had not established an effective internal control system related to its grant agreements and the Procurement and Suspension and Debarment compliance requirement. The failure to establish an effective internal control system resulted in the City being in noncompliance with Procurement and Suspension and Debarment compliance requirement.

The City obtained price quotations as required; however, documentation was not presented for audit to substantiate this for one of the purchases that was tested.

The City reviewed the System for Award Management (SAM) site to ensure that vendors used were not suspended or debarred from receiving federal monies. However, no evidence of a control, such as an oversight, review, or approval process, to ensure this requirement was met was identified.

Context

The lack of controls was a systemic problem during the period. Documentation was not provided for audit to show evidence that price quotations were obtained for one of forty purchases tested.

Criteria

2 CFR 200.508 states in part:

"The auditee must:

(d) Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by this part."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

Cause

Management had not developed an effective system of internal controls that would have ensured compliance with requirements and maintenance of records.

Effect

The failure to establish an effective internal control system could have resulted in the City's non-compliance with the grant agreement and the compliance requirement. The failure to establish effective internal controls also resulted in records not being properly retained for audit. The failure to maintain documentation prevented the ability to verify compliance relating to one purchase.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls related to the grant agreement and compliance requirement to ensure compliance with Procurement and Suspension and Debarment compliance requirement and proper retention of records.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-006 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, AND PERIOD OF PERFORMANCE

Federal Agency: Department of Homeland Security
Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER)
CFDA Number: 97.083
Federal Award Number and Year (or Other Identifying Number): EMW-2013-FH-00810

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-004.

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of Performance.

The City had not established a proper segregation of duties to ensure compliance for the compliance requirements outlined above. One individual was responsible for preparing and submitting the reimbursement requests. There was no control procedure in place to ensure that amounts requested to be reimbursed were for allowable activities or allowable costs, were paid prior to requesting reimbursement, or were incurred within the period of performance.

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

Context

The lack of controls was a systemic problem during the period audited.

Criteria

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. . . ."

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of Performance compliance requirements.

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-007 - REPORTING

Federal Agency: Department of Homeland Security
Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER)
CFDA Number: 97.083
Federal Award Number and Year (or Other Identifying Number): EMW-2013-FH-00810

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-004.

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

Condition

Management of the City had not established an effective internal control system related to its grant agreements and the Reporting compliance requirement. One individual was responsible for preparing and submitting the reimbursement requests. There was no control procedure in place to ensure the accuracy of the requests prior to submission.

The City submitted eleven reimbursement requests during 2015. Of the requests submitted, six did not agree with the underlying supporting documentation presented for audit. Additionally, five of the requests contained multiple discrepancies as compared to the supporting documentation provided for audit.

Context

The lack of controls and noncompliance was a systemic problem during the period audited.

Criteria

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. . . ."

44 CFR 13.20(b)(1) states: "*Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system resulted in the City's noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement 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.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above to ensure compliance with the Reporting compliance requirement.

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENTS

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



City of Anderson
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Mayor Thomas J. Broderick Jr.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal year in which the finding initially occurred: 2014
Contact Person Responsible for Corrective Action: Douglas Whitham, City Controller
Contact Phone Number: 765-648-6034

Status of Audit Finding: For the 2016 fiscal year, the City has implemented a system of internal control designed to prevent, detect, and correct errors on the Schedule of Expenditures of Federal Awards (SEFA) to ensure the accurate reporting of federal awards.

FINDING 2014-002 – REPORTING, SPECIAL TESTS AND PROVISIONS

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Commerce
Contact Person Responsible for Corrective Action: Douglas Whitham, City Controller
Contact Phone Number: 765-648-6034

Status of Audit Finding: For the 2016 fiscal year, the City has implemented the necessary procedures to ensure that the reporting and special tests and provisions requirements of the Economic Development Assistance Program, CFDA number 11.307 are met. Procedures have been established to ensure documentation of management's approval of semi-annual reports.

FINDING 2014-003 – REPORTING

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Housing and Urban Development
Contact Person Responsible for Corrective Action: Douglas Whitham, City Controller
Contact Phone Number: 765-648-6034

Status of Audit Finding: For the 2016 fiscal year, the City has implemented the necessary procedures to ensure that the reporting requirements of the Community Development Block Grants/Entitlement Grants, CFDA number 14.218 are met. The Community Development Department established an accounting

systems policy manual to address the segregation of duties for processes relating to reimbursement requests, performance reports, and financial reports of the CDBG program. In addition to the policy manual, the City worked with HUD officials in the Indianapolis office to resolve issues pertaining to the finding. HUD has notified the City that the corrective actions taken by its personnel were sufficient and the finding was closed.

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

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Homeland Security

Contact Person Responsible for Corrective Action: Douglas Whitham, City Controller

Contact Phone Number: 765-648-6034

Status of Audit Finding: For the 2016 fiscal year, the City has implemented a system of internal control designed to prevent, detect, and correct errors pertaining to the allowable activities, allowable costs, cash management, and reporting requirements of the Staffing Adequate Fire and Emergency Response (SAFER) grant, CFDA number 97.083. Specifically, the City has established a better system of communication regarding costs to be charged to the grant between the Controller's Office and Fire Department, a system of oversight for report approvals, and increased the awareness of persons administering the grant of applicable grant requirements.

DSA Whith
(Signature)

City Controller
(Title)

December 9, 2016
(Date)



Mayor Thomas J. Broderick Jr.

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CORRECTIVE ACTION PLAN

FINDING 2015-001- PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Douglas A. Whitham, City Controller
Contact Phone Number: 765-648-6034

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Controller's Office, has put in place a system of internal control to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The system is effective for the 2016 reporting period and includes: communicating with departments to better ensure pertinent grant information is captured for reporting to ensure completeness; and, the segregation of duties over the preparation and review of the SEFA to ensure completeness and accuracy.

Anticipated Completion Date: December 31, 2016

FINDING 2015-002- INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

Contact Person Responsible for Corrective Action: Douglas A. Whitham, City Controller
Contact Phone Number: 765-648-6034

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Controller's Office, will put in place a system of internal control designed to ensure proper documentation of the review and approval of payroll transactions and time cards. The system will be designed to show evidence of review by initials and or by archiving email correspondence denoting approval.

Anticipated Completion Date: On or before June 30, 2017

The City, through the Controller's Office, has put in place a system of internal control designed to ensure the proper recording of all payroll disbursements. Payroll disbursement postings are reviewed monthly by someone independent of the payroll preparation process under the supervision of the Controller.

Anticipated Completion Date: On or before June 30, 2016

The City, through the Controller's Office, has put in place a system of internal control designed to ensure proper documentation of the review and approval of bank reconciliations. The system is designed to show evidence of review by electronic signature denoting approval. The Controller or Deputy Controller reviews and signs all bank reconciliations as performed by another person.

Anticipated Completion Date: On or before June 30, 2016

FINDING 2015-003- REPORTING AND SPECIAL TESTS AND PROVISIONS

Contact Person Responsible for Corrective Action: Karen Soetenga, Economic Development Specialist
Contact Phone Number: 765-648-6116

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Economic Development Department, has put in place a system of internal control designed to ensure evidence of the proper review and approval of required reports. Reports will be prepared by the Economic Development Specialist and reviewed and approved by the Revolving Loan Fund Board as evidenced by a notation in the official meeting minutes and the signature on the report by the Revolving Loan Fund Board president.

A proper system of internal control has been established to ensure compliance with special tests and provisions, particularly in the area of minimum loan documentation standards by use of a checklist by the Economic Development Specialist in putting together loan files. A secondary review will be performed by the Revolving Loan Fund Board attorney to ensure all required documents are included in the loan file and recorded if necessary as evidenced by a signature on the checklist as maintained in the corresponding file.

Anticipated Completion Date: December 31, 2016

FINDING 2015-004- ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, AND REPORTING

Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner
Contact Phone Number: 765-648-6171

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Transportation Department, will put in place a system of internal control designed to ensure evidence of the proper review and approval of required transactions for allowable activities,

allowable costs, and reporting. Reimbursement reports will be prepared by someone other than the person performing the review and approval functions. The person performing the review and approval of the reports will possess a sufficient knowledge of grant requirements. Evidence of review and approval will be documented by initialing or signing the report.

Anticipated Completion Date: March 1, 2017

FINDING 2015-005- PROCURMENT, SUSPENSION, AND DEBARMENT

Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner
Contact Phone Number: 765-648-6171

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Transportation Department, will put in place a system of internal control designed to ensure all documentation is sufficiently maintained to comply with grant requirements pertaining to procurement, suspension, and debarment. All quotes will be scanned and stored electronically for future reference. Someone knowledgeable of the grant requirement threshold for obtaining quotes will oversee the process.

Anticipated Completion Date: March 1, 2017

FINDING 2015-006- ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, AND PERIOD OF PERFORMANCE

Contact Person Responsible for Corrective Action: David Cravens, Fire Chief
Contact Phone Number: 765-648-6622

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Fire Department, has established a system of internal control designed to ensure evidence of the proper review and approval of required transactions for allowable activities, allowable costs, cash management, and period of performance. Reimbursement requests are being prepared by someone other than the person performing the review and approval functions. The reimbursement requests are prepared by an Assistant Deputy Fire Chief. The Fire Chief reviews and approves the reimbursement requests. Both persons preparing the reimbursement requests and performing the review and approval of them possess a sufficient knowledge of grant requirements. Evidence of review and approval is documented by initialing or signing the reimbursement requests.

Anticipated Completion Date: January 1, 2016

FINDING 2015-007- REPORTING

Contact Person Responsible for Corrective Action: David Cravens, Fire Chief
Contact Phone Number: 765-648-6622

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Fire Department, has established a system of internal control designed to ensure evidence of the proper review and approval of required reports related to the SAFER grant. Reports are being prepared by someone other than the person performing the review and approval functions. The reports are prepared by an Assistant Deputy Fire Chief. The Fire Chief reviews and approves the reimbursement reports. Both persons completing the reports and performing the review and approval of the reports possess a sufficient knowledge of grant requirements. Evidence of review and approval is documented by initialing or signing the report.

Anticipated Completion Date: January 1, 2016

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/>.