

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF RICHMOND
WAYNE COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
09/29/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10
Notes to Financial Statement	11-17
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-28
Schedule of Payables and Receivables	29
Schedule of Leases and Debt	30
Schedule of Capital Assets	31
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	34-36
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	38-39
Notes to Schedule of Expenditures of Federal Awards	40
Schedule of Findings and Questioned Costs	41-49
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings	52-54
Corrective Action Plan	55-63
Other Reports	64

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Tammy S. Glenn	01-01-14 to 03-10-14
	(Vacant)	03-11-14 to 03-17-14
	Paula Hill	03-18-14 to 03-08-15
	Sandra Spencer (interim)	03-09-15 to 12-31-16
	Beth Fields	01-01-17 to 12-31-17
Mayor	Sarah L. Hutton	01-01-12 to 12-31-15
	Dave Snow	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Vicki Robinson	01-01-14 to 12-31-17
President of the Common Council	J. Clayton Miller	01-01-14 to 12-31-14
	Ron Oler	01-01-15 to 12-31-15
	Bruce Wissel	01-01-16 to 12-31-16
	Misty Hollis	01-01-17 to 12-31-17
President of the Board of Sanitary Commissioners	Suzanne Miller	01-01-14 to 12-31-17



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF RICHMOND, WAYNE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Richmond (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We did not audit the financial information of Richmond Power and Light (Electric Utility), a department of the City. The financial information of the Electric Utility is reported in the City's financial statement as the nine separate funds with fund names beginning with "Parallax" and "RP&L." 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 from 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 to the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

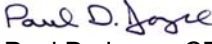
Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 21, 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

September 21, 2017



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 RICHMOND, WAYNE 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 Richmond (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated September 21, 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 Richmond Power and Light, a department of the City, 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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

City of Richmond'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

September 21, 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 RICHMOND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 1,494,320	\$ 17,303,734	\$ 17,588,162	\$ 1,209,892
Motor Vehicle Highway	789,300	2,517,377	2,805,061	501,616
Local Road And Street	190,161	299,328	300,262	189,227
Park Nonreverting Operating	252,425	452,813	527,556	177,682
Animal Control	12,576	1,241	60	13,757
Police Continuing Ed	16,832	30,129	35,996	10,965
Unsafe Building	62,775	37,168	4,203	95,740
Rainy Day City	1,277,286	230,802	26,305	1,481,783
Cumulative Capital Development	660,607	516,316	533,470	643,453
Park Nonreverting Capital	2,849	-	-	2,849
Cumulative Capital Improvement	96,175	97,379	126,139	67,415
County Edit	971,790	1,404,457	1,404,735	971,512
Tax Increment Financing	5,184,189	2,617,485	1,212,055	6,589,619
Police Pension Fund	2,272	2,106,569	2,035,216	73,625
Fire Pension	26,171	2,801,921	2,792,324	35,768
Build Indiana	109,473	-	-	109,473
Park And Recreation	112,514	2,166,753	2,155,323	123,944
Haz-Mat	12,157	7,881	17,415	2,623
First Response	459,982	926,184	593,277	792,889
Criminal Justice	62,478	86,315	54,608	94,185
Law Enforcement Aid	278,964	222,775	203,610	298,129
Redevelopment	20,111	2	-	20,113
Redevelopment Revenue Bond	516	-	-	516
Business And Industrial Loan	933,436	152,260	500,088	585,608
Revolving Loan Local Cash	1,821	43,572	40,778	4,615
Program Income Loan	20,617	5,436	6,773	19,280
Microenterprise Loan	5,923	-	-	5,923
Human And Environmental	27,220	62,010	43,159	46,071
Midwest Industrial Park	384,912	39,241	13,264	410,889
City Grants	(147,135)	1,263,517	1,411,234	(294,852)
Center City Loan Program	66,337	23,476	1,634	88,179
Park Bond Sinking	63,618	281,907	246,830	98,695
Park Capital Improvements	8	-	-	8
Infrastructure	15,705	2	-	15,707
Park Bond Construction	156,917	15	117,420	39,512
Certified Tech Park	3,656,044	19,286	2,663,768	1,011,562
Health Insurance Fund	1,057,002	7,406,191	6,264,901	2,198,292
Workers Comp Insur Fund	988	-	306,646	(305,658)
Gifts And Donations	149,828	150,822	109,228	191,422
Airport	150,209	499,433	455,781	193,861
Parallax	365,425	1,209,002	1,261,424	313,003
RP&L Payroll	-	4,067,178	4,067,178	-
RP&L Payroll Deduction	-	3,087,352	3,087,352	-
Rp&L Operating	10,684,809	78,817,378	79,675,911	9,826,276
Rp&L Bond & Interest	410,000	411	411	410,000
Rp&L Depreciation Fund	10,402,522	5,357	-	10,407,879
Rp&L Customer Deposits	608,357	197,470	185,354	620,473
Rp&L Cash Reserve Fund	2,139,709	2,139,709	2,139,709	2,139,709
Rp&L Insurance Reserve	1,339,747	713	-	1,340,460
Roseview Transit	(212,264)	1,193,674	1,222,934	(241,524)
Wastewater Operating	2,941,035	9,655,559	8,489,878	4,106,716
Wastewater 2009 Construction	3,425	-	750	2,675
Wastewater Constr Chester Bvd	7,296,476	1	5,069,888	2,226,589
Wastewater Bond And Interest	2,665,007	3,191,950	3,253,290	2,603,667
Ww Bond Reserve	1,865,146	-	-	1,865,146
Stormwater Operating	3,096,311	1,498,272	1,075,769	3,518,814
Off Street Parking	266	22,443	49,306	(26,597)
Solid Waste	5,173,014	4,278,610	5,401,577	4,050,047
Landfill	3,212,474	2,717,771	2,012,912	3,917,333
Rainy Day - Sanitation	230,091	26	-	230,117
Totals	\$ 70,860,923	\$ 155,856,673	\$ 161,590,924	\$ 65,126,672

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

CITY OF RICHMOND
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 RICHMOND
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.

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.

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.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

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 the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

State statutes authorize the City to invest in securities including, but not limited to, 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.

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:

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

On Behalf Payments

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

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Plan Description

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

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

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

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

Funding Policy

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

E. Richmond Power and Light Pension Plan

Plan Description

The Electric Utility contributes to the Richmond Power and Light Employees' Pension, which is a single-employer defined benefit plan. With the approval of the Electric Utility's fiscal body, the plan is administered by the Principal Financial Group as authorized by state statute (IC 8-1.5-3-7) for full-time employees. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by writing Richmond Power and Light, 2000 U.S. Highway 27, Richmond, IN 47374.

Funding Policy and Annual Pension Cost

The contribution requirements for plan members for the Richmond Power and Light Employees' Pension Plan are established and can be amended by the Board of Directors of the Electric Utility. The Electric Utility's annual pension costs for the current year and related information, as provided by the actuary, can be found in their separately issued financial statements.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursements for grant expenditures made by the City that were not received by December 31, 2014; fund transfers were not made to the Workers Comp Insur Fund in 2014, and funding from the General fund to Off Street Parking fund for 2014 was not made until 2015.

Note 8. Other Postemployment Benefits

The City provides to eligible retirees and their spouses the following benefits: health 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 incurred debt in 2015 by issuing two Taxable Increment Revenue Bond issues in the amounts of \$570,000 and \$2,000,000. The City incurred debt in 2016 by issuing Taxable Economic Development Revenue Bonds in the amount of \$28,619,000.

The Jack Elstro Plaza project was bid in 2015 with an approximate cost of \$2,379,000. The project was funded through a Community Development Block grant in the amount of \$750,000. The remaining project cost will be paid from local funds.

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

	General	Motor Vehicle Highway	Local Road And Street	Park Nonreverting Operating	Animal Control	Police Continuing Ed	Unsafe Building
Cash and investments - beginning	\$ 1,494,320	\$ 789,300	\$ 190,161	\$ 252,425	\$ 12,576	\$ 16,832	\$ 62,775
Receipts:							
Taxes	9,024,546	1,040,177	-	-	-	-	15,856
Licenses and permits	390,007	26,466	-	-	1,241	11,420	-
Intergovernmental receipts	3,632,540	1,409,041	295,054	-	-	-	960
Charges for services	795,817	10,440	-	439,407	-	18,162	-
Fines and forfeits	46,327	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	3,414,497	31,253	4,274	13,406	-	547	20,352
Total receipts	<u>17,303,734</u>	<u>2,517,377</u>	<u>299,328</u>	<u>452,813</u>	<u>1,241</u>	<u>30,129</u>	<u>37,168</u>
Disbursements:							
Personal services	14,551,697	1,653,519	-	210,349	-	-	-
Supplies	484,842	393,632	200,000	96,706	-	107	-
Other services and charges	2,193,448	695,937	-	106,311	60	14,811	4,203
Debt service - principal and interest	-	-	-	38,165	-	-	-
Capital outlay	66,075	61,973	100,262	76,025	-	21,078	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	292,100	-	-	-	-	-	-
Total disbursements	<u>17,588,162</u>	<u>2,805,061</u>	<u>300,262</u>	<u>527,556</u>	<u>60</u>	<u>35,996</u>	<u>4,203</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(284,428)</u>	<u>(287,684)</u>	<u>(934)</u>	<u>(74,743)</u>	<u>1,181</u>	<u>(5,867)</u>	<u>32,965</u>
Cash and investments - ending	<u>\$ 1,209,892</u>	<u>\$ 501,616</u>	<u>\$ 189,227</u>	<u>\$ 177,682</u>	<u>\$ 13,757</u>	<u>\$ 10,965</u>	<u>\$ 95,740</u>

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

	Rainy Day City	Cumulative Capital Development	Park Nonreverting Capital	Cumulative Capital Improvement	County Edit	Tax Increment Financing	Police Pension Fund
Cash and investments - beginning	\$ 1,277,286	\$ 660,607	\$ 2,849	\$ 96,175	\$ 971,790	\$ 5,184,189	\$ 2,272
Receipts:							
Taxes	-	451,903	-	-	-	2,382,042	2,044,630
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	230,650	36,391	-	97,374	828,645	218,185	55,503
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	152	28,022	-	5	575,812	17,258	6,436
Total receipts	230,802	516,316	-	97,379	1,404,457	2,617,485	2,106,569
Disbursements:							
Personal services	-	-	-	-	-	-	2,013,651
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	41,970	64,266	440,066	1,565
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	26,305	531,378	-	84,169	1,340,469	771,989	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	2,092	-	-	-	-	20,000
Total disbursements	26,305	533,470	-	126,139	1,404,735	1,212,055	2,035,216
Excess (deficiency) of receipts over (under) disbursements	204,497	(17,154)	-	(28,760)	(278)	1,405,430	71,353
Cash and investments - ending	\$ 1,481,783	\$ 643,453	\$ 2,849	\$ 67,415	\$ 971,512	\$ 6,589,619	\$ 73,625

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

	Fire Pension	Build Indiana	Park And Recreation	Haz-Mat	First Response	Criminal Justice	Law Enforcement Aid
Cash and investments - beginning	\$ 26,171	\$ 109,473	\$ 112,514	\$ 12,157	\$ 459,982	\$ 62,478	\$ 278,964
Receipts:							
Taxes	2,741,615	-	1,885,276	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	59,582	-	151,954	-	-	56,509	-
Charges for services	-	-	111,417	7,881	926,184	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	724	-	18,106	-	-	29,806	222,775
Total receipts	<u>2,801,921</u>	<u>-</u>	<u>2,166,753</u>	<u>7,881</u>	<u>926,184</u>	<u>86,315</u>	<u>222,775</u>
Disbursements:							
Personal services	2,537,489	-	1,427,917	-	309,051	10,452	27,533
Supplies	65	-	160,794	17,415	144,704	5,496	-
Other services and charges	4,770	-	505,668	-	33,324	36,960	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	60,944	-	106,198	1,700	176,077
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	250,000	-	-	-	-	-	-
Total disbursements	<u>2,792,324</u>	<u>-</u>	<u>2,155,323</u>	<u>17,415</u>	<u>593,277</u>	<u>54,608</u>	<u>203,610</u>
Excess (deficiency) of receipts over (under) disbursements	<u>9,597</u>	<u>-</u>	<u>11,430</u>	<u>(9,534)</u>	<u>332,907</u>	<u>31,707</u>	<u>19,165</u>
Cash and investments - ending	<u>\$ 35,768</u>	<u>\$ 109,473</u>	<u>\$ 123,944</u>	<u>\$ 2,623</u>	<u>\$ 792,889</u>	<u>\$ 94,185</u>	<u>\$ 298,129</u>

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

	Redevelopment	Redevelopment Revenue Bond	Business And Industrial Loan	Revolving Loan Local Cash	Program Income Loan	Microenterprise Loan	Human And Environmental
Cash and investments - beginning	\$ 20,111	\$ 516	\$ 933,436	\$ 1,821	\$ 20,617	\$ 5,923	\$ 27,220
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	49,504
Charges for services	-	-	2,525	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	2	-	149,735	43,572	5,436	-	12,506
Total receipts	2	-	152,260	43,572	5,436	-	62,010
Disbursements:							
Personal services	-	-	-	-	-	-	36,533
Supplies	-	-	-	-	-	-	1,924
Other services and charges	-	-	7,088	778	6,773	-	4,702
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	493,000	40,000	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	500,088	40,778	6,773	-	43,159
Excess (deficiency) of receipts over (under) disbursements	2	-	(347,828)	2,794	(1,337)	-	18,851
Cash and investments - ending	\$ 20,113	\$ 516	\$ 585,608	\$ 4,615	\$ 19,280	\$ 5,923	\$ 46,071

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

	Midwest Industrial Park	City Grants	Center City Loan Program	Park Bond Sinking	Park Capital Improvements	Infrastructure	Park Bond Construction
Cash and investments - beginning	\$ 384,912	\$ (147,135)	\$ 66,337	\$ 63,618	\$ 8	\$ 15,705	\$ 156,917
Receipts:							
Taxes	-	362,039	-	264,232	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	868,825	-	17,675	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	39,241	32,653	23,476	-	-	2	15
Total receipts	39,241	1,263,517	23,476	281,907	-	2	15
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	4,008	-	-	-	-	105,484
Other services and charges	-	50,764	1,634	-	-	-	11,936
Debt service - principal and interest	-	-	-	246,830	-	-	-
Capital outlay	13,264	1,356,462	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	13,264	1,411,234	1,634	246,830	-	-	117,420
Excess (deficiency) of receipts over (under) disbursements	25,977	(147,717)	21,842	35,077	-	2	(117,405)
Cash and investments - ending	\$ 410,889	\$ (294,852)	\$ 88,179	\$ 98,695	\$ 8	\$ 15,707	\$ 39,512

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

	Certified Tech Park	Health Insurance Fund	Workers Comp Insur Fund	Gifts And Donations	Airport	Parallax	Rp&L Payroll
Cash and investments - beginning	\$ 3,656,044	\$ 1,057,002	\$ 988	\$ 149,828	\$ 150,209	\$ 365,425	\$ -
Receipts:							
Taxes	-	-	-	3,000	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	19,000	-	-	839	279,921	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	1,209,002	-
Other receipts	286	7,406,191	-	146,983	219,512	-	4,067,178
Total receipts	<u>19,286</u>	<u>7,406,191</u>	<u>-</u>	<u>150,822</u>	<u>499,433</u>	<u>1,209,002</u>	<u>4,067,178</u>
Disbursements:							
Personal services	-	49,097	-	-	151,142	-	-
Supplies	-	3,081	-	34,820	195,262	-	-
Other services and charges	2,663,768	6,212,723	306,646	55,311	107,666	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	19,097	1,711	-	-
Utility operating expenses	-	-	-	-	-	1,261,424	-
Other disbursements	-	-	-	-	-	-	4,067,178
Total disbursements	<u>2,663,768</u>	<u>6,264,901</u>	<u>306,646</u>	<u>109,228</u>	<u>455,781</u>	<u>1,261,424</u>	<u>4,067,178</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(2,644,482)</u>	<u>1,141,290</u>	<u>(306,646)</u>	<u>41,594</u>	<u>43,652</u>	<u>(52,422)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,011,562</u>	<u>\$ 2,198,292</u>	<u>\$ (305,658)</u>	<u>\$ 191,422</u>	<u>\$ 193,861</u>	<u>\$ 313,003</u>	<u>\$ -</u>

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

	Rp&L Payroll Deduction	Rp&L Operating	Rp&L Bond & Interest	Rp&L Depreciation Fund	Rp&L Customer Deposits	Rp&L Cash Reserve Fund	Rp&L Insurance Reserve
Cash and investments - beginning	\$ -	\$ 10,684,809	\$ 410,000	\$ 10,402,522	\$ 608,357	\$ 2,139,709	\$ 1,339,747
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	78,817,378	-	-	197,470	2,139,709	-
Other receipts	3,087,352	-	411	5,357	-	-	713
Total receipts	<u>3,087,352</u>	<u>78,817,378</u>	<u>411</u>	<u>5,357</u>	<u>197,470</u>	<u>2,139,709</u>	<u>713</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	79,675,911	-	-	-	-	-
Other disbursements	3,087,352	-	411	-	185,354	2,139,709	-
Total disbursements	<u>3,087,352</u>	<u>79,675,911</u>	<u>411</u>	<u>-</u>	<u>185,354</u>	<u>2,139,709</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>-</u>	<u>(858,533)</u>	<u>-</u>	<u>5,357</u>	<u>12,116</u>	<u>-</u>	<u>713</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 9,826,276</u>	<u>\$ 410,000</u>	<u>\$ 10,407,879</u>	<u>\$ 620,473</u>	<u>\$ 2,139,709</u>	<u>\$ 1,340,460</u>

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

	Roseview Transit	Wastewater Operating	Wastewater 2009 Construction	Wastewater Constr Chester Bvd	Wastewater Bond And Interest	Ww Bond Reserve
Cash and investments - beginning	\$ (212,264)	\$ 2,941,035	\$ 3,425	\$ 7,296,476	\$ 2,665,007	\$ 1,865,146
Receipts:						
Taxes	985,185	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	186,243	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	9,563,618	-	-	-	-
Other receipts	22,246	91,941	-	1	3,191,950	-
Total receipts	<u>1,193,674</u>	<u>9,655,559</u>	<u>-</u>	<u>1</u>	<u>3,191,950</u>	<u>-</u>
Disbursements:						
Personal services	832,927	1,200,130	-	-	-	-
Supplies	211,654	-	-	-	-	-
Other services and charges	176,160	115,631	-	-	-	-
Debt service - principal and interest	-	68,735	-	-	3,253,290	-
Capital outlay	2,193	552,186	-	5,067,667	-	-
Utility operating expenses	-	6,490,678	750	2,221	-	-
Other disbursements	-	62,518	-	-	-	-
Total disbursements	<u>1,222,934</u>	<u>8,489,878</u>	<u>750</u>	<u>5,069,888</u>	<u>3,253,290</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(29,260)</u>	<u>1,165,681</u>	<u>(750)</u>	<u>(5,069,887)</u>	<u>(61,340)</u>	<u>-</u>
Cash and investments - ending	<u>\$ (241,524)</u>	<u>\$ 4,106,716</u>	<u>\$ 2,675</u>	<u>\$ 2,226,589</u>	<u>\$ 2,603,667</u>	<u>\$ 1,865,146</u>

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

	Stormwater Operating	Off Street Parking	Solid Waste	Landfill	Rainy Day - Sanitation	Totals
Cash and investments - beginning	\$ 3,096,311	\$ 266	\$ 5,173,014	\$ 3,212,474	\$ 230,091	\$ 70,860,923
Receipts:						
Taxes	-	-	3,314,935	-	-	24,515,436
Licenses and permits	-	-	-	-	-	429,134
Intergovernmental receipts	-	-	872,243	-	-	8,880,635
Charges for services	-	17,598	75,486	1,770,843	-	4,661,763
Fines and forfeits	-	4,845	-	-	-	51,172
Utility fees	1,497,907	-	-	-	-	93,425,084
Other receipts	365	-	15,946	946,928	26	23,893,449
Total receipts	<u>1,498,272</u>	<u>22,443</u>	<u>4,278,610</u>	<u>2,717,771</u>	<u>26</u>	<u>155,856,673</u>
Disbursements:						
Personal services	45,000	13,326	2,348,603	731,224	-	28,149,640
Supplies	-	2,187	554,426	151,764	-	2,768,371
Other services and charges	-	33,793	1,383,056	457,532	-	15,739,320
Debt service - principal and interest	-	-	68,735	-	-	3,675,755
Capital outlay	54,628	-	1,046,757	672,392	-	12,743,999
Utility operating expenses	976,141	-	-	-	-	88,407,125
Other disbursements	-	-	-	-	-	10,106,714
Total disbursements	<u>1,075,769</u>	<u>49,306</u>	<u>5,401,577</u>	<u>2,012,912</u>	<u>-</u>	<u>161,590,924</u>
Excess (deficiency) of receipts over (under) disbursements	<u>422,503</u>	<u>(26,863)</u>	<u>(1,122,967)</u>	<u>704,859</u>	<u>26</u>	<u>(5,734,251)</u>
Cash and investments - ending	<u>\$ 3,518,814</u>	<u>\$ (26,597)</u>	<u>\$ 4,050,047</u>	<u>\$ 3,917,333</u>	<u>\$ 230,117</u>	<u>\$ 65,126,672</u>

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

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Airport	\$ 820	\$ -
Electric	10,943,135	6,854,045
Roseview Transit	1,021	-
Wastewater	-	699,607
Off Street Parking	3,108	-
Solid Waste	379,190	-
Governmental activities	<u>328,665</u>	<u>1,085,799</u>
Totals	<u>\$ 11,655,939</u>	<u>\$ 8,639,451</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Chase Equipment Leasing	Firetruck	\$ 79,409	11/16/2012	3/30/2016
First Federal Leasing	Ambulance	51,778	4/15/2014	12/15/2018
West End Bank S.B.	Golf Cars	20,316	6/1/2014	12/15/2017
West End Bank S.B.	Golf Cars	20,315	6/1/2012	6/15/2016
West End Bank S.B.	Leaf Vacs/Boxes	<u>33,700</u>	10/31/2012	6/30/2015
Total governmental activities		<u>205,518</u>		
Total of annual lease payments		<u>\$ 205,518</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2009 Park District Bonds	\$ 1,045,000	\$ 246,475
Notes and loans payable	Guaranteed Energy Savings Project (City)	766,736	277,170
Notes and loans payable	Economic Development Revenue Bonds Series 2014	<u>765,000</u>	<u>26,881</u>
Total governmental activities		<u>2,576,736</u>	<u>550,526</u>
Electric:			
Revenue bonds	Baghouse (RPL)	<u>1,820,000</u>	<u>483,513</u>
Wastewater:			
Revenue bonds	Phase I and II of Digester Project (SRF CS182111 01)	1,059,542	284,363
Revenue bonds	Replacing the walls of the RSD Digesters (SRF CS182111 02)	825,524	151,885
Revenue bonds	Primary Clarifier Project (WW0502891)	2,387,203	281,788
Revenue bonds	Tertiary Building Modifications (WW09128902)	1,241,000	106,822
Revenue bonds	Wastewater Improvements to Chester Blvd. Basin (2005 Series A)	6,425,000	724,068
Revenue bonds	Wastewater/Stormwater Improvements (SE Basin and ES Interceptor ph 1 & 2) (2009 Series B)	8,985,000	807,202
Revenue bonds	Wastewater/Stormwater Improvements (ES Interceptor ph 3) (WW13049804)	13,565,000	879,674
Revenue bonds	IN Brownfield Program Loan	-	43,480
Notes and loans payable	Guaranteed Energy Savings Project (Wastewater)	<u>2,100,423</u>	<u>274,940</u>
Total Wastewater		<u>36,588,692</u>	<u>3,554,222</u>
Totals		<u>\$ 40,985,428</u>	<u>\$ 4,588,261</u>

CITY OF RICHMOND
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

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

	Ending Balance
Governmental activities:	
Land	\$ 1,229,916
Infrastructure	36,432,103
Buildings	11,059,901
Improvements other than buildings	1,785,746
Machinery, equipment, and vehicles	11,780,320
Total governmental activities	62,287,986
Airport:	
Land	567,389
Buildings	877,458
Improvements other than buildings	8,393,739
Machinery, equipment, and vehicles	941,292
Total Airport	10,779,878
Electric:	
Land	793,650
Infrastructure	16,092,813
Buildings	8,647,211
Improvements other than buildings	69,916,919
Machinery, equipment, and vehicles	86,925,484
Construction in progress	1,640,583
Total Electric	184,016,660
Roseview Transit:	
Land	19,950
Buildings	577,915
Improvements other than buildings	184,525
Machinery, equipment, and vehicles	731,685
Total Roseview Transit	1,514,075
Wastewater:	
Land	81,294
Infrastructure	46,874,513
Buildings	2,925,894
Improvements other than buildings	48,967,460
Machinery, equipment, and vehicles	14,322,835
Construction in progress	12,624,341
Total Wastewater	125,796,337
Off Street Parking:	
Land	157,153
Buildings	1,334,021
Improvements other than buildings	409,418
Machinery, equipment, and vehicles	56,046
Total Off Street Parking	1,956,638
Solid Waste:	
Land	451,767
Infrastructure	4,318,839
Buildings	1,394,698
Improvements other than buildings	6,443,305
Machinery, equipment, and vehicles	12,375,797
Construction in progress	38,244
Total Solid Waste	25,022,650
Total capital assets	\$ 411,374,224

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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 RICHMOND, WAYNE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the City of Richmond's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Economic Development Cluster

As described in items 2014-004 and 2014-005 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding Reporting and Special Test and Provisions - Increases to RLF Capital Base and Capital Utilization that are applicable to its Economic Development Cluster. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

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

Qualified Opinion on Economic Development Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Economic Development Cluster* paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Economic Development Cluster for the year ended December 31, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of the Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2014.

Other Matters

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

Report on Internal Control over Compliance

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


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-004, and 2014-005 to be material weaknesses.

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

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

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


Paul D. Joyce, CPA
State Examiner

September 21, 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 RICHMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
Summer Food Service Program for Children	Indiana Department of Education	10.559	78904	\$ -	\$ 21,188
Just Us Kids Outdoors					
Total - Child Nutrition Cluster				-	21,188
Total - Department of Agriculture				-	21,188
<u>Department of Commerce</u>					
Economic Development Cluster					
Economic Adjustment Assistance	Direct Grant	11.307	06-36-02088	-	945,860
Revolving Loan Program					
Total - Economic Development Cluster				-	945,860
Total - Department of Commerce				-	945,860
<u>Department of Housing and Urban Development</u>					
CDBG - State-Administered CDBG Cluster					
Community Development Block Grants/State's program	Indiana Housing and Community Development Authority	14.228			
and Non-Entitlement Grants in Hawaii					
Owner Occupied Rehab			HD-012-005	-	231,552
Neighborhood Stabilization Program 3			NSP3-011-001	-	203,237
Total - CDBG - State-Administered CDBG Cluster				-	434,789
Total - Department of Housing and Urban Development				-	434,789
<u>Department of Justice</u>					
JAG Program Cluster					
Edward Byrne Memorial Justice Assistance Grant Program		16.738			
PACE	Henry County Sheriff		2010-DJ-BX-0254	-	85,664
JAG	Wayne County Sheriff		2013-DJ-BX-0834	-	8,851
Total - JAG Program Cluster				-	94,515
Equitable Sharing Program	Direct Grant	16.922			
DEA Forfeitures			IN0890100	-	176,277
Total - Department of Justice				-	270,792
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Manor Drive			DES # 1173174	-	32,653
Salisbury Road			DES # 0800343	-	269,538
Starr-Gennett Redevelopment Area			DES # 0810267	-	18,434
South E Street			DES # 0900114	-	88,842
Salisbury Road Phase 1			DES # 0400025	-	71,165
Bridge #734 Removal			DES # 1005678	-	18,034
Total - Highway Planning and Construction Cluster				-	498,666

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

CITY OF RICHMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Transportation (continued)</u>					
Highway Safety Cluster State and Community Highway Safety Operation Pullover	Indiana Criminal Justice Institute	20.600	D3-14-8143	9,912	36,000
Alcohol Impaired Driving Countermeasures Incentive Grants I DUI Traffic Safety	Indiana Criminal Justice Institute	20.601	D3-14-8196	19,112	29,232
Total - Highway Safety Cluster				29,024	65,232
Airport Improvement Program Taxiway Rehab & Terminal Apron Taxiway Lighting Planning	Direct Grant	20.106	3-18-0071-015 3-18-0071-016 3-18-0071-017	- - -	23,560 308,366 20,009
Total - Airport Improvement Program				-	351,935
Formula Grants for Rural Areas Roseview Transit	Indiana Department of Transportation	20.509	3-18-0071-013-2010	-	461,939
Total - Department of Transportation				29,024	1,377,772
<u>Environmental Protection Agency</u>					
Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds ES Interceptor III	Indiana Finance Authority	66.458	WW1308904	-	846,398
Total - Clean Water State Revolving Fund Cluster				-	846,398
Brownfield Assessment and Cleanup Cooperative Agreements Brownfields Cleanup	Indiana Finance Authority	66.818	BF00E61501	-	255,000
Total - Environmental Protection Agency				-	846,398
<u>Department of Health and Human Services</u>					
Aging Cluster Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers Title III Grants	Indiana University	93.044	356001174	-	47,064
Total - Aging Cluster				-	47,064
Total - Department of Health and Human Services				-	47,064
Total federal awards expended				\$ 29,024	\$ 4,198,863

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

CITY OF RICHMOND
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, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

Note 3. Calculation of Expenditures of the Economic Development Cluster Presented on the SEFA

Balance of RLF loans outstanding at the end of the recipient's fiscal year	\$ 731,508
Plus: Cash and Investment balance in the RLF at the end of the recipient's fiscal year	585,608
Plus: Administrative expenses paid out of RLF income during the recipients fiscal year	7,088
Plus: Unpaid principal of all loans written off during the recipient's fiscal year	<u> -</u>
Total "Expenditures"	<u>\$ 1,324,204</u>
Calculation for Federal Participation Rate	
Original Grant	\$ 500,000
Original Match (In-kind - Donated Warner Gear Buildings)	<u>200,000</u>
Total Original Grant with Original Match	<u>700,000</u>
Federal Participation Rate (Original grant award divided by total Original grant and match)	<u>0.7143</u>
Total for SEFA (Total "Expenditures" times Federal Participation Rate)	<u><u>\$ 945,860</u></u>

CITY OF RICHMOND
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 deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Economic Development Cluster
20.106	Airport Improvement Program
20.509	Formula Grants for Rural Areas
	Clean Water State Revolving Fund Cluster

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

Auditee qualified as low-risk auditee?	no
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CITY OF RICHMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II - Financial Statement Findings

FINDING 2014-001 - 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 City used an outside consultant to prepare the Annual Financial Report. There were no controls in place, such as an oversight, review, or approval process of the information that was entered into the Indiana Gateway for Government Units financial (Gateway) system by the consultant. The City's SEFA was compiled using the information submitted into Gateway.

Due to the lack of controls, the SEFA contained the following errors: There were 10 grants that incorrectly reported federal expenditures, including Economic Adjustment Assistance, Highway Planning and Construction, Capitalization Grants for Clean Water State Revolving Funds, and Brownfield Assessment and Cleanup Cooperative Agreements, each of which had reporting errors in excess of \$100,000. The total amount underreported on the SEFA was \$3,487,807. 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. . . ."

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

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

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

Views of Responsible Officials

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

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

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were the following deficiencies in the internal control system of the City related to financial transactions and reporting.

1. Lack of Segregation of Duties: The City had not separated incompatible activities related to cash and investments, receipts, and payroll disbursements.

Cash and Investments: The City's bank reconciliations were prepared by an outside consultant. There were no controls in place such as an oversight, review, or approval process of the work performed by the consultant.

Receipts: The City did not have adequate procedures in place to segregate duties and ensure collections were properly posted to the records.

Payroll Disbursements: The Payroll Clerk was responsible for processing payroll. After March of 2014 there were no controls documented, such as an oversight, review, or approval process to ensure payroll disbursements were properly posted.

2. Monitoring of Financial Close and Reporting: The City used a financial consultant to close out their financial records for 2014. The consultant prepared the Annual Financial Report for the City. There was no documentation of an oversight, review, or approval process by the City over the consultant's work.

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 a proper system of internal control over Financial Transactions and Reporting.

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

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.

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - DAVIS-BACON ACT AND SPECIAL TESTS AND PROVISIONS - REVENUE DIVERSION

Federal Agency: Department of Transportation

Federal Program: Airport Improvement Program

CFDA Number: 20.106

Federal Award Numbers and Years (or Other Identifying Number): 3-18-0071-015, 3-18-0071-016,
3-18-0071-017

Condition

An effective internal control system was not in place to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Davis-Bacon Act and Special Tests and Provisions - Revenue Diversion.

Davis-Bacon Act

The City hired a construction engineer who was responsible for monitoring compliance with Davis-Bacon Act requirements. There were no controls in place at the City, such as an oversight, review, or approval process to ensure that the construction engineer monitored compliance and that the City complied with Davis-Bacon Act requirements.

Special Tests and Provisions - Revenue Diversion

The City maintained separate revenue accounts on the City's Records within the Airport fund; however, there were no controls in place, such as an oversight, review, or approval process to ensure all revenues generated by the Airport were properly accounted for in the Airport fund.

Context

The lack of controls was a systemic problem throughout the audit period.

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. . . ."

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

Cause

Management had not developed a system of internal controls to ensure compliance with the Davis-Bacon Act and Special Tests and Provisions - Revenue Diversion requirements.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the Davis-Bacon Act and Special Tests and Provisions - Revenue Diversion compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls related to the grant agreement and the Davis-Bacon Act and Special Tests and Provisions - Revenue Diversion compliance requirements.

Views of Responsible Officials

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

FINDING 2014-004 - REPORTING

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

Federal Award Number and Year (or Other Identifying Number): 06-36-02088

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 Reporting compliance requirement.

The ED-209 reports prepared for the periods ending March 31, 2014, and September 30, 2014, incorrectly included principal repayments for the period as part of reported income. Reported income was overstated in the amounts of \$34,543 and \$70,223, respectively.

Context

The lack of controls was a systemic problem throughout the audit period. The errors occurred in both reports that had periods ending during the audit period.

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. . . ."

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

15 CFR 24.20(b) states in part: "(1) *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 had not developed a system of internal controls to ensure compliance with Reporting requirements.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the City.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls related to the grant agreement and Reporting compliance requirement to ensure compliance with program requirements.

Views of Responsible Officials

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

***FINDING 2014-005 - SPECIAL TESTS AND PROVISIONS - INCREASES
TO RLF CAPITAL BASE AND CAPITAL UTILIZATION***

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

Federal Award Number and Year (or Other Identifying Number): 06-36-02088

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 Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization compliance requirement.

A review of the ED-209 Reports prepared for the periods ending March 31, 2014, and September 30, 2014, revealed that excess funds were on hand for two consecutive reporting periods and the excess funds had not been sequestered in a reasonable amount of time as required by the federal guidelines.

Context

The lack of controls was a systemic problem throughout the audit period. The excess funds occurred in both periods ending during the audit period.

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

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. . . ."

13 CFR 307.16(c) states in part:

"Capital utilization standard.

- (1) During the Revolving Phase, RLF Recipients must manage their repayment and lending schedules to provide that at all times at least seventy-five (75) percent of the RLF Capital is loaned or committed. The following exceptions apply:
 - (i) An RLF Recipient that anticipates making large loans relative to the size of its RLF Capital base may propose a Plan that provides for maintaining a capital utilization standard greater than twenty-five (25) percent; and
 - (ii) EDA may require an RLF Recipient with an RLF Capital base in excess of \$4 million to adopt a Plan that maintains a proportionately higher percentage of its funds loaned.
- (2) When the percentage of loaned RLF Capital falls below the capital utilization standard, the dollar amount of the RLF funds equivalent to the difference between the actual percentage of RLF Capital loaned and the capital utilization standard is referred to as 'excess funds.'
 - (i) *Sequestration of excess funds.* If the RLF Recipient fails to satisfy the capital utilization standard for two (2) consecutive Reporting Periods, EDA may require the RLF Recipient to deposit excess funds in an interest-bearing account. The portion of interest earned on the account holding excess funds attributable to the Federal Share (as defined in § 314.5 of this chapter) of the RLF Grant shall be remitted to the U.S. Treasury. The RLF Recipient must obtain EDA's written authorization to withdraw any sequestered funds.
 - (ii) *Persistent non-compliance.* An RLF Recipient will generally be allowed a reasonable period of time to lend excess funds and achieve the capital utilization standard. However, if an RLF Recipient fails to achieve the capital utilization standard after a reasonable period of time, as determined by EDA, it may be subject to sanctions such as suspension or termination."

Cause

Management had not developed a system of internal controls to ensure compliance with the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the City.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls related to the grant agreement and Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization compliance requirement to ensure compliance with program requirements.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



CITY OF RICHMOND

DEPARTMENT OF FINANCE & PURCHASING
50 NORTH FIFTH STREET, RICHMOND, INDIANA 47374
PHONE (765) 983-7200 FAX (765) 983-7212

DAVID M. SNOW
Mayor

BETH FIELDS
City Controller

TO: State Board of Accounts
FROM: Beth Fields, City Controller
REF: 2013 Summary Schedule of Prior Audit Findings

Contact Person Responsible for Corrective Action: Greg Stiens
Contact Phone Number: 765.983.7394

FINDING 2013-003

Fiscal year in which the finding initially occurred: January 1, 2013 to December 31, 2013
Federal Agency: Department of Transportation
Contact Person Responsible for Corrective Action:
Contact Phone Number:

FINDING 2013-003-INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE AIRPORT IMPROVEMENT PROGRAM.

Status of Audit Finding

1. The City of Richmond is working to establish internal controls which will ensure that prevailing wages are correct and that all documentation provided by grant administrators is reviewed by the City Engineer and or Airport Manager to make sure they are in compliance with all laws, regulations, contracts and grant agreements.

Signed Beth Fields
Title Controller
Date 8.10.17



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DAVID M.SNOW
Mayor

BETH FIELDS
City Controller

TO: State Board of Accounts
FROM: Beth Fields, City Controller
REF: 2013 Summary Schedule of Prior Audit Findings

Contact Person Responsible for Corrective Action: Jack Cruse
Contact Phone Number: 765.983.7584

FINDING 2013-004

Fiscal year in which the finding initially occurred: January 1, 2013 to December 31, 2013
Federal Agency: Department of Commerce
Federal Program: Economic Development Cluster
CFDA Number: 11.307
Federal Award Number and Year: 06-36-02088
Pass-Through Entity: Direct

FINDING 2013-004 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A MATERIAL EFFECT TO THE ECONOMIC DEVELOPMENT CLUSTER.

Status of Audit Finding

1. The City of Richmond is working to establish internal controls which will ensure that grant funds and associated reporting are signed and reviewed by at least two people for segregation of duties.

Signed Beth Fields
Title Controller
Date 8.10.17



CITY OF RICHMOND

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DAVID M.SNOW
Mayor

BETH FIELDS
City Controller

TO: State Board of Accounts
FROM: Beth Fields, City Controller
REF: 2013 Summary Schedule of Prior Audit Findings

FINDING 2013-005

Fiscal year in which the finding initially occurred: January 1, 2013 to December 31, 2013
Federal Agency: Department of Commerce
Federal Program: Economic Development Cluster
CFDA Number: 11.307
Federal Award Number and Year: 06-36-02088
Pass-Through Entity: Direct

Contact Person Responsible for Corrective Action: Jack Cruse
Contact Phone Number: 765.983.7584

FINDING 2013-005 –ECONOMIC ADJUSTMENT ASSISTANCE-SPECIAL TESTS AND PROVISIONS

Status of Audit Finding

1. The City of Richmond is in the process of developing internal controls which will ensure that at least two people are signing and reviewing sequestration worksheets and that funds are sequestered in the appropriate account and in a timely manner.
2. The City of Richmond, Director of Infrastructure and Development received training in 2016 from the EDA regarding the sequestration formula and worksheet.

Signed Beth Fields

Title Controller

Date 8.10.17



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DAVID M. SNOW
Mayor

BETH FIELDS
City Controller

CORRECTIVE ACTION PLAN

FINDING 2014-001 – PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Contact Person: Beth Fields
Contact Number: 765.983.7211

View of Responsible Official:

While not in compliance for the period identified in Finding 2014-001 – Preparation of the Schedule of Expenditures of Federal Awards the Finance team has recognized the need for additional training and reinforcement of internal controls to ensure proper reporting of the SEFA.

Description of Corrective Action Plan:

We will implement an internal control procedure to provide oversight, review and approval of the City's SEFA to ensure accurate reporting of federal awards. The City will designate one individual in each department which receives federal funds to be responsible for providing all SEFA data to the Finance team. Data provided by the departments will be reviewed by the Deputy Controller and approved by the Controller prior to submission in Gateway.

Anticipated Completion Date: Completed

Signed Beth Fields

Title Controller

Date 9.20.17



CITY OF RICHMOND

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DAVID M. SNOW
Mayor

BETH FIELDS
City Controller

CORRECTIVE ACTION PLAN

FINDING 2014-002 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

Contact Person: Beth Fields
Contact Number: 765.983.7211

View of Responsible Official:

While not in compliance for the period identified in Finding 2014-002 – Internal Controls over Financial Transactions the Finance team has recognized the need for additional documentation, training and reinforcement of internal controls.

Description of Corrective Action Plan:

1. Lack of Segregation of Duties:
 - a. Cash and Investments: We will implement an internal control procedure to provide oversight, review and approval of the City's bank reconciliations. The Deputy Controller will complete the bank reconciliation with assistance from financial consultant, if needed. Reconciliation will be reviewed and approved by Controller.
 - b. Receipts: We will implement an internal control procedure to create a receipt for each transaction when funds are received, making sure to indicate the method of payment on each receipt. The creation of the receipt is the responsibility of the Accounts Receivable Specialist. In the event that the Accounts Receivable Specialist is not available, the Payroll Specialist or Deputy Controller will create the receipt.
 - c. Payroll Disbursements: We will implement an internal control procedure to provide oversight, review and approval of payroll disbursements to ensure all entries are properly posted. The Deputy Controller will review all payroll disbursement reports to ensure all entries are posted to the proper fund and approve prior to the distribution of payroll. In the event that the Deputy Controller is not available, the Controller will review.
2. Monitoring of Financial Closeout and Reporting: We will implement an internal control procedure to provide oversight, review and approval of year end close out records prepared by consultants. The Deputy Controller will review all year end close out records prepared by consultants for accuracy and the Controller will review and approve prior to submission to Gateway.

Anticipated Completion Date: Completed

Signed Beth Gilds

Title Controller

Date 9.20.17



CITY OF RICHMOND

DEPARTMENT OF INFRASTRUCTURE & DEVELOPMENT

50 NORTH FIFTH STREET - RICHMOND, IN 47374

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DAVID M. SNOW

Mayor

JACK W. CRUSE

Director

CORRECTIVE ACTION PLAN FINDING 2014-003

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 – DAVIS-BACON ACT AND SPECIAL TESTS AND PROVISIONS – REVENUE DIVERSION

Contact Person Responsible for Corrective Action:

Jack W. Cruse
Director, Department of Infrastructure
City of Richmond
email: jcruse@richmondindiana.gov

Contact Phone Number:

Office: (765) 983-7584

Cell: (765) 960-6590

Views of Responsible Official:

The Department of Infrastructure & Development while not in compliance for the period identified in Finding 2014-003 – Davis-Bacon Act and Special Tests and Provisions – Revenue Diversion. Has recognized the need for training and reinforcement of internal control measures. It is the intent of the Department of Infrastructure & Development to establish effective internal controls and processes throughout I&D concept of operations; to include follow-up checks and balances.

Description of Corrective Action Plan:

1. Amend and/or establish internal controls the duties will be segregated to ensure compliance with requirements related to grant administration and agreement. This will include but is not limited to: Davis-Bacon Act and Special Tests and Provisions – Revenue Diversion.

This internal control measure applies to employees, consultants, contractors and construction technicians (engineers/architects). Additionally, the Department of Infrastructure and Development Community Development Specialist (Grant Administration/Writer) and Director will attend the

Office of Community & Rural Affairs (OCRA) Community Development Block Grant training to ensure compliance at all levels. Furthermore this will ensure 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.

2. Amend and/or establish internal controls the duties will be segregated to ensure compliance with requirements related to grant administration and agreement. This will include but is not limited to: Special Tests and Provisions-Revenue Diversion

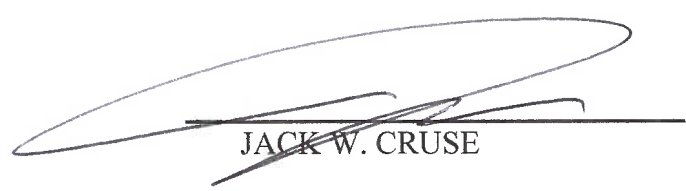
This internal control measure applies to separate revenue accounts within the Airport Fund. Hence, from this point forward the oversight, review, and approval process to ensure all revenues generated by the airport are properly accounted for in the Airport Fund will follow the established chain of approval. The Airfield Manager will coordinate revenue accounts for approval through the established chain of approval of the Division of Engineering & Public Works, to the Director of Infrastructure & Development, to the City of Richmond Controller, to the Office of the Mayor.

3. These established internal control measures will ensure the city is not at risk of noncompliance with the grant agreements and the compliance requirements. Additionally, these actions will mitigate and/or eliminate noncompliance with compliance requirements and potential misuse and mismanagement of federal funds and assets.

Anticipated Completion Date:

COMPLETED – The Department of Infrastructure & Development Director and Community Development Specialist (Grant Administrator/Writer) completed attendance of the Office of Community & Rural Affairs (OCRA) Community Development Block Grant training series 101, 201, 301, and 401 effective 15 Sep 2017 and will revalidate annual attendance in the 501 course.

COMPLETED – The Department of Infrastructure & Development Strategic Realignment set in line the correlation of chain of command and establishes the oversight, review, and approval process. Inherently the process of revenue accounts falls within the purview of the City of Richmond Controller with whom the Department will coordinate all revenue streams.



JACK W. CRUSE

Director, Department of I&D

20 SEP 2017
(Date)



CITY OF RICHMOND

DEPARTMENT OF INFRASTRUCTURE & DEVELOPMENT

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DAVID M. SNOW
Mayor

JACK W. CRUSE
Director

CORRECTIVE ACTION PLAN FINDING 2014-004

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-004 – REPORTING

Contact Person Responsible for Corrective Action:

Jack W. Cruse
Director, Department of Infrastructure
City of Richmond
email: jcruse@richmondindiana.gov

Contact Phone Number:

Office: (765) 983-7584
Cell: (765) 960-6590

Views of Responsible Official:

The Department of Infrastructure & Development while not in compliance for the period identified in Finding 2014-004 – Reporting. Has introduced several continuity processes focused on accountability and reinforcement of reporting and internal control measures. It is the intent of the Department of Infrastructure & Development to establish effective reporting, internal controls, and processes throughout I&D concept of operations; to include follow-up checks and balances.

Description of Corrective Action Plan:

1. Amend and/or establish internal controls the duties will be segregated to ensure compliance with requirements related to grant administration, reporting and agreement. This will include but is not limited to:
ED-209 reports prepared for the periods ending March 31, 2014 and September 30, 2014 reported principal repayments as income in the amounts of \$34,543 and \$70,223, respectively.

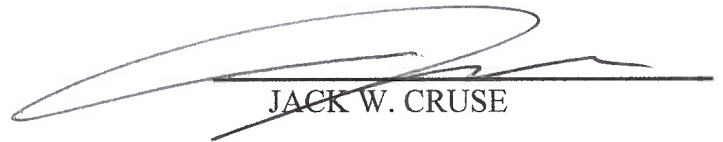
The Department of Infrastructure and Development has initiated a Report Tracker to coordinate and monitor departmental reports. This will ensure Reporting Procedures are accounted for and will be

monitored to include at a minimum reviewed by the City Controller and office of the Mayor for oversight will provide reasonable assurance that the Federal awards in compliance with laws, regulations.

2. These established internal control measures will ensure the Reporting of City functions are being managed effectively with the appropriate level of oversight. Additionally, the Reporting Tracker will mitigate and/or eliminate noncompliance with compliance requirements and potential misuse and mismanagement of federal funds and assets.

Anticipated Completion Date:

COMPLETED – The Department of Infrastructure & Development Director has already initiated actions to account for all departmental reporting actions Annual, Bi-Annual, Monthly and Weekly.



JACK W. CRUSE

Director, Department of I & D

20 SEP 2017

(Date)



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DAVID M. SNOW

Mayor

JACK W. CRUSE

Director

CORRECTIVE ACTION PLAN FINDING 2014-005

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-005 – SPECIAL TESTS AND PROVISIONS – INCREASES TO RLF CAPITAL BASE AND CAPITAL UTILIZATION

Contact Person Responsible for Corrective Action:

Jack W. Cruse
Director, Department of Infrastructure
City of Richmond
email: jcruse@richmondindiana.gov

Contact Phone Number:

Office: (765) 983-7584
Cell: (765) 960-6590

Views of Responsible Official:

The Department of Infrastructure & Development while not in compliance for the period identified in Finding 2014-005 – Special Tests and Provisions – Increase to Revolving Loan Fund (RLF) Capital Base and Capital Utilization compliance. Is revamping the RLF process and accountability for cash on hand reporting and internal control measures. It is the intent of the Department of Infrastructure & Development to establish an effective RLF program internal controls, and processes for accounting for cash on hand; to include follow-up checks and balances.

Description of Corrective Action Plan:


1. Amend and/or establish internal controls the duties will be segregated to ensure compliance in sequestering cash on hand as required during the identified reporting period. This will include but is not limited to:
ED-209 Reports prepared for the periods ending March 31, 2014 and September 30, 2014 revealed that excess cash was on hand for two consecutive reporting periods and funds have not been sequestered as required by the grant requirements.

The Department of Infrastructure and Development has initiated a Report Tracker to coordinate and monitor departmental reports. This will include accounting for the specific requirements such as “Sequestration of Funds” to ensure “Cash on Hand” is accounted for and will be monitored to include at a minimum reviewed by the City Controller and office of the Mayor for oversight will provide reasonable assurance that the Federal awards in compliance with laws, regulations.

2. These established internal control measures will ensure the Reporting of City functions are being managed effectively with the appropriate level of oversight. Additionally, the Reporting Tracker will mitigate and/or eliminate noncompliance with compliance requirements and potential misuse and mismanagement of federal funds and assets.

Anticipated Completion Date:

COMPLETED – The Department of Infrastructure & Development Director has already initiated actions to account for all departmental reporting actions Annual, Bi-Annual, Monthly and Weekly. This will include accounting for the “Sequestration of Funds” to ensure “Cash on Hand” is properly accounted for and will be monitored.



JACK W. CRUSE

Director, Department of I & D

20 SEP 2017

(Date)

OTHER REPORTS

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