

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF ANDERSON  
MADISON COUNTY, INDIANA

January 1, 2016 to December 31, 2016



**FILED**  
12/05/2017



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SCHEDULE OF OFFICIALS

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



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AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the City of Anderson (City), which comprises the financial position and results of operations for the year ended December 31, 2016, 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 the City's Department of Municipal Power and Light (Electric Utility). The financial information of the Electric Utility is reported in the City's financial statement as the twelve separate funds with fund names beginning with "Electric" and the Construction Fund-2014. That financial information was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the City's financial statement for the Electric Utility, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free 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, 2016.

***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, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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

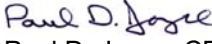
*Other Information*

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 November 14, 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

November 14, 2017



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Anderson (City), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated November 14, 2017, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America. Our report includes a reference to other auditors who audited the financial information of the City's Department of Municipal Power and Light, as described in our report on the City's financial statement. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002 that we consider to be material weaknesses.

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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

**City of Anderson's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

November 14, 2017

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF ANDERSON  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
General	\$ 3,483,634	\$ 31,378,420	\$ 28,662,782	\$ 6,199,272
Motor Vehicle Highway	846,866	2,010,364	1,888,632	968,598
Local Road And Street	331,698	496,939	302,866	525,771
Airport AVFUEL Corp Account	39,871	422,433	423,717	38,587
Park Nonreverting Operating	217,582	388,533	312,799	293,316
Econ Dev Food & Beverage	901,959	1,372,426	1,032,841	1,241,544
C.A.T.S.	224,889	2,226,070	2,400,212	50,747
Community Development	8,235	983,048	987,836	3,447
Clerk's Records Perpetuation	13,974	6,105	1,438	18,641
Unsafe Building Fund	13,041	425	-	13,466
Parks And Recreation	64,631	1,885,182	1,294,783	655,030
User Fee	31,501	139,807	141,579	29,729
Special LOIT	-	2,236,179	-	2,236,179
Slot Machine Wagering Fund	569,299	2,632,166	2,260,371	941,094
Tif Construction Fund	-	6,583,777	6,583,777	-
Police Pension	193,547	3,199,130	3,032,643	360,034
Fire Pension	127,145	3,600,526	3,461,404	266,267
Life Insurance Fund	15,113	59,131	69,635	4,609
NSP Fed	48,095	51	-	48,146
HEALTH INS ANCILLARY FUND	128,625	207,940	190,079	146,486
Fire Grants Fund	(6,430)	44,878	44,466	(6,018)
Police Grant Fund	2,076	10,244	18,482	(6,162)
Town Center Park Endowment	12,110	-	-	12,110
MILLER TRAILWAY CLEARING FUND	3,104	29,159	30,799	1,464
REDEVELOPMENT GRANT FUND	(55)	53,266	53,210	1
INTERMODAL GRANT FUND	1,400	20,200	22,032	(432)
Street Dept Non Rev	24,538	24,525	-	49,063
Parking Authority Non Reverting	11,961	62,557	49,202	25,316
SAFER Grant Fund	(63,843)	282,862	219,018	1
CATS Vehicle Grant Fund	-	156,891	183,435	(26,544)
GM Beautification Fund	2,985	-	-	2,985
APD VIN	1,323	-	109	1,214
Firefighters Exam Fee	3,930	-	-	3,930
Eda Flagship	266	-	-	266
Redevelopment Tif Reserve	2,381,389	660,550	567,889	2,474,050
City Court Account	345,604	732,169	839,066	238,707
Rainy Day	95	-	-	95
Airport Grant 29	(1,948)	463,562	465,074	(3,460)
Sirmax	(237,244)	458,838	-	221,594
Flagship Purdue P3	13,652,923	-	12,593,103	1,059,820
Sign Reflect. Grant	(57,440)	110,308	56,720	(3,852)
TRUST INDIANA	8,035	-	8,035	-
BLIGHT	15,101	277,927	283,903	9,125
67TH RD PROJECT	(62,012)	150,156	88,144	-
Park Grants	-	53,057	53,057	-
Operation Pullover	(3,836)	18,178	12,043	2,299
Jag Grant	-	21,073	21,073	-
Edgewood Plaza	-	111,028	-	111,028
Sanitary District Const	(356)	356	-	-
Probation	95,409	164,768	186,380	73,797
Donations	83,402	66,609	50,984	99,027
Airport	299,860	502,363	487,228	314,995
Police Continuing Ed	31,254	108,584	-	139,838
Airport Non-Reverting	(32,882)	169,548	130,709	5,957
Bldg Non-Reverting	325	-	-	325
Fire Bldg & Equipt	1,305,961	2,845,510	1,545,132	2,606,339
Operation Clean	8,320	1,719	-	10,039
Tax Abatement	3,674	2,350	674	5,350
Administration Fees	67,313	22,180	19,445	70,048
Court Sup Pub Def Fees	18,599	6,500	1,303	23,796
Home	4	169,636	169,639	1
Apd Man	96,139	75,818	60,875	111,082
E D Revolving Loan	335,467	143,107	351,167	127,407

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

CITY OF ANDERSON  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2016  
(Continued)

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
Redevelopment	174,892	80,881	54,948	200,825
Sinking Fund	17,762	185,358	176,385	26,735
Sanitary District Sinking	312,084	685,324	677,688	319,720
Redev Bond & Int-Kroger	351,976	115,225	379,140	88,061
Loss Fund	595,943	1,079,999	1,625,360	50,582
Redevelopment Tif Levy	5,513,852	10,243,520	9,800,163	5,957,209
Police Training Fund	69,742	55,795	42,735	82,802
Arc Lease/Rental	1,127,764	544,195	654,169	1,017,790
Redevelopment Bond & Interest	3,472,991	6,841,342	5,284,732	5,029,601
Insurance Escrow	6,115,617	14,437,966	12,449,575	8,104,008
Nestle Tif Capital	191,142	3,586,540	-	3,777,682
Airport Grant Fund	(1,481)	51,472	53,418	(3,427)
Court Due County	-	26,560	26,560	-
Wheel Tax Fund	299,795	1,081,118	763,336	617,577
Fire Fighting Training Fund	3,594	8,832	9,876	2,550
Public Safety Coit Fund	1,275,816	2,417,040	2,480,802	1,212,054
Nestle Taxable Tif Capital	8,406,530	4,490,128	5,322,233	7,574,425
Capital Improvements	117,910	143,058	174,833	86,135
Certified Tech Park Fund	8,274	277,963	-	286,237
Civil City Payroll	126,781	9,445,047	9,441,149	130,679
Construction Fund-2014	1,300,000	960	-	1,300,960
Electric Petty Cash	1,000	-	-	1,000
Electric Mail Permit Deposit	3,000	-	-	3,000
Electric Ups Deposit	152	-	-	152
Electric Utility-Operating	1,163,614	88,385,433	88,863,712	685,335
Electric Utility-Bond And Interest	-	899,125	840,697	58,428
Electric Utility-Customer Deposit	1,467,273	108,527	12,373	1,563,427
Electric Utility-Construction	-	347,014	347,014	-
Electric Utility Depreciation	4,717,006	522,186	730,412	4,508,780
Electric Automatic Meter Reading	4	1,260,224	1,163,288	96,940
Electric Garage Reserve	32,560	-	-	32,560
Electric Utility Fiber	210,822	250,994	296,014	165,802
Electric Utility Reserve-Cilt	1,441,005	864,600	1,152,803	1,152,802
Storm Water UT Mail Permit Deposit	3,000	-	-	3,000
Storm Water Utility-Operating	460,053	2,318,593	2,113,789	664,857
Stormwater Utility Depreciation	105,203	120,792	-	225,995
Stormwater Bond & Interest	31,473	208,043	188,982	50,534
Storm Water Reserve Cilt	500,158	200,292	250,000	450,450
Wastewater-Construction 2011	1,693,615	3,019	-	1,696,634
Wastewater Petty Cash	1,000	-	-	1,000
Wastewater Mail Permit Deposit	3,000	-	-	3,000
Wastewater 2009B Construction	370,565	-	-	370,565
Wastewater Utility-Operating	14,616,516	20,074,244	19,122,100	15,568,660
Wastewater Util-Bond And Interest	3,136,566	4,081,264	4,005,194	3,212,636
Wastewater Depreciation	2,571,701	941,031	1,158,954	2,353,778
Wastewater Reserve Cilt	1,998,534	1,082,992	1,007,816	2,073,710
Wastewater Replacement	1,723,753	241,039	-	1,964,792
Wastewater Automatic Meter Reading	-	611,517	564,426	47,091
Wastewater Utility Improvement	2,933,939	602,738	121,134	3,415,543
Wastewater Revolving Sewer Const	62,282	78,811	75,543	65,550
Water Utility Petty Cash	1,000	-	-	1,000
Water Mail Permit Deposit	3,000	-	-	3,000
Water Construction	-	14,170,693	3,148,706	11,021,987
Water Debt Service Reserve	-	954,290	-	954,290
Water Utility-Operating	82,294	11,281,791	10,163,671	1,200,414
Water Utility-Bond And Interest	-	1,004,869	1,004,869	-
Water Utility-Customer Deposit	556,574	223,268	161,206	618,636
Water Utility Depreciation	381,568	123,368	294,691	210,245
Water Utility Reserve Cilt	366,862	586,612	476,737	476,737
Water Automatic Meter Reading	-	1,255,767	1,255,767	-
<b>Totals</b>	<b>\$ 95,726,302</b>	<b>\$ 276,450,587</b>	<b>\$ 259,596,790</b>	<b>\$ 112,580,099</b>

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

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

*Taxes.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

*Licenses and permits.* Amounts received from businesses, occupations, or non-businesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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

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

*Utility fees.* Amounts received from charges for current services.

*Penalties.* Amounts received from late payment fees.

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

*E. Disbursements*

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

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

*Supplies.* Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

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

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

*Utility operating expenses.* Amounts disbursed for operating the utilities.

*Other disbursements.* Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

**F. Interfund Transfers**

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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.

**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

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENT  
(Continued)

system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

*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.

CITY OF ANDERSON  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

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

*Plan Description*

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

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

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

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

*Funding Policy*

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

**Note 7. Cash Balance Deficits**

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

**Note 8. Other Postemployment Benefits**

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

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#### OTHER INFORMATION - UNAUDITED

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

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

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

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	General	Motor Vehicle Highway	Local Road And Street	Airport AVFUEL Corp Account	Park Nonreverting Operating	Econ Dev Food & Beverage	C.A.T.S.
Cash and investments - beginning	\$ 3,483,634	\$ 846,866	\$ 331,698	\$ 39,871	\$ 217,582	\$ 901,959	\$ 224,889
Receipts:							
Taxes	13,798,506	-	-	-	-	1,365,733	-
Licenses and permits	1,068,994	-	-	-	-	-	-
Intergovernmental receipts	13,121,136	2,004,217	496,939	-	-	-	2,028,450
Charges for services	3,155,850	1,438	-	-	296,721	-	186,801
Fines and forfeits	62,268	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	171,666	4,709	-	422,433	91,812	6,693	10,819
Total receipts	31,378,420	2,010,364	496,939	422,433	388,533	1,372,426	2,226,070
Disbursements:							
Personal services	21,602,191	1,362,634	-	-	129,635	288,966	2,000,414
Supplies	454,747	199,567	274,013	-	125,661	344	184,832
Other services and charges	6,495,017	211,205	-	-	45,124	680,512	198,543
Debt service - principal and interest	-	-	-	-	-	63,019	-
Capital outlay	109,651	115,226	28,853	-	10,499	-	16,423
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,176	-	-	423,717	1,880	-	-
Total disbursements	28,662,782	1,888,632	302,866	423,717	312,799	1,032,841	2,400,212
Excess (deficiency) of receipts over disbursements	2,715,638	121,732	194,073	(1,284)	75,734	339,585	(174,142)
Cash and investments - ending	\$ 6,199,272	\$ 968,598	\$ 525,771	\$ 38,587	\$ 293,316	\$ 1,241,544	\$ 50,747

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Community Development	Clerk's Records Perpetuation	Unsafe Building Fund	Parks And Recreation	User Fee	Special LOIT	Slot Machine Wagering Fund
Cash and investments - beginning	\$ 8,235	\$ 13,974	\$ 13,041	\$ 64,631	\$ 31,501	\$ -	\$ 569,299
Receipts:							
Taxes	-	-	-	1,647,157	-	-	-
Licenses and permits	-	-	-	1,125	-	-	-
Intergovernmental receipts	982,688	-	-	183,941	-	2,236,179	2,632,166
Charges for services	-	-	-	49,310	4,357	-	-
Fines and forfeits	-	6,105	425	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	360	-	-	3,649	135,450	-	-
Total receipts	<u>983,048</u>	<u>6,105</u>	<u>425</u>	<u>1,885,182</u>	<u>139,807</u>	<u>2,236,179</u>	<u>2,632,166</u>
Disbursements:							
Personal services	148,725	-	-	975,636	-	-	1,091,538
Supplies	-	-	-	106,245	-	-	22,470
Other services and charges	19	238	-	200,540	-	-	1,065,951
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	1,200	-	12,212	-	-	79,845
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	839,092	-	-	150	141,579	-	567
Total disbursements	<u>987,836</u>	<u>1,438</u>	<u>-</u>	<u>1,294,783</u>	<u>141,579</u>	<u>-</u>	<u>2,260,371</u>
Excess (deficiency) of receipts over disbursements	<u>(4,788)</u>	<u>4,667</u>	<u>425</u>	<u>590,399</u>	<u>(1,772)</u>	<u>2,236,179</u>	<u>371,795</u>
Cash and investments - ending	<u>\$ 3,447</u>	<u>\$ 18,641</u>	<u>\$ 13,466</u>	<u>\$ 655,030</u>	<u>\$ 29,729</u>	<u>\$ 2,236,179</u>	<u>\$ 941,094</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Tif Construction Fund	Police Pension	Fire Pension	Life Insurance Fund	NSP Fed	HEALTH INS ANCILLARY FUND	Fire Grants Fund
Cash and investments - beginning	\$ -	\$ 193,547	\$ 127,145	\$ 15,113	\$ 48,095	\$ 128,625	\$ (6,430)
Receipts:							
Taxes	-	209,568	553,852	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	2,989,506	3,046,357	-	-	-	44,878
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	6,583,777	56	317	59,131	51	207,940	-
Total receipts	6,583,777	3,199,130	3,600,526	59,131	51	207,940	44,878
Disbursements:							
Personal services	-	3,031,638	3,458,262	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	1,005	3,142	69,635	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	6,583,777	-	-	-	-	190,079	44,466
Total disbursements	6,583,777	3,032,643	3,461,404	69,635	-	190,079	44,466
Excess (deficiency) of receipts over disbursements	-	166,487	139,122	(10,504)	51	17,861	412
Cash and investments - ending	\$ -	\$ 360,034	\$ 266,267	\$ 4,609	\$ 48,146	\$ 146,486	\$ (6,018)

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Police Grant Fund	Town Center Park Endowment	MILLER TRAILWAY CLEARING FUND	REDEVELOPMENT GRANT FUND	INTERMODAL GRANT FUND	Street Dept Non Rev	Parking Authority Non Reverting
Cash and investments - beginning	\$ 2,076	\$ 12,110	\$ 3,104	\$ (55)	\$ 1,400	\$ 24,538	\$ 11,961
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	10,244	-	-	53,266	20,200	-	-
Charges for services	-	-	29,159	-	-	24,525	62,557
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>10,244</b>	<b>-</b>	<b>29,159</b>	<b>53,266</b>	<b>20,200</b>	<b>24,525</b>	<b>62,557</b>
Disbursements:							
Personal services	-	-	-	-	-	-	312
Supplies	-	-	-	-	-	-	2,189
Other services and charges	-	-	-	-	-	-	46,701
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	53,210	22,032	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	18,482	-	30,799	-	-	-	-
<b>Total disbursements</b>	<b>18,482</b>	<b>-</b>	<b>30,799</b>	<b>53,210</b>	<b>22,032</b>	<b>-</b>	<b>49,202</b>
Excess (deficiency) of receipts over disbursements	(8,238)	-	(1,640)	56	(1,832)	24,525	13,355
Cash and investments - ending	<u>\$ (6,162)</u>	<u>\$ 12,110</u>	<u>\$ 1,464</u>	<u>\$ 1</u>	<u>\$ (432)</u>	<u>\$ 49,063</u>	<u>\$ 25,316</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	SAFER Grant Fund	CATS Vehicle Grant Fund	GM Beautification Fund	APD VIN	Firefighters Exam Fee	Eda Flagship	Redevelopment Tif Reserve
Cash and investments - beginning	\$ (63,843)	\$ -	\$ 2,985	\$ 1,323	\$ 3,930	\$ 266	\$ 2,381,389
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	282,862	156,891	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	660,550
Total receipts	282,862	156,891	-	-	-	-	660,550
Disbursements:							
Personal services	194,018	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	290,206
Capital outlay	-	135,896	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	25,000	47,539	-	109	-	-	277,683
Total disbursements	219,018	183,435	-	109	-	-	567,889
Excess (deficiency) of receipts over disbursements	63,844	(26,544)	-	(109)	-	-	92,661
Cash and investments - ending	\$ 1	\$ (26,544)	\$ 2,985	\$ 1,214	\$ 3,930	\$ 266	\$ 2,474,050

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	City Court Account	Rainy Day	Airport Grant 29	Sirmax	Flagship Purdue P3	Sign Reflect. Grant	TRUST INDIANA
Cash and investments - beginning	\$ 345,604	\$ 95	\$ (1,948)	\$ (237,244)	\$ 13,652,923	\$ (57,440)	\$ 8,035
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	463,562	-	-	110,308	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	732,169	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	458,838	-	-	-
Total receipts	<u>732,169</u>	<u>-</u>	<u>463,562</u>	<u>458,838</u>	<u>-</u>	<u>110,308</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	839,066	-	465,074	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	12,593,103	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	56,720	8,035
Total disbursements	<u>839,066</u>	<u>-</u>	<u>465,074</u>	<u>-</u>	<u>12,593,103</u>	<u>56,720</u>	<u>8,035</u>
Excess (deficiency) of receipts over disbursements	<u>(106,897)</u>	<u>-</u>	<u>(1,512)</u>	<u>458,838</u>	<u>(12,593,103)</u>	<u>53,588</u>	<u>(8,035)</u>
Cash and investments - ending	<u>\$ 238,707</u>	<u>\$ 95</u>	<u>\$ (3,460)</u>	<u>\$ 221,594</u>	<u>\$ 1,059,820</u>	<u>\$ (3,852)</u>	<u>\$ -</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	BLIGHT	67TH RD PROJECT	Park Grants	Operation Pullover	Jag Grant	Edgewood Plaza	Sanitary District Const
Cash and investments - beginning	\$ 15,101	\$ (62,012)	\$ -	\$ (3,836)	\$ -	\$ -	\$ (356)
Receipts:							
Taxes	-	-	13,057	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	277,927	150,156	40,000	18,178	21,073	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	111,028	356
Total receipts	<u>277,927</u>	<u>150,156</u>	<u>53,057</u>	<u>18,178</u>	<u>21,073</u>	<u>111,028</u>	<u>356</u>
Disbursements:							
Personal services	-	-	37,420	12,043	-	-	-
Supplies	-	-	9,742	-	-	-	-
Other services and charges	260,364	88,144	5,895	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	23,539	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	21,073	-	-
Total disbursements	<u>283,903</u>	<u>88,144</u>	<u>53,057</u>	<u>12,043</u>	<u>21,073</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(5,976)</u>	<u>62,012</u>	<u>-</u>	<u>6,135</u>	<u>-</u>	<u>111,028</u>	<u>356</u>
Cash and investments - ending	<u>\$ 9,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,299</u>	<u>\$ -</u>	<u>\$ 111,028</u>	<u>\$ -</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Probation	Donations	Airport	Police Continuing Ed	Airport Non-Reverting	Bldg Non-Reverting	Fire Bldg & Equipt
Cash and investments - beginning	\$ 95,409	\$ 83,402	\$ 299,860	\$ 31,254	\$ (32,882)	\$ 325	\$ 1,305,961
Receipts:							
Taxes	-	-	269,370	-	-	-	-
Licenses and permits	-	-	-	36,720	-	-	-
Intergovernmental receipts	-	-	30,104	-	-	-	776,962
Charges for services	-	-	149,226	71,864	121,285	-	2,068,548
Fines and forfeits	164,768	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	66,609	53,663	-	48,263	-	-
Total receipts	164,768	66,609	502,363	108,584	169,548	-	2,845,510
Disbursements:							
Personal services	185,152	-	221,481	-	-	-	565,272
Supplies	-	-	19,433	-	21,307	-	226,649
Other services and charges	1,228	-	211,497	-	55,907	-	146,384
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	34,817	-	53,495	-	600,503
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	50,984	-	-	-	-	6,324
Total disbursements	186,380	50,984	487,228	-	130,709	-	1,545,132
Excess (deficiency) of receipts over disbursements	(21,612)	15,625	15,135	108,584	38,839	-	1,300,378
Cash and investments - ending	\$ 73,797	\$ 99,027	\$ 314,995	\$ 139,838	\$ 5,957	\$ 325	\$ 2,606,339

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Operation Clean	Tax Abatement	Administration Fees	Court Sup Pub Def Fees	Home	Apd Man	E D Revolving Loan
Cash and investments - beginning	\$ 8,320	\$ 3,674	\$ 67,313	\$ 18,599	\$ 4	\$ 96,139	\$ 335,467
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	9,000	-	169,636	30,000	-
Charges for services	-	2,350	-	-	-	-	-
Fines and forfeits	1,719	-	13,180	6,500	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	45,818	143,107
Total receipts	<u>1,719</u>	<u>2,350</u>	<u>22,180</u>	<u>6,500</u>	<u>169,636</u>	<u>75,818</u>	<u>143,107</u>
Disbursements:							
Personal services	-	-	-	-	-	18,989	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	674	19,445	1,303	169,639	41,886	351,167
Total disbursements	<u>-</u>	<u>674</u>	<u>19,445</u>	<u>1,303</u>	<u>169,639</u>	<u>60,875</u>	<u>351,167</u>
Excess (deficiency) of receipts over disbursements	<u>1,719</u>	<u>1,676</u>	<u>2,735</u>	<u>5,197</u>	<u>(3)</u>	<u>14,943</u>	<u>(208,060)</u>
Cash and investments - ending	<u>\$ 10,039</u>	<u>\$ 5,350</u>	<u>\$ 70,048</u>	<u>\$ 23,796</u>	<u>\$ 1</u>	<u>\$ 111,082</u>	<u>\$ 127,407</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Redevelopment	Sinking Fund	Sanitary District Sinking	Redev Bond & Int-Kroger	Loss Fund	Redevelopment Tif Levy	Police Training Fund
Cash and investments - beginning	\$ 174,892	\$ 17,762	\$ 312,084	\$ 351,976	\$ 595,943	\$ 5,513,852	\$ 69,742
Receipts:							
Taxes	-	173,499	641,453	115,225	-	3,321,857	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	11,859	43,871	-	-	668,710	-
Charges for services	25,200	-	-	-	-	-	41,685
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	55,681	-	-	-	1,079,999	6,252,953	14,110
Total receipts	<u>80,881</u>	<u>185,358</u>	<u>685,324</u>	<u>115,225</u>	<u>1,079,999</u>	<u>10,243,520</u>	<u>55,795</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	24	-	-	-	-	-	-
Other services and charges	53,661	385	-	-	1,625,360	136,682	-
Debt service - principal and interest	-	176,000	677,688	379,140	-	1,808,129	-
Capital outlay	-	-	-	-	-	7,396,514	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,263	-	-	-	-	458,838	42,735
Total disbursements	<u>54,948</u>	<u>176,385</u>	<u>677,688</u>	<u>379,140</u>	<u>1,625,360</u>	<u>9,800,163</u>	<u>42,735</u>
Excess (deficiency) of receipts over disbursements	<u>25,933</u>	<u>8,973</u>	<u>7,636</u>	<u>(263,915)</u>	<u>(545,361)</u>	<u>443,357</u>	<u>13,060</u>
Cash and investments - ending	<u>\$ 200,825</u>	<u>\$ 26,735</u>	<u>\$ 319,720</u>	<u>\$ 88,061</u>	<u>\$ 50,582</u>	<u>\$ 5,957,209</u>	<u>\$ 82,802</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Arc Lease/Rental	Redevelopment Bond & Interest	Insurance Escrow	Nestle Tif Capital	Airport Grant Fund	Court Due County	Wheel Tax Fund
Cash and investments - beginning	\$ 1,127,764	\$ 3,472,991	\$ 6,115,617	\$ 191,142	\$ (1,481)	\$ -	\$ 299,795
Receipts:							
Taxes	-	4,350,000	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	45,875	-	1,081,118
Charges for services	1,135	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	26,560	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	543,060	2,491,342	14,437,966	3,586,540	5,597	-	-
<b>Total receipts</b>	<b>544,195</b>	<b>6,841,342</b>	<b>14,437,966</b>	<b>3,586,540</b>	<b>51,472</b>	<b>26,560</b>	<b>1,081,118</b>
Disbursements:							
Personal services	-	-	22,368	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	1,790	12,422,782	-	-	-	763,336
Debt service - principal and interest	-	3,580,316	-	-	-	-	-
Capital outlay	-	-	-	-	53,418	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	654,169	1,702,626	4,425	-	-	26,560	-
<b>Total disbursements</b>	<b>654,169</b>	<b>5,284,732</b>	<b>12,449,575</b>	<b>-</b>	<b>53,418</b>	<b>26,560</b>	<b>763,336</b>
Excess (deficiency) of receipts over disbursements	(109,974)	1,556,610	1,988,391	3,586,540	(1,946)	-	317,782
Cash and investments - ending	<u>\$ 1,017,790</u>	<u>\$ 5,029,601</u>	<u>\$ 8,104,008</u>	<u>\$ 3,777,682</u>	<u>\$ (3,427)</u>	<u>\$ -</u>	<u>\$ 617,577</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Fire Fighting Training Fund	Public Safety Coit Fund	Nestle Taxable Tif Capital	Capital Improvements	Certified Tech Park Fund	Civil City Payroll	Construction Fund-2014
Cash and investments - beginning	\$ 3,594	\$ 1,275,816	\$ 8,406,530	\$ 117,910	\$ 8,274	\$ 126,781	\$ 1,300,000
Receipts:							
Taxes	-	-	4,490,127	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	2,417,040	-	143,058	277,963	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	8,832	-	1	-	-	9,445,047	960
Total receipts	<u>8,832</u>	<u>2,417,040</u>	<u>4,490,128</u>	<u>143,058</u>	<u>277,963</u>	<u>9,445,047</u>	<u>960</u>
Disbursements:							
Personal services	-	1,308,279	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	1,172,523	750	114,099	-	-	-
Debt service - principal and interest	-	-	2,012,625	-	-	-	-
Capital outlay	-	-	-	60,734	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	9,876	-	3,308,858	-	-	9,441,149	-
Total disbursements	<u>9,876</u>	<u>2,480,802</u>	<u>5,322,233</u>	<u>174,833</u>	<u>-</u>	<u>9,441,149</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,044)</u>	<u>(63,762)</u>	<u>(832,105)</u>	<u>(31,775)</u>	<u>277,963</u>	<u>3,898</u>	<u>960</u>
Cash and investments - ending	<u>\$ 2,550</u>	<u>\$ 1,212,054</u>	<u>\$ 7,574,425</u>	<u>\$ 86,135</u>	<u>\$ 286,237</u>	<u>\$ 130,679</u>	<u>\$ 1,300,960</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Electric Petty Cash	Electric Mail Permit Deposit	Electric Ups Deposit	Electric Utility-Operating	Electric Utility-Bond And Interest	Electric Utility-Customer Deposit	Electric Utility-Construction
Cash and investments - beginning	\$ 1,000	\$ 3,000	\$ 152	\$ 1,163,614	\$ -	\$ 1,467,273	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	88,327,977	-	108,207	-
Penalties	-	-	-	44,777	-	-	-
Other receipts	-	-	-	12,679	899,125	320	347,014
Total receipts	-	-	-	88,385,433	899,125	108,527	347,014
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	840,697	-	-
Capital outlay	-	-	-	1,419,698	-	-	347,014
Utility operating expenses	-	-	-	77,800,389	-	-	-
Other disbursements	-	-	-	9,643,625	-	12,373	-
Total disbursements	-	-	-	88,863,712	840,697	12,373	347,014
Excess (deficiency) of receipts over disbursements	-	-	-	(478,279)	58,428	96,154	-
Cash and investments - ending	<u>\$ 1,000</u>	<u>\$ 3,000</u>	<u>\$ 152</u>	<u>\$ 685,335</u>	<u>\$ 58,428</u>	<u>\$ 1,563,427</u>	<u>\$ -</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Electric Utility Depreciation	Electric Automatic Meter Reading	Electric Garage Reserve	Electric Utility Fiber	Electric Utility Reserve-Cilt	Storm Water UT Mail Permit Deposit	Storm Water Utility-Operating
Cash and investments - beginning	\$ 4,717,006	\$ 4	\$ 32,560	\$ 210,822	\$ 1,441,005	\$ 3,000	\$ 460,053
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	250,910	-	-	2,311,857
Penalties	-	-	-	-	-	-	3,955
Other receipts	522,186	1,260,224	-	84	864,600	-	2,781
Total receipts	522,186	1,260,224	-	250,994	864,600	-	2,318,593
Disbursements:							
Personal services	-	-	-	-	-	-	357,455
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	153,562
Debt service - principal and interest	-	1,163,288	-	-	-	-	385,556
Capital outlay	730,412	-	-	251,787	-	-	-
Utility operating expenses	-	-	-	44,227	-	-	600,897
Other disbursements	-	-	-	-	1,152,803	-	616,319
Total disbursements	730,412	1,163,288	-	296,014	1,152,803	-	2,113,789
Excess (deficiency) of receipts over disbursements	(208,226)	96,936	-	(45,020)	(288,203)	-	204,804
Cash and investments - ending	\$ 4,508,780	\$ 96,940	\$ 32,560	\$ 165,802	\$ 1,152,802	\$ 3,000	\$ 664,857

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Stormwater Utility Depreciation	Stormwater Bond & Interest	Storm Water Reserve Cilt	Wastewater-Construction 2011	Wastewater Petty Cash	Wastewater Mail Permit Deposit	Wastewater 2009B Construction
Cash and investments - beginning	\$ 105,203	\$ 31,473	\$ 500,158	\$ 1,693,615	\$ 1,000	\$ 3,000	\$ 370,565
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	120,792	208,043	200,292	3,019	-	-	-
Total receipts	<u>120,792</u>	<u>208,043</u>	<u>200,292</u>	<u>3,019</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	188,982	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	250,000	-	-	-	-
Total disbursements	<u>-</u>	<u>188,982</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>120,792</u>	<u>19,061</u>	<u>(49,708)</u>	<u>3,019</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 225,995</u>	<u>\$ 50,534</u>	<u>\$ 450,450</u>	<u>\$ 1,696,634</u>	<u>\$ 1,000</u>	<u>\$ 3,000</u>	<u>\$ 370,565</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Depreciation	Wastewater Reserve Cilt	Wastewater Replacement	Wastewater Automatic Meter Reading	Wastewater Utility Improvement
Cash and investments - beginning	\$ 14,616,516	\$ 3,136,566	\$ 2,571,701	\$ 1,998,534	\$ 1,723,753	\$ -	\$ 2,933,939
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	19,905,434	-	-	-	-	-	-
Penalties	13,612	-	-	-	-	-	-
Other receipts	155,198	4,081,264	941,031	1,082,992	241,039	611,517	602,738
<b>Total receipts</b>	<b>20,074,244</b>	<b>4,081,264</b>	<b>941,031</b>	<b>1,082,992</b>	<b>241,039</b>	<b>611,517</b>	<b>602,738</b>
Disbursements:							
Personal services	3,924,852	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	1,561,797	-	-	-	-	-	-
Debt service - principal and interest	-	3,615,585	-	-	-	-	-
Capital outlay	213,309	-	1,158,954	-	-	-	121,134
Utility operating expenses	5,486,649	-	-	-	-	-	-
Other disbursements	7,935,493	389,609	-	1,007,816	-	564,426	-
<b>Total disbursements</b>	<b>19,122,100</b>	<b>4,005,194</b>	<b>1,158,954</b>	<b>1,007,816</b>	<b>-</b>	<b>564,426</b>	<b>121,134</b>
Excess (deficiency) of receipts over disbursements	952,144	76,070	(217,923)	75,176	241,039	47,091	481,604
Cash and investments - ending	<u>\$ 15,568,660</u>	<u>\$ 3,212,636</u>	<u>\$ 2,353,778</u>	<u>\$ 2,073,710</u>	<u>\$ 1,964,792</u>	<u>\$ 47,091</u>	<u>\$ 3,415,543</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Wastewater Revolving Sewer Const	Water Utility Petty Cash	Water Mail Permit Deposit	Water Construction	Water Debt Service Reserve	Water Utility-Operating
Cash and investments - beginning	\$ 62,282	\$ 1,000	\$ 3,000	\$ -	\$ -	\$ 82,294
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	78,811	-	-	-	-	10,742,121
Penalties	-	-	-	-	-	6,388
Other receipts	-	-	-	14,170,693	954,290	533,282
<b>Total receipts</b>	<b>78,811</b>	<b>-</b>	<b>-</b>	<b>14,170,693</b>	<b>954,290</b>	<b>11,281,791</b>
Disbursements:						
Personal services	-	-	-	-	-	1,957,616
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	1,335,419
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	1,874,498	-	684,434
Utility operating expenses	75,543	-	-	22,910	-	1,893,615
Other disbursements	-	-	-	1,251,298	-	4,292,587
<b>Total disbursements</b>	<b>75,543</b>	<b>-</b>	<b>-</b>	<b>3,148,706</b>	<b>-</b>	<b>10,163,671</b>
Excess (deficiency) of receipts over disbursements	3,268	-	-	11,021,987	954,290	1,118,120
Cash and investments - ending	<u>\$ 65,550</u>	<u>\$ 1,000</u>	<u>\$ 3,000</u>	<u>\$ 11,021,987</u>	<u>\$ 954,290</u>	<u>\$ 1,200,414</u>

CITY OF ANDERSON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Water Utility-Bond And Interest	Water Utility-Customer Deposit	Water Utility Depreciation	Water Utility Reserve Cilt	Water Automatic Meter Reading	Totals
Cash and investments - beginning	\$ -	\$ 556,574	\$ 381,568	\$ 366,862	\$ -	\$ 95,726,302
Receipts:						
Taxes	-	-	-	-	-	30,949,404
Licenses and permits	-	-	-	-	-	1,106,839
Intergovernmental receipts	-	-	-	-	-	37,076,320
Charges for services	-	-	-	-	-	6,292,011
Fines and forfeits	-	-	-	-	-	1,013,694
Utility fees	-	222,914	-	-	-	121,948,231
Penalties	-	-	-	-	-	68,732
Other receipts	1,004,869	354	123,368	586,612	1,255,767	77,995,356
<b>Total receipts</b>	<b>1,004,869</b>	<b>223,268</b>	<b>123,368</b>	<b>586,612</b>	<b>1,255,767</b>	<b>276,450,587</b>
Disbursements:						
Personal services	-	-	-	-	-	42,894,896
Supplies	-	-	-	-	-	1,647,223
Other services and charges	-	-	-	-	-	30,433,337
Debt service - principal and interest	846,721	-	-	-	-	16,027,952
Capital outlay	-	-	294,691	-	-	28,497,101
Utility operating expenses	-	-	-	-	-	85,924,230
Other disbursements	158,148	161,206	-	476,737	1,255,767	54,172,051
<b>Total disbursements</b>	<b>1,004,869</b>	<b>161,206</b>	<b>294,691</b>	<b>476,737</b>	<b>1,255,767</b>	<b>259,596,790</b>
Excess (deficiency) of receipts over disbursements	-	62,062	(171,323)	109,875	-	16,853,797
Cash and investments - ending	\$ -	\$ 618,636	\$ 210,245	\$ 476,737	\$ -	\$ 112,580,099

CITY OF ANDERSON  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2016

Government or Enterprise	Accounts Payable	Accounts Receivable
Electric	\$ 10,898,715	\$ 5,205,703
Storm Water	-	146,577
Wastewater	56,318	2,757,088
Water	-	795,142
Governmental activities	-	-
Totals	<u>\$ 10,955,033</u>	<u>\$ 8,904,510</u>

CITY OF ANDERSON  
SCHEDULE OF LEASES AND DEBT  
December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
CITY OF ANDERSON/AIRPORT	AIRPORT HANGER	\$ 53,494	12/15/2000	6/15/2021
FIRST MERCHANT BANK	POLICE LOAN - CAR	38,480	7/15/2015	1/15/2020
FIRST MERCHANT BANK	CITY HALL - CAR	<u>7,363</u>	6/1/2015	12/1/2019
Total governmental activities		<u>99,337</u>		
Electric:				
CHASE	AUTO METER READING	375,251	2/25/2007	1/1/2023
CHASE	AUTO METER READING	853,065	3/29/2008	3/29/2018
FIRST MERCHANT	BUCKET TRUCK B	33,066	10/22/2012	10/22/2017
FIRST MERCHANT	DIGGER DERRICK TRUCK	<u>25,520</u>	1/1/2014	7/1/2018
Total Electric		<u>1,286,902</u>		
Storm Water:				
PNC NATIONAL CITY BANK	WHITE RIVER LEVEE PROJECT	<u>187,722</u>	5/1/2010	11/5/2019
Water:				
CHASE	AUTO METER READING	<u>1,518,703</u>	2/25/2008	2/25/2022
Total of annual lease payments		<u>\$ 3,092,664</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	PARK DISTRICT 2003 /URBAN PARK 12TH & MERIDIAN ST	\$ 475,000	\$ 174,135
General obligation bonds	LEASE RENTAL REFINANCE SERIES 2002 POL ST 2012	3,605,000	565,000
General obligation bonds	SANITARY DISTRICT BONDS 2014	5,100,000	669,125
Revenue bonds	IMPROVEMENTS (NESTLE 2009)	7,250,000	1,006,787
Revenue bonds	REFINANCE SERIES 2002 PENDELTON/SERIES 2012	2,645,000	466,766
Revenue bonds	ACQUISITION & BUILD (2003 KROGER)	408,000	77,830
Revenue bonds	ECONOMIC DEV REV BONDS SERIES 2006A (NESTLE)	6,828,399	1,236,650
Revenue bonds	ANDERSON REDEVELOPMENT TAX INCREMENT 2016	7,000,000	185,850
Notes and loans payable	ANDERSON TAXABLE TIF BONDS SERIES 2015 (SIRMAX)	3,370,000	335,893
Notes and loans payable	ANDERSON TAXABLE TIF BONDS SERIES 2015 (PURDUE)	13,940,000	1,369,931
Notes and loans payable	ANDERSON TAXABLE TIF BONDS SERIES 2015 (EXTEND LIFE OF TIF)	2,860,000	285,575
Notes and loans payable	REVENUE NOTE/FOOD & BEVERAGE TAX REVENUE NOTE	142,857	61,944
Notes and loans payable	ANDERSON TAXABLE TIF BOND 2013- GTI-HYPRO	<u>4,430,000</u>	<u>604,670</u>
Total governmental activities		<u>58,054,256</u>	<u>7,040,156</u>
Electric:			
Revenue bonds	ELECTRIC UTILITY REFUNDING REV BONDS SERIES 2013	4,275,000	664,906
Revenue bonds	ELECTRIC UTILITY REVENUE BONDS OF 2014	<u>1,475,000</u>	<u>114,663</u>
Total Electric		<u>5,750,000</u>	<u>779,569</u>
Wastewater:			
Revenue bonds	SERIES 2011(SRF) LTCP PHASE II	17,075,000	1,509,630
Revenue bonds	SERIES 2009A(SRF) LTCP PHASE 1	4,035,000	363,209
Revenue bonds	SERIES 2009B(SRF) CSO LTCP PHASE 1	3,665,000	405,396
Revenue bonds	SERIES 2010(SRF) TELVISING & SLUDGE INFRASTRUCTURE	1,820,000	151,400
Revenue bonds	SERIES 2012 SEWAGE REFUNDING REVENUE BONDS	5,025,000	1,031,028
Revenue bonds	Sewage Works Refunding 07 Revenue Bonds 2016	<u>11,020,000</u>	<u>857,850</u>
Total Wastewater		<u>42,640,000</u>	<u>4,318,513</u>
Water:			
Revenue bonds	Waterworks Refunding 07 Revenue Bonds 2016	3,195,000	368,550
Revenue bonds	Waterworks Series 2016	<u>13,865,000</u>	<u>954,290</u>
Total Water		<u>17,060,000</u>	<u>1,322,840</u>
Totals		<u>\$ 123,504,256</u>	<u>\$ 13,461,078</u>

CITY OF ANDERSON  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2016

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
Electric:	
Land	\$ 132,448
Buildings	3,089,366
Improvements other than buildings	67,771,142
Machinery, equipment, and vehicles	32,649,167
Construction in progress	633,056
<b>Total Electric</b>	<b>104,275,179</b>
Storm Water:	
Land	11,685
Buildings	1,633
Improvements other than buildings	22,725,397
Machinery, equipment, and vehicles	86,667
<b>Total Storm Water</b>	<b>22,825,382</b>
Wastewater:	
Land	656,265
Buildings	770,082,653
Improvements other than buildings	41,943,873
Machinery, equipment, and vehicles	21,878,725
Construction in progress	280,725
<b>Total Wastewater</b>	<b>834,842,241</b>
Water:	
Land	500,390
Buildings	4,084,099
Improvements other than buildings	27,749,818
Machinery, equipment, and vehicles	15,961,534
Construction in progress	2,955,596
<b>Total Water</b>	<b>51,251,437</b>
<b>Total capital assets</b>	<b>\$ 1,013,194,239</b>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Anderson's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-003. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-004, and 2016-005, that we consider to be material weaknesses.

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

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

  
Paul D. Joyce, CPA  
State Examiner

November 14, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF ANDERSON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2016

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 Commerce</u>					
Economic Development Cluster					
Economic Adjustment Assistance	Direct Grant	11.307			
Economic Development Revolving Loan			0061901906A	\$ -	\$ 572,024
Total - Economic Development Cluster				-	572,024
Total - Department of Commerce				-	572,024
<u>Department of Housing and Urban Development</u>					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	Direct Grant	14.218			
Community Development - CDBG			B-13-MC-18-0001	39,892	72,320
Community Development - CDBG			B-14-MC-18-0001	-	514,427
Community Development - CDBG			B-15-MC-18-0001	54,505	289,685
Community Development			B-16-MC-18-0001	55,000	106,256
Total - CDBG - Entitlement Grants Cluster				149,397	982,688
HOME Investment Partnerships Program	Direct Grant	14.239			
Community Development - Home			M-11-MC-18-0209	-	4,135
Community Development - Home			M-12-MC-18-0209	13,987	53,987
Community Development - Home			M-13-MC-18-0209	-	40,644
Community Development - Home			M-14-MC-18-0209	-	48,415
Community Development - Home			M-15-MC-18-0209	-	22,455
Total - HOME Investment Partnerships Program				13,987	169,636
Total - Department of Housing and Urban Development				163,384	1,152,324
<u>Department of Justice</u>					
Crime Victim Assistance					
Victim Assistance Grant	Indiana Criminal Justice Institute	16.575			
			14-VA-4284	-	30,723
Bulletproof Vest Partnership Program	Direct Grant	16.607			
Bulletproof Vest Grant			FY-2014	-	8,149
Bulletproof Vest Grant			FY-2015	-	1,245
Total - Bulletproof Vest Partnership Program				-	9,394
Edward Byrne Memorial Justice Assistance Grant Program	Direct Grant	16.738			
JAG 0377 Grant			2015-DJ-BX-0377	-	21,073
Total - Department of Justice				-	61,190
<u>Department of Transportation</u>					
Airport Improvement Program	Direct Grant	20.106			
Airport Grant 27			AIP-3-18-0001-27	-	30,360
Airport Grant 28			AIP-3-18-0001-28	-	12,182
Airport Grant 29			AIP-3-18-0001-029	-	435,354
Total - Airport Improvement Program				-	477,896

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

CITY OF ANDERSON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2016  
(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 Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
67th Street Road - Enterprise Drive			DES #0200599	-	98,204
67th Street Road - Bridge Over Michael's Ditch			DES #0501014	-	27,328
67th Street Road - Bridge Over Boland Drain			DES #0501015	-	24,624
ITS Traffic Grant			DES#1297539	-	53,210
Sign Reflectivity Grant			DES# 140031	-	76,917
Bike / Pedestrian Trail AU			DES# 1592300	-	33,391
Total - Highway Planning and Construction				-	313,674
Total - Highway Planning and Construction Cluster				-	313,674
Federal Transit Cluster					
Federal Transit_Capital Investment Grants	Direct Grant	20.500			
Intermodal Grant Fund			IN-04-0036-00	-	20,200
Federal Transit_Formula Grants	Direct Grant	20.507			
City of Anderson Transit System - Acquisition			IN-2016-007-00	-	115,192
City of Anderson Transit System - Operating			IN-2016-010-00	-	851,049
City of Anderson Transit System - GIS Software			IN-2016-011-00	-	41,699
Total - Federal Transit_Formula Grants				-	1,007,940
Total - Federal Transit Cluster				-	1,028,140
Transit Services Programs Cluster					
Job Access and Reverse Commute Program	Direct Grant	20.516			
City of Anderson Transit System			IN-95-9050	-	20,704
Total - Transit Services Programs Cluster				-	20,704
Highway Safety Cluster					
Alcohol Impaired Driving Countermeasures Incentive Grants I	Indiana Criminal Justice Institute	20.601			
Operation Pullover			D3-16-10159	-	13,937
Operation Pullover			PT-12-11-04-05	-	4,018
DUI Taskforce			D3-16-10232	-	223
Total - Alcohol Impaired Driving Countermeasures Incentive Grants I				-	18,178
Total - Highway Safety Cluster				-	18,178
Total - Department of Transportation				-	1,858,592
<u>Department of Homeland Security</u>					
Assistance to Firefighters Grant	Direct Grant	97.044			
Wellness Grant			EMW-2015-FO-05391	-	25,000
Staffing for Adequate Fire and Emergency Response (SAFER)	Direct Grant	97.083			
SAFER Grant			EMW-2013-FH-00810	-	263,019
Total - Department of Homeland Security				-	288,019
Total federal awards expended				\$ 163,384	\$ 3,932,149

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

CITY OF ANDERSON  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

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

Revolving Loan Fund (RLF):		
Outstanding loans as of December 31, 2016	\$ 743,145.06	
Cash and Investments as of December 31, 2016	\$ 127,406.77	
Administrative expenses paid out of RLF income during 2016	\$ 6,672.83	
Unpaid principal on loans written off during 2016	<u>\$ 0.00</u>	
Subtotal	\$ 877,224.66	
Calculation of Federal Participation Rate (FPR):		
Original grant	\$ 313,000.00	
Original match (In-kind)	<u>\$ 167,000.00</u>	
Subtotal	\$ 480,000.00	
FPR – Original grant awarded divided by total including original match		<u>65.21%</u>
Expenditures reported on the SEFA	<u>\$ 572,023.58</u>	

CITY OF ANDERSON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

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

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

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

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

Auditee qualified as low-risk auditee? no

**Section II Finding - Financial Statement Findings**

**FINDING 2016-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Other Matters - Noncompliance

*Repeat Finding*

This is a repeat finding from the immediate prior year. The prior year finding number was 2015-001.

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

*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). Although the City had procedures in place to provide for a review and approval of information reported on the SEFA, the controls were not effective.

*Context*

The following grants were incorrectly reported on the SEFA:

1. The Economic Adjustment Assistance (CFDA# 11.307) was understated by \$11,768.
2. The Community Development Block Grants (CFDA# 14.218) was understated by \$2,886.
3. The HOME Investment Partnerships Program (CFDA# 14.239) was overstated by \$2,887.
4. The Highway Planning and Construction (CFDA# 20.205) was overstated by \$68,710.
5. The Airport Improvement Program (CFDA# 20.106) was overstated by \$2,000.
6. The Community Development BEP Round 1 in the amount of \$192,699 was incorrectly included.
7. The Community Development BEP Round 2 in the amount of \$85,228 was incorrectly included.

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

*Criteria*

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

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

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

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

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

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

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

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

*Cause*

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

*Effect*

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

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

*Recommendation*

We recommended that the City's management establish effective control procedures and ensure proper reporting of the SEFA.

*Views of Responsible Officials*

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

**FINDING 2016-002**

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediate prior year. The prior year finding number was 2015-002.

*Condition*

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors in payroll disbursements. The City's procedures to ensure the accuracy of payroll disbursements included a review of the Payroll Detail Proof Report by each department head prior to payment of employees. Evidence of this control to allow determination of proper implementation of the control was not provided. The payroll amount approved by the board did not match the documentation provided by the City. Additionally, time cards were prepared each pay period for all hourly employees. After being prepared by the employees, the time cards were reviewed and approved by their supervisor. Paper time cards reviewed for the payrolls ending on May 1, 2016, October 2, 2016, and October 8, 2016, had departments in which timecards were not reviewed and signed by a supervisor.

*Context*

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

*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.

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

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 related to payroll disbursements.

*Effect*

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

*Recommendation*

We recommended that the City's management establish effective control procedures and ensure proper reporting of payroll disbursements.

*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 2016-003**

Subject: Federal Transit\_Capital Investment Grants and Federal Transit\_Formula Grants - Equipment and Real Property Management

Federal Agency: Department of Transportation

Federal Programs: Federal Transit\_Capital Investment Grants, Federal Transit\_Formula Grants

CFDA Numbers: 20.500, 20.507

Federal Award Numbers and Years (or Other Identifying Numbers): IN-04-0036-00, IN-2016-007-00, IN-2016-010-00, IN-2016-011-00

Pass-Through Entity: Direct Grant

Compliance Requirement: Equipment and Real Property Management

Audit Findings: Material Weakness, Other Matters - Noncompliance

*Repeat Finding*

This is not a repeat finding from the immediate prior year.

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

*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 Equipment and Real Property Management compliance requirement. The City had controls in place to oversee compliance with Equipment and Real Property Management requirements; however, the controls were not effective. The inventory list dated January, 1, 2017, did not agree to purchases made in 2016. Only two Nifty Lift Buses were noted on the inventory list. The list did not show eight Galaxy tablets that were purchased or the GIS Software purchased to install on all eight tablets.

*Context*

The noncompliance and ineffective controls were a systemic problem during the period audited.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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. . . ."

49 CFR 18.32 states in part:

"(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . ."

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

2 CFR 200.313 states in part:

*"Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . ."

*Cause*

Management had not developed an effective system of internal controls to ensure that all requirements related to the Equipment and Real Property Management compliance requirement were met.

*Effect*

The failure to establish an effective internal control system resulted in the City's noncompliance with the grant agreement and the compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the City's management establish controls and ensure compliance related to the grant agreement and the Equipment and Real Property Management compliance requirement.

*Views of Responsible Officials*

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

***FINDING 2016-004***

Subject: Federal Transit\_Capital Investment Grants and Federal Transit\_Formula Grants - Reporting

Federal Agency: Department of Transportation

Federal Programs: Federal Transit\_Capital Investment Grants, Federal Transit\_Formula Grants

CFDA Numbers: 20.500, 20.507

Federal Award Numbers and Years (or Other Identifying Numbers): IN-04-0036-00, IN-2016-007-00,  
IN-2016-010-00, IN-2016-011-00

Pass-Through Entity: Direct Grant

Compliance Requirement: Reporting

Audit Finding: Material Weakness

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

*Repeat Finding*

A similar finding was in the immediate prior year. The prior year finding number was 2015-004.

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. There was no evidence of a control procedure over the submitted Quarterly Narrative Reports to the Department of Transportation.

*Context*

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

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

Management had not developed an effective system of internal controls to ensure that all requirements related to the Reporting compliance requirement were met.

*Effect*

The failure to establish an effective internal control system could have resulted in the City's non-compliance with the grant agreement and the Reporting compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

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

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2016-005**

Subject: Staffing for Adequate Fire and Emergency Response (SAFER) - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Reporting  
Federal Agency: Department of Homeland Security  
Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER)  
CFDA Number: 97.083  
Federal Award Number and Year (or Other Identifying Number): EMW-2013-FH-00810  
Pass-Through Entity: Direct Grant  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

Similar findings were in the immediate prior year. The prior year finding numbers were 2015-006 and 2015-007.

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Reporting. One individual was responsible for preparing and submitting the reimbursement requests. There was no control procedure in place to ensure that amounts requested to be reimbursed were for allowable activities or allowable costs, were paid prior to requesting reimbursement, and were incurred within the period of performance. Additionally, there was no control procedure in place to ensure that reports were submitted timely and accurately.

*Context*

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

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

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

*Cause*

Management had not developed an effective system of internal controls to ensure that all requirements related to the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Reporting compliance requirements were met.

*Effect*

The failure to establish an effective internal control system could have resulted in the City's non-compliance with the grant agreement and the compliance requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the City's management establish controls and ensure compliance related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Reporting compliance requirements.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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



*City of Anderson*  
*Controller's Office*  
Douglas A. Whitham  
120 East Eighth Street  
Anderson, Indiana 46016  
765.648.6025 Office  
765.648.5902 Fax  
[www.cityofanderson.com](http://www.cityofanderson.com)

Mayor Thomas J. Broderick Jr.

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-001- Preparation of the Schedule of Expenditures of Federal Awards***

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

Status of Audit Finding: For the 2017 fiscal year, the City has implemented a system of internal control designed to prevent, detect, and correct errors on the Schedule of Expenditures of Federal Awards (SEFA) to ensure the accurate reporting of federal awards.

### ***FINDING 2015-002- Internal Controls over Financial Transactions***

Fiscal year in which the finding initially occurred: 2015  
Contact Person Responsible for Corrective Action: Douglas A. Whitham, City Controller  
Contact Phone Number: 765-648-6034

Status of Audit Finding: For the 2017 fiscal year, the City has implemented a system of internal control over payroll disbursements designed to prevent, detect, and correct errors. For the 2016 fiscal year, the City has implemented procedures to document the review and approval of bank reconciliations.

### ***FINDING 2015-003- Reporting and Special Tests and Provisions***

Fiscal year in which the finding initially occurred: 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Commerce  
Contact Person Responsible for Corrective Action: Karen Soetenga, Economic Development Specialist  
Contact Phone Number: 765-648-6116

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

***FINDING 2015-004- Activities Allowed or Unallowed***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner

Contact Phone Number: 765-648-6171

Status of Audit Finding: For 2017, the City has put in place a system of internal control designed to ensure evidence of the proper review and approval of transaction for allowable costs for its federal transit grants.

***FINDING 2015-005- Procurement and Suspension and Debarment***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner

Contact Phone Number: 765-648-6171

Status of Audit Finding: For 2017, the City has put in place a system of internal control designed to ensure documentation is sufficiently maintained to comply with grant requirements pertaining to procurement, suspension, and debarment for its federal transit grants.

***FINDING 2015-006 – Activities Allowed or Unallowed***

Fiscal year in which the finding initially occurred: 2014

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

Contact Person Responsible for Corrective Action: David Cravens, Fire Chief

Contact Phone Number: 765-648-6622

Status of Audit Finding: For the 2017 fiscal year, the City has implemented a system of internal control designed to prevent, detect, and correct errors pertaining to activities allowed or unallowed for its Staffing Adequate Fire and Emergency Response (SAFER) grant.

***FINDING 2015-007- Reporting***

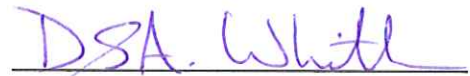
Fiscal year in which the finding initially occurred:

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: David Cravens, Fire Chief

Contact Phone Number: 765-648-6622

Status of Audit Finding: For the 2017 fiscal year, the City has implemented a system of internal control designed to prevent, detect, and correct errors pertaining to reporting requirements for its Staffing Adequate Fire and Emergency Response (SAFER) grant.



Douglas A. Whitham

City Controller

November 8, 2017



*City of Anderson  
Controller's Office*  
Douglas A. Whitham

120 E. 8<sup>th</sup> Street  
Anderson, Indiana 46016  
Office: (765) 648-6025 Fax: (765) 648-5902  
[www.cityofanderson.com](http://www.cityofanderson.com)

**Thomas J. Broderick Jr., Mayor**

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## CORRECTIVE ACTION PLAN

### ***FINDING 2016-001***

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

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: For the 2017 fiscal year, the City has implemented a system of internal control designed to prevent, detect, and correct errors on the Schedule of Expenditures of Federal Awards (SEFA) to ensure the accurate reporting of federal awards. The system is effective for the 2017 reporting period and includes: communicating with departments to better ensure pertinent grant information is captured for reporting to ensure completeness; and, proper segregation of duties over the preparation and review of the SEFA to ensure completeness and accuracy.

Anticipated Completion Date: January 1, 2017

### ***FINDING 2016-002***

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

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: For the 2017 fiscal year, the City has implemented a system of internal control over payroll disbursements designed to prevent, detect, and correct errors. In April of 2017, the Controller's Office began requiring the individual departments to sign and return the final page of the Payroll Detail Proof Report evidencing the control is in place to ensure the accuracy of payroll disbursements. In October of 2017, the accounts payable voucher reports for the various boards were redesigned to properly include all payroll amounts evidencing approval. The Controller's Office is in the process of converting each department still utilizing paper time cards to an electronic reporting system, Kronos which includes the ability to document department head approval of time as reported.

Anticipated Completion Date: December 31, 2018

**FINDING 2016-003**

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

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The City has retained a consultant to assist the transportation department in updating its internal controls and procedures, including those over equipment and real property management. It is expected the consultant will recommend and assist in the implementation of internal controls and procedures to properly account for equipment and real property acquired with federal funds; including those used to account for equipment and real property additions and disposals.

Anticipated Completion Date: December 31, 2017

**FINDING 2016-004**

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

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The City has retained a consultant to assist the transportation department in updating its internal controls and procedures, including those over the reporting requirement. It is expected the consultant will recommend and assist in the implementation of internal controls and procedures to aid in the proper completion of required reports, including the detection and prevention of errors on such reports.

Anticipated Completion Date: December 31, 2017

**FINDING 2016-005**

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

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Fire Department officials under the direction of the Fire Chief have developed a grants administration manual which has been approved by the Board of Public Safety and details procedures to be used in managing federal grant awards. The manual provides guidance related to activities allowed or unallowed, allowable costs/cost principles, cash management, period of performance, and reporting requirements, among other things.

Anticipated Completion Date: November 30, 2017

DSA. White  
(Signature)

Controller  
(Title)

November 14, 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/>.