

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF RICHMOND
WAYNE COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
12/14/2017

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SCHEDULE OF OFFICIALS

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



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Richmond (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We did not audit the financial information of Richmond Power and Light (Electric Utility), a department of the City. The financial information of the Electric Utility is reported in the City's financial statement as the nine separate funds with fund names beginning with "Parallax" and "RP&L." That financial information was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the City's financial statement for the Electric Utility, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2015.

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, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations 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.

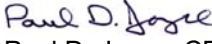
Other Information

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 October 30, 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

October 30, 2017



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Richmond (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated October 30, 2017, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America. Our report includes a reference to other auditors who audited the financial information of Richmond Power and Light, a department of the City, as described in our report on the City's financial statement. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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 2015-001 and 2015-002, that we consider to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

City of Richmond's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

October 30, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
General	\$ 1,209,892	\$ 16,351,017	\$ 16,974,554	\$ 586,355
Motor Vehicle Highway	501,616	2,972,120	2,681,436	792,300
Local Road And Street	189,227	300,549	343,411	146,365
Park Nonreverting Operating	177,682	472,208	450,508	199,382
Animal Control	13,757	1,486	63	15,180
Law Enforcement Continuing Ed	10,965	27,714	35,749	2,930
Unsafe Building	95,740	13,709	40,253	69,196
Rainy Day City	1,481,783	-	57,606	1,424,177
Cumulative Capital Development	643,453	467,235	654,117	456,571
Park Nonreverting Capital	2,849	-	-	2,849
Cumulative Capital Improvement	67,415	92,461	140,556	19,320
County Edit	971,512	730,539	554,401	1,147,650
Tax Increment Financing	6,589,619	4,492,669	2,784,947	8,297,341
Police Pension Fund	73,625	2,337,485	2,047,798	363,312
Fire Pension	35,768	2,941,989	2,463,119	514,638
Property and Liability Insurance	-	547,500	419,082	128,418
Build Indiana	109,473	-	-	109,473
Park And Recreation	123,944	2,351,279	2,015,495	459,728
Haz-Mat	2,623	12,933	3,047	12,509
First Response	792,889	1,481,062	1,023,108	1,250,843
Criminal Justice	94,185	64,766	54,155	104,796
Law Enforcement Aid	298,129	437,530	243,930	491,729
Redevelopment	20,113	-	-	20,113
Redevelopment Revenue Bond	516	-	-	516
Business And Industrial Loan	585,608	391,694	286,433	690,869
Revolving Loan Local Cash	4,615	12,422	778	16,259
Program Income Loan	19,280	-	651	18,629
Microenterprise Loan	5,923	-	-	5,923
Human And Environmental	46,071	21,745	18,604	49,212
Midwest Industrial Park	410,889	39,196	7	450,078
City Grants	(294,852)	1,257,240	2,086,172	(1,123,784)
Center City Loan Program	88,179	22,716	1,636	109,259
Park Bond Sinking	98,695	267,350	246,475	119,570
Park Capital Improvements	8	-	-	8
Infrastructure	15,707	-	1	15,706
Park Bond Construction	39,512	-	3,325	36,187
Certified Tech Park	1,011,562	104,000	148,305	967,257
Health Insurance Fund	2,198,292	6,458,877	4,746,521	3,910,648
Workers Comp Insur Fund	(305,658)	355,748	20,000	30,090
Gifts And Donations	191,422	99,921	74,517	216,826
Airport	193,861	504,037	392,064	305,834
Parallax	313,003	1,198,372	1,212,870	298,505
RP&L - Payroll	-	3,752,066	3,752,066	-
RP&L - Payroll Deduction	-	2,944,382	2,943,802	580
RP&L Operating	9,826,276	88,469,752	85,914,770	12,381,258
RP&L Bond & Interest	410,000	35,226	226	445,000
RP&L Depreciation Fund	10,407,879	3,012	-	10,410,891
RP&L Customer Deposits	620,473	172,900	160,299	633,074
RP&L Cash Reserve Fund	2,139,709	2,139,709	2,139,709	2,139,709
RP&L Insurance Reserve	1,340,460	402	-	1,340,862
Roseview Transit	(241,524)	1,200,735	1,217,039	(257,828)
Wastewater Operating	4,106,716	9,296,416	9,258,058	4,145,074
Wastewater 2009 Construction	2,675	-	750	1,925
Wastewater Constr Chester Bvd	2,226,589	88,418	1,381,274	933,733
Wastewater Bond And Interest	2,603,667	3,999,454	3,640,175	2,962,946
Ww Bond Reserve	1,865,146	129,887	-	1,995,033
Stormwater Operating	3,518,814	1,519,546	1,469,385	3,568,975
Off Street Parking	(26,597)	87,595	49,235	11,763
Solid Waste	4,050,047	6,186,985	5,969,220	4,267,812
Landfill	3,917,333	2,425,690	2,757,359	3,585,664
Rainy Day - Sanitation	230,117	-	5	230,112
Totals	<u>\$ 65,126,672</u>	<u>\$ 169,281,744</u>	<u>\$ 162,879,066</u>	<u>\$ 71,529,350</u>

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

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Utility fees. Amounts received from charges for current services.

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

E. Disbursements

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

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

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

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

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

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Utility operating expenses. Amounts disbursed for operating the utilities.

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Plan Description

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

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

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

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

Funding Policy

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

E. Richmond Power and Light Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Cash Balance Deficits

The financial statements contain some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants, the reimbursements for grant expenditures made by the City were not received by December 31, 2015.

Note 8. Other Postemployment Benefit

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

Note 9. Subsequent Events

The City incurred debt in 2016 by issuing Taxable Economic Development Revenue Bonds in the amount of \$28,619,000.

The Jack Elstro Plaza project has an approximate cost of \$2,379,000. The construction contract was signed in February 2016 in the amount of \$2,095,670. The project was funded through a Community Development Block grant in the amount of \$750,000. The remaining project cost will be paid from local funds.

The City was awarded two Blight Elimination Program grants in 2014 and 2015 in the amounts of \$1,931,000 and \$1,430,000, respectively. Expenditures and drawdown of the grant funds began in 2016.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Motor Vehicle Highway	Local Road And Street	Park Nonreverting Operating	Animal Control	Law Enforcement Continuing Ed	Unsafe Building
Cash and investments - beginning	\$ 1,209,892	\$ 501,616	\$ 189,227	\$ 177,682	\$ 13,757	\$ 10,965	\$ 95,740
Receipts:							
Taxes	8,173,217	1,185,174	-	-	-	-	12,681
Licenses and permits	406,822	119,181	-	-	1,486	15,059	-
Intergovernmental receipts	3,745,269	1,419,741	300,549	-	-	-	1,028
Charges for services	788,794	-	-	454,883	-	775	-
Fines and forfeits	13,783	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	3,223,132	248,024	-	17,325	-	11,880	-
Total receipts	<u>16,351,017</u>	<u>2,972,120</u>	<u>300,549</u>	<u>472,208</u>	<u>1,486</u>	<u>27,714</u>	<u>13,709</u>
Disbursements:							
Personal services	14,401,149	1,638,499	-	211,771	-	-	-
Supplies	428,103	400,122	223,047	90,913	63	171	-
Other services and charges	2,075,885	564,192	-	106,770	-	15,112	19,906
Debt service - principal and interest	-	-	-	38,165	-	-	-
Capital outlay	58,675	78,612	120,360	2,887	-	20,466	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	10,742	11	4	2	-	-	20,347
Total disbursements	<u>16,974,554</u>	<u>2,681,436</u>	<u>343,411</u>	<u>450,508</u>	<u>63</u>	<u>35,749</u>	<u>40,253</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(623,537)</u>	<u>290,684</u>	<u>(42,862)</u>	<u>21,700</u>	<u>1,423</u>	<u>(8,035)</u>	<u>(26,544)</u>
Cash and investments - ending	<u>\$ 586,355</u>	<u>\$ 792,300</u>	<u>\$ 146,365</u>	<u>\$ 199,382</u>	<u>\$ 15,180</u>	<u>\$ 2,930</u>	<u>\$ 69,196</u>

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

	Rainy Day City	Cumulative Capital Development	Park Nonreverting Capital	Cumulative Capital Improvement	County Edit	Tax Increment Financing	Police Pension Fund
Cash and investments - beginning	\$ 1,481,783	\$ 643,453	\$ 2,849	\$ 67,415	\$ 971,512	\$ 6,589,619	\$ 73,625
Receipts:							
Taxes	-	432,130	-	-	-	4,472,669	2,234,872
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	35,105	-	92,461	730,539	-	60,507
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	20,000	42,106
Total receipts	-	467,235	-	92,461	730,539	4,492,669	2,337,485
Disbursements:							
Personal services	-	-	-	-	-	-	2,045,689
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	40,030	43,519	1,089,076	2,109
Debt service - principal and interest	-	-	-	-	-	14,250	-
Capital outlay	57,578	654,105	-	100,526	381,912	1,681,523	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	28	12	-	-	128,970	98	-
Total disbursements	57,606	654,117	-	140,556	554,401	2,784,947	2,047,798
Excess (deficiency) of receipts over (under) disbursements	(57,606)	(186,882)	-	(48,095)	176,138	1,707,722	289,687
Cash and investments - ending	\$ 1,424,177	\$ 456,571	\$ 2,849	\$ 19,320	\$ 1,147,650	\$ 8,297,341	\$ 363,312

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

	Fire Pension	Property and Liability Insurance	Build Indiana	Park And Recreation	Haz-Mat	First Response	Criminal Justice
Cash and investments - beginning	\$ 35,768	\$ -	\$ 109,473	\$ 123,944	\$ 2,623	\$ 792,889	\$ 94,185
Receipts:							
Taxes	2,876,985	-	-	2,042,606	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	65,004	-	-	165,822	-	-	49,413
Charges for services	-	-	-	120,877	8,933	1,441,725	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	547,500	-	21,974	4,000	39,337	15,353
Total receipts	<u>2,941,989</u>	<u>547,500</u>	<u>-</u>	<u>2,351,279</u>	<u>12,933</u>	<u>1,481,062</u>	<u>64,766</u>
Disbursements:							
Personal services	2,452,488	419,082	-	1,364,461	-	655,848	12,207
Supplies	824	-	-	140,962	3,047	170,973	6,910
Other services and charges	9,807	-	-	475,617	-	78,236	33,995
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	34,455	-	118,051	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	1,043
Total disbursements	<u>2,463,119</u>	<u>419,082</u>	<u>-</u>	<u>2,015,495</u>	<u>3,047</u>	<u>1,023,108</u>	<u>54,155</u>
Excess (deficiency) of receipts over (under) disbursements	<u>478,870</u>	<u>128,418</u>	<u>-</u>	<u>335,784</u>	<u>9,886</u>	<u>457,954</u>	<u>10,611</u>
Cash and investments - ending	<u>\$ 514,638</u>	<u>\$ 128,418</u>	<u>\$ 109,473</u>	<u>\$ 459,728</u>	<u>\$ 12,509</u>	<u>\$ 1,250,843</u>	<u>\$ 104,796</u>

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

	Law Enforcement Aid	Redevelopment	Redevelopment Revenue Bond	Business And Industrial Loan	Revolving Loan Local Cash	Program Income Loan	Microenterprise Loan
Cash and investments - beginning	\$ 298,129	\$ 20,113	\$ 516	\$ 585,608	\$ 4,615	\$ 19,280	\$ 5,923
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	437,530	-	-	391,694	12,422	-	-
Total receipts	<u>437,530</u>	<u>-</u>	<u>-</u>	<u>391,694</u>	<u>12,422</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	132,663	-	-	-	-	-	-
Supplies	-	-	-	-	-	398	-
Other services and charges	42,863	-	-	7,060	778	253	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	68,399	-	-	279,362	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5	-	-	11	-	-	-
Total disbursements	<u>243,930</u>	<u>-</u>	<u>-</u>	<u>286,433</u>	<u>778</u>	<u>651</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>193,600</u>	<u>-</u>	<u>-</u>	<u>105,261</u>	<u>11,644</u>	<u>(651)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 491,729</u>	<u>\$ 20,113</u>	<u>\$ 516</u>	<u>\$ 690,869</u>	<u>\$ 16,259</u>	<u>\$ 18,629</u>	<u>\$ 5,923</u>

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

	Human And Environmental	Midwest Industrial Park	City Grants	Center City Loan Program	Park Bond Sinking	Park Capital Improvements	Infrastructure
Cash and investments - beginning	\$ 46,071	\$ 410,889	\$ (294,852)	\$ 88,179	\$ 98,695	\$ 8	\$ 15,707
Receipts:							
Taxes	-	-	-	-	250,785	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	10,100	-	618,868	-	16,565	-	-
Charges for services	-	-	3,692	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	11,645	39,196	634,680	22,716	-	-	-
Total receipts	21,745	39,196	1,257,240	22,716	267,350	-	-
Disbursements:							
Personal services	15,596	-	794,988	-	-	-	-
Supplies	835	-	-	-	-	-	-
Other services and charges	2,173	-	17,074	1,634	-	-	-
Debt service - principal and interest	-	-	-	-	246,475	-	-
Capital outlay	-	-	1,274,110	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	7	-	2	-	-	1
Total disbursements	18,604	7	2,086,172	1,636	246,475	-	1
Excess (deficiency) of receipts over (under) disbursements	3,141	39,189	(828,932)	21,080	20,875	-	(1)
Cash and investments - ending	\$ 49,212	\$ 450,078	\$ (1,123,784)	\$ 109,259	\$ 119,570	\$ 8	\$ 15,706

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

	Park Bond Construction	Certified Tech Park	Health Insurance Fund	Workers Comp Insur Fund	Gifts And Donations	Airport	Parallax
Cash and investments - beginning	\$ 39,512	\$ 1,011,562	\$ 2,198,292	\$ (305,658)	\$ 191,422	\$ 193,861	\$ 313,003
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	30,596	-	-
Charges for services	-	104,000	-	-	-	294,151	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	1,198,372
Other receipts	-	-	6,458,877	355,748	69,325	209,886	-
Total receipts	-	104,000	6,458,877	355,748	99,921	504,037	1,198,372
Disbursements:							
Personal services	-	-	43,564	-	-	156,281	-
Supplies	2,475	-	2,987	-	42,998	130,585	-
Other services and charges	850	148,286	4,699,951	20,000	27,593	105,194	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,750	-	-
Utility operating expenses	-	-	-	-	-	-	1,212,870
Other disbursements	-	19	19	-	2,176	4	-
Total disbursements	3,325	148,305	4,746,521	20,000	74,517	392,064	1,212,870
Excess (deficiency) of receipts over (under) disbursements	(3,325)	(44,305)	1,712,356	335,748	25,404	111,973	(14,498)
Cash and investments - ending	\$ 36,187	\$ 967,257	\$ 3,910,648	\$ 30,090	\$ 216,826	\$ 305,834	\$ 298,505

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

	RP&L - Payroll	RP&L - Payroll Deduction	RP&L Operating	RP&L Bond & Interest	RP&L Depreciation Fund	RP&L Customer Deposits	RP&L Cash Reserve Fund
Cash and investments - beginning	\$ -	\$ -	\$ 9,826,276	\$ 410,000	\$ 10,407,879	\$ 620,473	\$ 2,139,709
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	88,469,752	-	-	172,900	2,139,709
Other receipts	3,752,066	2,944,382	-	35,226	3,012	-	-
Total receipts	<u>3,752,066</u>	<u>2,944,382</u>	<u>88,469,752</u>	<u>35,226</u>	<u>3,012</u>	<u>172,900</u>	<u>2,139,709</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	85,914,770	-	-	-	-
Other disbursements	3,752,066	2,943,802	-	226	-	160,299	2,139,709
Total disbursements	<u>3,752,066</u>	<u>2,943,802</u>	<u>85,914,770</u>	<u>226</u>	<u>-</u>	<u>160,299</u>	<u>2,139,709</u>
Excess (deficiency) of receipts over (under) disbursements	<u>-</u>	<u>580</u>	<u>2,554,982</u>	<u>35,000</u>	<u>3,012</u>	<u>12,601</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 580</u>	<u>\$ 12,381,258</u>	<u>\$ 445,000</u>	<u>\$ 10,410,891</u>	<u>\$ 633,074</u>	<u>\$ 2,139,709</u>

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

	RP&L Insurance Reserve	Roseview Transit	Wastewater Operating	Wastewater 2009 Construction	Wastewater Constr Chester Bvd	Wastewater Bond And Interest	Ww Bond Reserve
Cash and investments - beginning	\$ 1,340,460	\$ (241,524)	\$ 4,106,716	\$ 2,675	\$ 2,226,589	\$ 2,603,667	\$ 1,865,146
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	965,822	-	-	-	-	-
Charges for services	-	192,955	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	9,265,910	-	-	-	-
Other receipts	402	41,958	30,506	-	88,418	3,999,454	129,887
Total receipts	402	1,200,735	9,296,416	-	88,418	3,999,454	129,887
Disbursements:							
Personal services	-	860,499	1,255,090	-	-	-	-
Supplies	-	171,107	-	-	-	-	-
Other services and charges	-	173,180	177,138	-	-	-	-
Debt service - principal and interest	-	-	206,205	-	-	2,349,489	-
Capital outlay	-	12,253	524,450	-	1,379,259	-	-
Utility operating expenses	-	-	7,045,717	750	2,015	1,290,686	-
Other disbursements	-	-	49,458	-	-	-	-
Total disbursements	-	1,217,039	9,258,058	750	1,381,274	3,640,175	-
Excess (deficiency) of receipts over (under) disbursements	402	(16,304)	38,358	(750)	(1,292,856)	359,279	129,887
Cash and investments - ending	\$ 1,340,862	\$ (257,828)	\$ 4,145,074	\$ 1,925	\$ 933,733	\$ 2,962,946	\$ 1,995,033

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

	Stormwater Operating	Off Street Parking	Solid Waste	Landfill	Rainy Day - Sanitation	Totals
Cash and investments - beginning	\$ 3,518,814	\$ (26,597)	\$ 4,050,047	\$ 3,917,333	\$ 230,117	\$ 65,126,672
Receipts:						
Taxes	-	-	5,326,667	-	-	27,007,786
Licenses and permits	-	-	-	-	-	542,548
Intergovernmental receipts	-	-	765,985	-	-	9,073,374
Charges for services	-	23,260	78,158	1,719,383	-	5,231,586
Fines and forfeits	-	4,335	-	-	-	18,118
Utility fees	1,513,500	-	-	-	-	102,760,143
Other receipts	6,046	60,000	16,175	706,307	-	24,648,189
Total receipts	<u>1,519,546</u>	<u>87,595</u>	<u>6,186,985</u>	<u>2,425,690</u>	<u>-</u>	<u>169,281,744</u>
Disbursements:						
Personal services	45,300	13,981	2,392,594	737,662	-	29,649,412
Supplies	-	2,022	481,389	124,022	-	2,423,953
Other services and charges	-	33,232	1,670,896	735,302	-	12,417,711
Debt service - principal and interest	-	-	206,205	-	-	3,060,789
Capital outlay	509,217	-	1,218,065	1,160,299	-	9,736,314
Utility operating expenses	914,804	-	-	-	-	96,381,612
Other disbursements	64	-	71	74	5	9,209,275
Total disbursements	<u>1,469,385</u>	<u>49,235</u>	<u>5,969,220</u>	<u>2,757,359</u>	<u>5</u>	<u>162,879,066</u>
Excess (deficiency) of receipts over (under) disbursements	<u>50,161</u>	<u>38,360</u>	<u>217,765</u>	<u>(331,669)</u>	<u>(5)</u>	<u>6,402,678</u>
Cash and investments - ending	<u>\$ 3,568,975</u>	<u>\$ 11,763</u>	<u>\$ 4,267,812</u>	<u>\$ 3,585,664</u>	<u>\$ 230,112</u>	<u>\$ 71,529,350</u>

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

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Airport	\$ 21,857	\$ -
Electric	10,273,300	6,786,684
Roseview Transit	25,923	-
Wastewater	416,135	592,397
Off Street Parking	3,328	-
Solid Waste	294,756	109,296
Governmental activities	<u>1,107,456</u>	<u>1,283,119</u>
Totals	<u>\$ 12,142,755</u>	<u>\$ 8,771,496</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Chase Equipment Leasing	Firetruck	\$ 79,409	11/16/2012	3/30/2016
First Federal Leasing	Ambulance	51,778	4/15/2014	12/15/2018
West End Bank S.B.	Golf Carts	17,850	6/1/2014	12/15/2017
West End Bank S.B.	Golf Carts	<u>10,158</u>	6/1/2012	6/15/2016
Total governmental activities		<u>159,195</u>		
Total of annual lease payments		<u>\$ 159,195</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2009 Park District Bonds	\$ 830,000	\$ 250,573
Revenue bonds	Taxable Tax Increment Revenue Bonds of 2015 Series B (Brownfield Bonds)	570,000	28,500
Revenue bonds	Tax Increment Revenue Bonds of 2015 Series A	2,000,000	124,543
Notes and loans payable	Guaranteed Energy Savings Project (City)	643,379	173,852
Notes and loans payable	Economic Development Revenue Bonds Series 2014	<u>765,000</u>	<u>71,076</u>
Total governmental activities		<u>4,808,379</u>	<u>648,544</u>
Electric:			
Revenue bonds	Baghouse (RPL)	<u>1,395,000</u>	<u>487,679</u>
Wastewater:			
Revenue bonds	Tertiary Building Modifications (WW09128902) (2009 Series A)	1,176,000	106,631
Revenue bonds	Wastewater/Stormwater Improvements (SE Basin and ES Interceptor ph 1 & 2) (2009 Series B)	8,555,000	807,153
Revenue bonds	Wastewater/Stormwater Improvements (ES Interceptor ph 3) (WW13049804) ((2012 Series A)	12,920,000	878,516
Revenue bonds	IN Brownfield Program Loan (2012 Series B)	739,160	43,480
Revenue bonds	Sanitary District Refunding Revenue Bonds (2015 Series A)	4,250,000	1,221,152
Revenue bonds	Sanitary District Refunding Revenue Bonds (2015 Series B)	6,820,000	133,672
Notes and loans payable	Guaranteed Energy Savings Project (Wastewater)	<u>1,937,295</u>	<u>274,940</u>
Total Wastewater		<u>36,397,455</u>	<u>3,465,544</u>
Totals		<u>\$ 42,600,834</u>	<u>\$ 4,601,767</u>

CITY OF RICHMOND
SCHEDULE OF CAPITAL ASSETS
December 31, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 1,229,916
Infrastructure	36,432,103
Buildings	11,059,901
Improvements other than buildings	1,785,746
Machinery, equipment, and vehicles	12,064,531
Total governmental activities	62,572,197
Airport:	
Land	567,389
Buildings	877,458
Improvements other than buildings	8,393,739
Machinery, equipment, and vehicles	941,292
Total Airport	10,779,878
Electric:	
Land	793,650
Infrastructure	17,417,572
Buildings	8,737,277
Improvements other than buildings	71,052,718
Machinery, equipment, and vehicles	87,364,195
Construction in progress	397,287
Total Electric	185,762,699
Roseview Transit:	
Land	19,950
Buildings	577,915
Improvements other than buildings	184,525
Machinery, equipment, and vehicles	880,538
Total Roseview Transit	1,662,928
Wastewater:	
Land	81,294
Infrastructure	46,874,513
Buildings	2,925,894
Improvements other than buildings	48,967,460
Machinery, equipment, and vehicles	14,440,576
Construction in progress	14,522,236
Total Wastewater	127,811,973
Off Street Parking:	
Land	157,153
Buildings	1,334,021
Improvements other than buildings	409,418
Machinery, equipment, and vehicles	56,046
Total Off Street Parking	1,956,638
Solid Waste:	
Land	451,767
Infrastructure	4,318,839
Buildings	1,394,698
Improvements other than buildings	6,443,305
Machinery, equipment, and vehicles	12,627,078
Construction in progress	1,619,633
Total Solid Waste	26,855,320
Total capital assets	\$ 417,401,633

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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

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-003. 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 2015-003, 2015-004, and 2015-005, 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

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
Department of Agriculture					
Child Nutrition Cluster Summer Food Service Program for Children Just Us Kids Outdoors	Indiana Department of Education	10.559	78904	\$ -	\$ 18,039
Total - Child Nutrition Cluster				-	18,039
Total - Department of Agriculture				-	18,039
Department of Commerce					
Economic Development Cluster Economic Adjustment Assistance Revolving Loan Program	Direct Grant	11.307	06-36-02088	-	956,301
Total - Economic Development Cluster				-	956,301
Total - Department of Commerce				-	956,301
Department of Housing and Urban Development					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Owner Occupied Rehab	Indiana Housing and Community Development Authority	14.228	HD-012-005	-	5,000
Total - Department of Housing and Urban Development				-	5,000
Department of Justice					
Edward Byrne Memorial Justice Assistance Grant Program PACE	Henry County Sheriff	16.738	2010-DJ-BX-0254	-	40,799
Equitable Sharing Program DEA Forfeitures	Direct Grant	16.922	IN0890100	-	111,296
Total - Department of Justice				-	152,095
Department of Transportation					
Highway Planning and Construction Cluster Highway Planning and Construction Manor Drive Starr-Gennett Redevelopment Area Salisbury Road-Phase 2 South 'E' from 5th to 16th Reconstruction Project Sign Inventory Stellar Streets	Indiana Department of Transportation	20.205	Des # 1173174 Des # 0810267 Des # 0800343 Des # 0900114 Des # 1006680 A249-14-320955	- - - - - -	144,721 78,628 126,333 137,381 3,692 206,745
Total - Highway Planning and Construction				-	697,500
Total - Highway Planning and Construction Cluster				-	697,500
Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I DUI Traffic Safety	Indiana Criminal Justice Institute	20.601	D3-15-9016	14,394	21,717
National Priority Safety Programs Highway Safety	Indiana Criminal Justice Institute	20.616	D3-15-8971	14,228	27,696
Total - Highway Safety Cluster				28,622	49,413
Airport Improvement Program Update Airport Layout Plan and Narrative Report	Direct Grant	20.106	3-18-0071-17	-	89,421
Formula Grants for Rural Areas Roseview Transit Capital Grant	Indiana Department of Transportation	20.509	1172759 8600001	- -	484,288 136,600
Total - Formula Grants for Rural Areas				-	620,888
Total - Department of Transportation				28,622	1,457,222
Department of Health and Human Services					
Aging Cluster Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers Title III Grants	Indiana University	93.044	356001174	-	36,364
Total - Aging Cluster				-	36,364
Total - Department of Health and Human Services				-	36,364
Total federal awards expended				\$ 28,622	\$ 2,625,021

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

CITY OF RICHMOND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

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

Balance of RLF loans outstanding at the end of the recipient's fiscal year	\$ 640,893
Plus: Cash and Investment balance in the RLF at the end of the recipient's fiscal year	690,869
Plus: Administrative expenses paid out of RLF income during the recipients fiscal year	7,060
Plus: Unpaid principal of all loans written off during the recipient's fiscal year	<u>-</u>
Total "Expenditures"	<u>1,338,822</u>
Calculation for Federal Participation Rate	
Original Grant	500,000
Original Match (In-kind - Donated Warner Gear Buildings)	<u>200,000</u>
Total Original Grant with Original Match	<u>700,000</u>
Federal Participation Rate (Federal grant awarded divided by total program)	<u>0.7143</u>
Total for SEFA (Total "Expenditures" times Federal Participation Rate)	<u><u>\$ 956,301</u></u>

CITY OF RICHMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Economic Development Cluster	Unmodified
Highway Planning and Construction Cluster	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

FINDING 2015-001

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

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-001.

CITY OF RICHMOND
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). The City used an outside consultant to prepare the Annual Financial Report for the City. There were not adequate controls in place, such as an oversight, review, or approval process, to ensure the accuracy of the information that was entered into the Indiana Gateway for Government Units financial system (Gateway) by the consultant. The City's SEFA was compiled using the information entered into Gateway.

Due to the lack of controls, the SEFA contained the following errors: There were 12 grants that incorrectly reported federal expenditures, including Economic Adjustment Assistance and Equitable Sharing Program, each of which had reporting errors in excess of \$100,000. Federal expenditures in total were overstated \$999,266.

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

Context

The lack of controls was a systemic problem throughout 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.

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

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

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

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with

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

§ 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

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

Recommendation

We recommended that the City's management establish controls, including segregation of duties, to prevent, detect and correct errors on the SEFA.

Views of Responsible Officials

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

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

FINDING 2015-002

Subject: Internal Controls over Financial Transactions
Audit Finding: Material Weakness

Repeat Finding

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

Condition

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

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

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

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

2. Financial Statement: The City's financial statement, which included Richmond Power and Light, was compiled using financial information entered into the Indiana Gateway for Government Units financial system (Gateway) submitted by the City. Gateway required the financial information to be submitted on a cash basis. The City maintained its financial records on a different basis of accounting. There were no controls in place to ensure the reconciliation of receipts and disbursements reported in Gateway to the transactions recorded in the City's and Richmond Power and Light's financial records was maintained.

Context

The lack of controls was a systemic problem throughout 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 RICHMOND
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 over financial transactions.

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 controls, including segregation of duties, over financial transactions and reporting.

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 2015-003

Subject: Economic Adjustment Assistance - Reporting
Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 06-36-02088
Pass-Through Entity: Direct
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition

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

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

The ED-209 reports prepared for the periods ending March 31, 2015, and September 30, 2015, incorrectly included principal repayments for the periods as part of the reported income. Reported income for periods ending March 31, 2015, and September 30, 2015, was overstated in the amounts of \$41,345 and \$47,526, respectively.

Context

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

Criteria

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). . . ."

15 CFR 24.20(b) states in part: "(1) *Financial reporting*. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the Reporting requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2015-004

Subject: Economic Adjustment Assistance - Special Tests and Provisions -
Increases to RLF Capital Base and Capital Utilization
Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 06-36-02088
Pass-Through Entity: Direct
Compliance Requirement: Special Tests and Provisions - Increases to
RLF Capital Base and Capital Utilization
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-005.

Condition

An effective internal control system was not in place at the City to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization compliance requirement.

The ED-209 reports are prepared and submitted by one employee, who is also responsible for monitoring compliance with the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization requirements. There were no control procedures in place, such as an oversight, review, or approval process to ensure compliance with the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization requirements.

Context

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

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). . . ."

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

Cause

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

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, related to the grant agreement and the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization 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 2015-005

Subject: Highway Planning and Construction - Cash Management and Matching

Federal Agency: Department of Transportation

Federal Program: Highway Planning and Construction

CFDA Number: 20.205

Federal Award Numbers and Years (or Other Identifying Numbers): Des # 0800343, Des # 0810267,
Des # 0900114, Des # 1006680,
Des # 1173174, A249-14-320955

Pass-Through Entity: Indiana Department of Transportation

Compliance Requirements: Cash Management, Matching

Audit Finding: Material Weakness

Repeat Finding

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

Condition

An effective internal control system was not in place at the City to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management and Matching.

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

The City was required to request reimbursement from the Indiana Department of Transportation (INDOT) using the LPA Invoice - Voucher (voucher). The voucher lists the gross amount of the claims paid by the City and calculated the percentage of federal share that was reimbursable. The Director of Engineering prepared the vouchers and signed them. There were no procedures in place, such as an oversight, review, or approval process to ensure the accuracy of the vouchers, or to ensure that the City complied with the Cash Management and Matching requirements.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls to ensure compliance with the Cash Management and Matching compliance requirements.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the Cash Management and Matching compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management and Matching 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 RICHMOND

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

DAVID M.SNOW
Mayor

BETH FIELDS
City Controller

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:
Contact Person Responsible for Corrective Action: Beth Fields
Contact Phone Number: 765.983.7211

Status of Audit Finding:

While not in compliance for the period identified in Finding 2014-001 – Preparation of the Schedule of Expenditures of Federal Awards, as noted in our 2014 Audit Exit Conference on September 21, 2017 this issue has been addressed.

Internal control procedures to provide oversight, review and approval of the City’s SEFA to ensure accurate reporting of federal awards have been put in place. The City has designated one individual in each department which receives federal funds to be responsible for providing all SEFA data to the Finance team. Data provided by the departments is being reviewed by the Deputy Controller and approved by the Controller prior to submission in Gateway.

Beth Fields
(Signature)

Controller
(Title)

10.2.17
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



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City Controller

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Fiscal year in which the finding initially occurred: 2014

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

Contact Person Responsible for Corrective Action: Beth Fields

Contact Phone Number: 765.983.7211

Status of Audit Finding:

While not in compliance for the period identified in Finding 2014-002 – Internal Controls Over Financial Transactions and Reporting, as noted in our 2014 Audit Exit Conference on September 21, 2017 this issue has been addressed.

1. Lack of Segregation of Duties:
 - a. Cash and Investments: Internal control procedures to provide oversight, review and approval of the City's bank reconciliations have been put in place. The Deputy Controller completes the bank reconciliation with assistance from financial consultant, if needed. Reconciliation is then reviewed and approved by Controller.
 - b. Receipts: Internal control procedures to create a receipt for each transaction when funds are received, making sure to indicate the method of payment on each receipt have been put in place. The creation of the receipt is the responsibility of the Accounts Receivable Specialist. The receipt posts in the accounting system when the receipt is created. In the event that the Accounts Receivable Specialist is not available, the Payroll Specialist creates the receipt. Daily deposits are prepared and taken to the bank by the Accounts Payable Specialist. In the event that the Accounts Payable Specialist is not available, the Payroll Specialist prepares and makes the deposit. The Deputy Controller reviews and reconciles receipts.
 - c. Payroll Disbursements: Internal control procedures to provide oversight, review and approval of payroll disbursements to ensure all entries are properly posted have been put in place. The Deputy Controller reviews all payroll disbursement reports to ensure all entries are posted to the proper fund and approved prior to the distribution of payroll. In the event that the Deputy Controller is not available, the Controller reviews.
2. Monitoring of Financial Closeout and Reporting: Internal control procedures to provide oversight, review and approval of year end close out records prepared by consultants have been put in place.



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DAVE SNOW
Mayor

GREG STIENS
Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

RE: Finding 2014-003 – Davis Bacon and Special Tests and Provisions – Revenue Diversion (Ref: B48811)

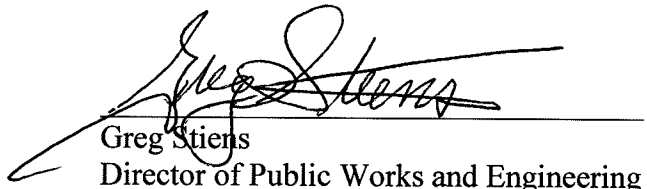
Fiscal year in which the finding initially occurred: **2014**
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:
Contact Person Responsible for Corrective Action: **Greg Stiens**
Contact phone number: **765-983-7394**

DAVIS-BEACON ACT

Status of Audit Finding: All pay request that are reviewed by the consulting engineer shall be forwarded to Greg Stiens, Director of Public Works and Engineering, for review and approval prior to payment. All pay request shall include Pay Estimate and Certified Payroll that is compliance with Davis Bacon wages and benefits that have been established for the project.

SPECIAL TESTS AND PROVISIONS – REVENUE DIVERSION

Request account history reports from Controllers Office and review those accounts to assure revenue was correctly post to the correct account.



Greg Stiens
Director of Public Works and Engineering
October 17, 2017



CITY OF RICHMOND

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DAVID M. SNOW
Mayor

JACK W. CRUSE
Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

RE: Section III - Federal Award Findings and Questioned Costs - FINDING 2014-004 – REPORTING

Fiscal year in which the finding initially occurred: **2014**

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

Contact Person Responsible for Corrective Action: **Jack W. Cruse**

Contact Phone Number: **Office: (765) 983-7584 or Cell: (765) 960-6590**

Section III - Federal Award Findings and Questioned Costs - FINDING 2014-004 – REPORTING

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

A large, stylized handwritten signature in black ink, appearing to read "Jack W. Cruse".

Jack W. Cruse
Director, Department of Infrastructure & Development
October 23, 2017



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DAVID M. SNOW
Mayor

JACK W. CRUSE
Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

RE: Section III - Federal Award Findings and Questioned Costs - FINDING 2014-005 – SPECIAL TESTS AND PROVISIONS – INCREASES TO RLF CAPITAL BASE AND CAPITAL UTILIZATION

Fiscal year in which the finding initially occurred: **2014**

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

Contact Person Responsible for Corrective Action: **Jack W. Cruse**

Contact Phone Number: **Office: (765) 983-7584 or Cell: (765) 960-6590**

Section III - Federal Award Findings and Questioned Costs - FINDING 2014-004 – REPORTING

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

A large, stylized handwritten signature in black ink, appearing to read "Jack W. Cruse".

Jack W. Cruse
Director, Department of Infrastructure & Development
October 23, 2017



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DAVID M. SNOW
Mayor

BETH FIELDS
City Controller

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person: Beth Fields
Contact Number: 765.983.7211

View of Responsible Official:

While not in compliance for the period identified in Finding 2015-001 the Finance team has recognized the need for additional training and reinforcement of internal controls to ensure proper reporting of the SEFA.

Description of Corrective Action Plan:

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

Anticipated Completion Date: Completed

Signed Beth Fields

Title Controller

Date 10.25.17



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DAVID M. SNOW
Mayor

BETH FIELDS
City Controller

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person: Beth Fields
Contact Number: 765.983.7211

View of Responsible Official:

While not in compliance for the period identified in Finding 2015-002 Finance team has recognized the need for additional documentation, training and reinforcement of internal controls.

Description of Corrective Action Plan:

1. Lack of Segregation of Duties:
 - a. Cash and Investments: We will implement an internal control procedure to provide oversight, review and approval of the City's bank reconciliations. The Deputy Controller will complete the bank reconciliation with assistance from financial consultant, if needed. Reconciliation will be reviewed and approved by Controller.
 - b. Payroll Disbursements: We will implement an internal control procedure to provide oversight, review and approval of payroll disbursements to ensure all entries are properly posted. The Deputy Controller will review all payroll disbursement reports to ensure all entries are posted to the proper fund and approve prior to the distribution of payroll. In the event that the Deputy Controller is not available, the Controller will review.

2. Financial Statement: We will implement an internal control procedure to provide oversight, review and approval of year-end financial statements prepared by consultants which include Richmond Power & Light information. The Deputy Controller will review all year-end reports prepared by consultants for accuracy and to ensure the reconciliation of receipts and disbursements. The Controller will review and approve prior to submission to Gateway.

Anticipated Completion Date: Completed

Signed Beth Fields

Title Controller

Date 10.25.17



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DAVID M. SNOW

Mayor

JACK W. CRUSE

Director

CORRECTIVE ACTION PLAN FINDING 2015-003

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003

Contact Person Responsible for Corrective Action:

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

Contact Phone Number:

Office: (765) 983-7584

Cell: (765) 960-6590

Views of Responsible Official:

The Department of Infrastructure & Development while not in compliance for the period identified in Finding 2015-003 – Reporting. Has introduced several continuity processes focused on accountability and reinforcement of reporting and internal control measures. It is the intent of the Department of Infrastructure & Development to establish effective reporting, internal controls, and processes throughout I&D concept of operations; to include follow-up checks and balances.

Description of Corrective Action Plan:

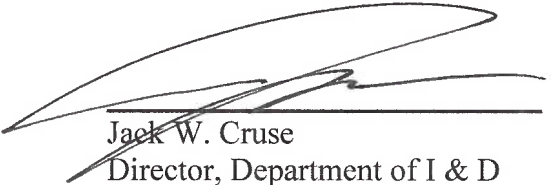
1. Amend and/or establish internal controls the duties will be segregated to ensure compliance with requirements related to grant administration, reporting and agreement. This will include but is not limited to:
ED-209 reports prepared for the periods ending March 31, 2015 and September 30, 2015 incorrectly included principal repayments as part of the reported income. Reported income was overstated in the amounts of \$41,345 and \$47,526, respectively.

The Department of Infrastructure and Development has initiated a Report Tracker to coordinate and monitor departmental reports. This will ensure Reporting Procedures are accounted for and will be monitored to include at a minimum reviewed by the City Controller and office of the Mayor for oversight will provide reasonable assurance that the Federal awards in compliance with laws, regulations.

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

Anticipated Completion Date:

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



Jack W. Cruse
Director, Department of I & D
24 Oct 2017



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DAVID M. SNOW

Mayor

JACK W. CRUSE

Director

CORRECTIVE ACTION PLAN FINDING 2015-004

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-004

Contact Person Responsible for Corrective Action:

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

Contact Phone Number:

Office: (765) 983-7584

Cell: (765) 960-6590

Views of Responsible Official:

The Department of Infrastructure & Development while not in compliance for the period identified in Finding 2015-004 – Special Tests and Provisions – Increase to Revolving Loan Fund (RLF) Capital Base and Capital Utilization compliance. Is revamping the RLF process and accountability to reduce the possibility of single point failure of one employee for reporting and internal control measures. It is the intent of the Department of Infrastructure & Development to establish an effective RLF program internal controls, and processes for accounting; to include follow-up checks and balances established for oversight.

Description of Corrective Action Plan:

1. Amend and/or establish internal controls the duties will be segregated to ensure compliance with requirements related to the grant agreement and the Special Test and Provisions - Increases to RLF Capital Base and Capital Utilization compliance requirement. This will include but is not limited to: ED-209 Reports prepared and submitted by one employee, who is also responsible for monitoring compliance with the Special Tests and Provisions-Increases to RLF Capital Base and Capital Utilization requirements. There were no procedures in place, such as an oversight, review, or approval process to ensure compliance with the Special Tests and Provisions requirements.

The Department of Infrastructure and Development has initiated a Report Tracker to coordinate and monitor departmental reports. This will include ensuring that no single employee is the single point failure in compliance. The reports at a minimum will be reviewed by the City Controller and office of the Mayor for oversight will provide reasonable assurance that the Federal awards in compliance with laws, regulations.

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

Anticipated Completion Date:

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



JACK W. CRUSE

Director, Department of I & D

24 Oct 2017



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DAVE SNOW
Mayor

GREG STIENS
Director

CORRECTIVE ACTION PLAN

FINDING 2015-005

Contact Person Responsible for Corrective Action: Greg Stiens
Contact Phone Number: 765-983-7394

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The ERC will prepare the LPA Voucher Reimbursement Form. Prior to the ERC signing the Voucher a person assigned to the Department of Infrastructure and Development will review the Voucher for accuracy by utilizing the backup Invoice information. The Voucher will be initialed by the reviewer and the ERC will then sign the Voucher.

Anticipated Completion Date: November 25, 2017

A handwritten signature in black ink, appearing to read "Greg Stiens", written over a horizontal line.

(Signature)

Director of Public Works and Engineering
(Title)

October 25, 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/>.