

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, 2016 to December 31, 2016



FILED
02/22/2018

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SCHEDULE OF OFFICIALS

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



STATE OF INDIANA
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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, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We did not audit the financial information of 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.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2016.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 8, 2018, 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

January 8, 2018



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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, 2016, and the related notes to the financial statement, and have issued our report thereon dated January 8, 2018, 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 2016-001 and 2016-002, that we consider to be material weaknesses.

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

Compliance and Other Matters

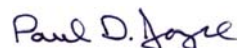
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

City of 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

January 8, 2018

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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, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
General	\$ 586,355	\$ 18,178,264	\$ 16,607,404	\$ 2,157,215
Motor Vehicle Highway	792,300	3,041,266	2,666,481	1,167,085
Motor Vehicle Highway Restricted Rainy Day	-	347,267	347,267	-
Local Road And Street	146,365	298,787	282,656	162,496
Park Nonreverting Operating	199,382	468,514	449,319	218,577
Animal Control	15,180	753	786	15,147
Law Enforcement Continuing Ed	2,930	37,636	30,637	9,929
Unsafe Building	69,196	14,670	34,748	49,118
Rainy Day City	1,424,177	1,050	7,868	1,417,359
LOIT Special Distribution	-	652,987	652,987	-
Cumulative Capital Development	456,571	445,288	518,844	383,015
Park Nonreverting Capital	2,849	14,741	-	17,590
Cumulative Capital Improvement	19,320	93,825	98,490	14,655
County Edit	1,147,650	910,691	572,564	1,485,777
Tax Increment Financing	8,297,341	2,736,303	5,180,920	5,852,724
Police Pension Fund	363,312	1,699,234	1,964,074	98,472
Fire Pension	514,638	2,170,529	2,322,756	362,411
Property and Liability Insurance	128,418	708,811	676,136	161,093
Series 2015A TIF DSR	-	128,913	-	128,913
Series 2015 A TIF Construction	-	1,779,769	-	1,779,769
Johns Manville TIF	-	646,296	-	646,296
Series 2016 TIF Construction	-	159,170	159,170	-
Local Road & Bridge Matching Grant	-	1,000,323	-	1,000,323
Series 2015 TIF B&I	-	14,250	14,250	-
Series 2014 TIF B&I	-	71,075	71,075	-
Build Indiana	109,473	-	98,317	11,156
Park And Recreation	459,728	2,174,889	1,983,244	651,373
Haz-Mat	12,509	8,017	1,899	18,627
First Response	1,250,843	2,512,714	1,483,557	2,280,000
Criminal Justice	104,796	94,564	87,596	111,764
Law Enforcement Aid	491,729	145,703	467,570	169,862
Redevelopment	20,113	15	-	20,128
Redevelopment Revenue Bond	516	-	-	516
Business And Industrial Loan	690,869	454,805	575,662	570,012
Revolving Loan Local Cash	16,259	11,942	-	28,201
Program Income Loan	18,629	14	195	18,448
Microenterprise Loan	5,923	3	97	5,829
Human And Environmental	49,212	20,816	18,645	51,383
Midwest Industrial Park	450,078	30,576	-	480,654
City Grants	(1,123,784)	2,670,790	2,936,350	(1,389,344)
Center City Loan Program	109,259	18,567	1,653	126,173
Park Bond Sinking	119,570	247,466	250,573	116,463
Park Capital Improvements	8	-	-	8
Infrastructure	15,706	36,679	-	52,385
Park Bond Construction	36,187	43	10,768	25,462
Certified Tech Park	967,257	96,963	330,078	734,142
Health Insurance Fund	3,910,648	6,711,015	8,213,650	2,408,013
Workers Comp Insur Fund	30,090	326,578	344,258	12,410
Gifts And Donations	216,826	133,019	90,924	258,921
Airport	305,834	413,518	392,941	326,411
Parallax	298,505	1,218,725	1,181,305	335,925
RP&L - Payroll	-	3,785,880	3,785,880	-
RP&L - Payroll Deduction	580	2,968,951	2,969,531	-
Rp&L Operating	12,381,258	88,164,500	86,222,118	14,323,640
Rp&L Bond & Interest	445,000	40,591	591	485,000
Rp&L Depreciation Fund	10,410,891	7,878	-	10,418,769
Rp&L Customer Deposits	633,074	164,907	154,595	643,386
Rp&L Cash Reserve Fund	2,139,709	2,139,709	2,139,709	2,139,709
Rp&L Insurance Reserve	1,340,862	1,049	-	1,341,911
Roseview Transit	(257,828)	1,341,278	1,349,770	(266,320)
Wastewater Operating	4,145,074	9,024,472	8,174,866	4,994,680
Wastewater 2009 Construction	1,925	-	750	1,175
Wastewater Constr Chester Bvd	933,733	1,569	3,800	931,502
Wastewater Bond And Interest	2,962,946	3,192,729	3,366,981	2,788,694
Ww Bond Reserve	1,995,033	627,204	-	2,622,237
Stormwater Operating	3,568,975	1,481,043	1,527,742	3,522,276
Off Street Parking	11,763	90,527	48,453	53,837
Solid Waste	4,267,812	6,706,365	4,948,100	6,026,077
Landfill	3,585,664	2,585,062	1,621,822	4,548,904
Rainy Day - Sanitation	230,112	176,208	-	406,320
Totals	\$ 71,529,350	\$ 175,447,755	\$ 167,442,422	\$ 79,534,683

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.

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,

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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 Electric Utility contributes to the Richmond Power and Light Employees' Pension, which is a single-employer defined benefit plan. With the approval of the Electric Utility's fiscal body, the plan is administered by the Principal Financial Group as authorized by state statute (IC 8-1.5-3-7) for full-time employees. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. The Trustee issues a 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 Electric Utility. The Electric Utility's annual pension costs for the current year and related information, as provided by the actuary, can be found in the audit report of their separately issued financial statements.

CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for grant expenditures made by the City were not received by December 31, 2016.

Note 8. Subsequent Events

The City was awarded the following grants in 2017: State Community Development Block Grant in the amount of \$750,000, Community Crossings Matching Grant Fund Program in the amount of \$548,459, and Federal Aviation Administration Airport Improvement in the amount of \$1,900,000.

Note 9. Other Postemployment Benefits

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

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Motor Vehicle Highway	Motor Vehicle Highway Restricted Rainy Day	Local Road And Street	Park Nonreverting Operating	Animal Control
Cash and investments - beginning	\$ 586,355	\$ 792,300	\$ -	\$ 146,365	\$ 199,382	\$ 15,180
Receipts:						
Taxes	9,584,452	1,223,141	-	-	-	-
Licenses and permits	470,771	88,780	-	-	-	753
Intergovernmental receipts	3,838,251	1,405,925	-	298,642	-	-
Charges for services	919,970	20,880	-	-	453,991	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,364,820	302,540	347,267	145	14,523	-
Total receipts	18,178,264	3,041,266	347,267	298,787	468,514	753
Disbursements:						
Personal services	13,977,229	1,550,303	-	-	204,668	-
Supplies	365,384	270,561	-	282,656	112,058	81
Other services and charges	2,150,194	332,770	-	-	104,129	705
Debt service - principal and interest	-	-	-	-	27,995	-
Capital outlay	97,180	165,668	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	17,417	347,179	347,267	-	469	-
Total disbursements	16,607,404	2,666,481	347,267	282,656	449,319	786
Excess (deficiency) of receipts over (under) disbursements	1,570,860	374,785	-	16,131	19,195	(33)
Cash and investments - ending	\$ 2,157,215	\$ 1,167,085	\$ -	\$ 162,496	\$ 218,577	\$ 15,147

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

	Law Enforcement Continuing Ed	Unsafe Building	Rainy Day City	LOIT Special Distribution	Cumulative Capital Development	Park Nonreverting Capital
Cash and investments - beginning	\$ 2,930	\$ 69,196	\$ 1,424,177	\$ -	\$ 456,571	\$ 2,849
Receipts:						
Taxes	-	13,732	-	-	411,955	-
Licenses and permits	21,389	-	-	-	-	-
Intergovernmental receipts	-	901	-	652,821	32,611	-
Charges for services	790	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	15,457	37	1,050	166	722	14,741
Total receipts	37,636	14,670	1,050	652,987	445,288	14,741
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	424	-	-	-	-	-
Other services and charges	29,009	34,748	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	1,204	-	7,868	-	518,844	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	652,987	-	-
Total disbursements	30,637	34,748	7,868	652,987	518,844	-
Excess (deficiency) of receipts over (under) disbursements	6,999	(20,078)	(6,818)	-	(73,556)	14,741
Cash and investments - ending	\$ 9,929	\$ 49,118	\$ 1,417,359	\$ -	\$ 383,015	\$ 17,590

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

	Cumulative Capital Improvement	County Edit	Tax Increment Financing	Police Pension Fund	Fire Pension	Property and Liability Insurance
Cash and investments - beginning	\$ 19,320	\$ 1,147,650	\$ 8,297,341	\$ 363,312	\$ 514,638	\$ 128,418
Receipts:						
Taxes	-	-	2,705,806	371,739	350,174	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	93,824	779,453	-	29,434	27,731	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1	131,238	30,497	1,298,061	1,792,624	708,811
Total receipts	93,825	910,691	2,736,303	1,699,234	2,170,529	708,811
Disbursements:						
Personal services	-	-	-	1,962,947	2,313,133	676,136
Supplies	-	-	-	107	814	-
Other services and charges	50,000	248,629	690,997	1,020	8,809	-
Debt service - principal and interest	-	-	2,485,400	-	-	-
Capital outlay	48,490	323,935	597,533	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	1,406,990	-	-	-
Total disbursements	98,490	572,564	5,180,920	1,964,074	2,322,756	676,136
Excess (deficiency) of receipts over (under) disbursements	(4,665)	338,127	(2,444,617)	(264,840)	(152,227)	32,675
Cash and investments - ending	\$ 14,655	\$ 1,485,777	\$ 5,852,724	\$ 98,472	\$ 362,411	\$ 161,093

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

	Series 2015A TIF DSR	Series 2015 A TIF Construction	Johns Manville TIF	Series 2016 TIF Construction	Local Road & Bridge Matching Grant	Series 2015 TIF B&I
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	159,170	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	128,913	1,779,769	646,296	-	1,000,323	14,250
Total receipts	128,913	1,779,769	646,296	159,170	1,000,323	14,250
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	159,170	-	-
Debt service - principal and interest	-	-	-	-	-	14,250
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	159,170	-	14,250
Excess (deficiency) of receipts over (under) disbursements	128,913	1,779,769	646,296	-	1,000,323	-
Cash and investments - ending	\$ 128,913	\$ 1,779,769	\$ 646,296	\$ -	\$ 1,000,323	\$ -

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

	Series 2014 TIF B&I	Build Indiana	Park And Recreation	Haz-Mat	First Response	Criminal Justice
Cash and investments - beginning	\$ -	\$ 109,473	\$ 459,728	\$ 12,509	\$ 1,250,843	\$ 104,796
Receipts:						
Taxes	-	-	1,870,508	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	148,182	-	-	70,202
Charges for services	-	-	130,677	8,017	2,477,308	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	71,075	-	25,522	-	35,406	24,362
Total receipts	71,075	-	2,174,889	8,017	2,512,714	94,564
Disbursements:						
Personal services	-	-	1,331,193	-	522,368	42,069
Supplies	-	-	163,625	1,899	152,602	3,587
Other services and charges	-	98,317	467,500	-	129,385	41,940
Debt service - principal and interest	71,075	-	-	-	-	-
Capital outlay	-	-	20,926	-	661,150	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	18,052	-
Total disbursements	71,075	98,317	1,983,244	1,899	1,483,557	87,596
Excess (deficiency) of receipts over (under) disbursements	-	(98,317)	191,645	6,118	1,029,157	6,968
Cash and investments - ending	\$ -	\$ 11,156	\$ 651,373	\$ 18,627	\$ 2,280,000	\$ 111,764

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

	Law Enforcement Aid	Redevelopment	Redevelopment Revenue Bond	Business And Industrial Loan	Revolving Loan Local Cash	Program Income Loan
Cash and investments - beginning	\$ 491,729	\$ 20,113	\$ 516	\$ 690,869	\$ 16,259	\$ 18,629
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	145,703	15	-	454,805	11,942	14
Total receipts	145,703	15	-	454,805	11,942	14
Disbursements:						
Personal services	59,526	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	49,463	-	-	7,780	-	195
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	358,581	-	-	253,213	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	314,669	-	-
Total disbursements	467,570	-	-	575,662	-	195
Excess (deficiency) of receipts over (under) disbursements	(321,867)	15	-	(120,857)	11,942	(181)
Cash and investments - ending	\$ 169,862	\$ 20,128	\$ 516	\$ 570,012	\$ 28,201	\$ 18,448

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

	Microenterprise Loan	Human And Environmental	Midwest Industrial Park	City Grants	Center City Loan Program	Park Bond Sinking
Cash and investments - beginning	\$ 5,923	\$ 49,212	\$ 450,078	\$ (1,123,784)	\$ 109,259	\$ 119,570
Receipts:						
Taxes	-	-	-	-	-	232,593
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	364,678	-	14,873
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3	20,816	30,576	2,306,112	18,567	-
Total receipts	3	20,816	30,576	2,670,790	18,567	247,466
Disbursements:						
Personal services	-	15,058	-	1,231,365	-	-
Supplies	-	829	-	-	-	-
Other services and charges	-	2,758	-	12,206	1,653	-
Debt service - principal and interest	-	-	-	-	-	250,573
Capital outlay	-	-	-	874,202	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	97	-	-	818,577	-	-
Total disbursements	97	18,645	-	2,936,350	1,653	250,573
Excess (deficiency) of receipts over (under) disbursements	(94)	2,171	30,576	(265,560)	16,914	(3,107)
Cash and investments - ending	\$ 5,829	\$ 51,383	\$ 480,654	\$ (1,389,344)	\$ 126,173	\$ 116,463

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

	Park Capital Improvements	Infrastructure	Park Bond Construction	Certified Tech Park	Health Insurance Fund	Workers Comp Insur Fund
Cash and investments - beginning	\$ 8	\$ 15,706	\$ 36,187	\$ 967,257	\$ 3,910,648	\$ 30,090
Receipts:						
Taxes	-	36,649	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	96,000	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	30	43	963	6,711,015	326,578
Total receipts	-	36,679	43	96,963	6,711,015	326,578
Disbursements:						
Personal services	-	-	-	-	125,736	233,116
Supplies	-	-	-	-	323	-
Other services and charges	-	-	850	230,078	8,087,591	91,142
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	9,918	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	100,000	-	20,000
Total disbursements	-	-	10,768	330,078	8,213,650	344,258
Excess (deficiency) of receipts over (under) disbursements	-	36,679	(10,725)	(233,115)	(1,502,635)	(17,680)
Cash and investments - ending	\$ 8	\$ 52,385	\$ 25,462	\$ 734,142	\$ 2,408,013	\$ 12,410

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

	Gifts And Donations	Airport	Parallax	RP&L - Payroll	RP&L - Payroll Deduction	Rp&L Operating
Cash and investments - beginning	\$ 216,826	\$ 305,834	\$ 298,505	\$ -	\$ 580	\$ 12,381,258
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	2,180	-	-	-	-	-
Charges for services	-	238,279	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	1,218,725	-	-	88,164,500
Other receipts	130,839	175,239	-	3,785,880	2,968,951	-
Total receipts	133,019	413,518	1,218,725	3,785,880	2,968,951	88,164,500
Disbursements:						
Personal services	-	154,777	-	-	-	-
Supplies	45,567	135,282	-	-	-	-
Other services and charges	14,163	102,877	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	1,181,305	-	-	86,222,118
Other disbursements	31,194	5	-	3,785,880	2,969,531	-
Total disbursements	90,924	392,941	1,181,305	3,785,880	2,969,531	86,222,118
Excess (deficiency) of receipts over (under) disbursements	42,095	20,577	37,420	-	(580)	1,942,382
Cash and investments - ending	\$ 258,921	\$ 326,411	\$ 335,925	\$ -	\$ -	\$ 14,323,640

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

	Rp&L Bond & Interest	Rp&L Depreciation Fund	Rp&L Customer Deposits	Rp&L Cash Reserve Fund	Rp&L Insurance Reserve	Roseview Transit
Cash and investments - beginning	\$ 445,000	\$ 10,410,891	\$ 633,074	\$ 2,139,709	\$ 1,340,862	\$ (257,828)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	1,089,481
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	186,703
Utility fees	-	-	164,907	2,139,709	-	-
Other receipts	40,591	7,878	-	-	1,049	65,094
Total receipts	40,591	7,878	164,907	2,139,709	1,049	1,341,278
Disbursements:						
Personal services	-	-	-	-	-	857,184
Supplies	-	-	-	-	-	159,835
Other services and charges	-	-	-	-	-	171,029
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	161,722
Utility operating expenses	-	-	-	-	-	-
Other disbursements	591	-	154,595	2,139,709	-	-
Total disbursements	591	-	154,595	2,139,709	-	1,349,770
Excess (deficiency) of receipts over (under) disbursements	40,000	7,878	10,312	-	1,049	(8,492)
Cash and investments - ending	\$ 485,000	\$ 10,418,769	\$ 643,386	\$ 2,139,709	\$ 1,341,911	\$ (266,320)

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

	Wastewater Operating	Wastewater 2009 Construction	Wastewater Constr Chester Bvd	Wastewater Bond And Interest	Ww Bond Reserve	Stormwater Operating
Cash and investments - beginning	\$ 4,145,074	\$ 1,925	\$ 933,733	\$ 2,962,946	\$ 1,995,033	\$ 3,568,975
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	8,997,184	-	-	-	-	1,478,430
Other receipts	27,288	-	1,569	3,192,729	627,204	2,613
Total receipts	9,024,472	-	1,569	3,192,729	627,204	1,481,043
Disbursements:						
Personal services	1,206,676	-	-	-	-	44,700
Supplies	-	-	-	-	-	-
Other services and charges	174,675	-	-	-	-	-
Debt service - principal and interest	137,470	-	-	3,172,137	-	-
Capital outlay	941,595	750	-	-	-	616,425
Utility operating expenses	5,714,450	-	3,800	-	-	866,617
Other disbursements	-	-	-	194,844	-	-
Total disbursements	8,174,866	750	3,800	3,366,981	-	1,527,742
Excess (deficiency) of receipts over (under) disbursements	849,606	(750)	(2,231)	(174,252)	627,204	(46,699)
Cash and investments - ending	\$ 4,994,680	\$ 1,175	\$ 931,502	\$ 2,788,694	\$ 2,622,237	\$ 3,522,276

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

	Off Street Parking	Solid Waste	Landfill	Rainy Day - Sanitation	Totals
Cash and investments - beginning	\$ 11,763	\$ 4,267,812	\$ 3,585,664	\$ 230,112	\$ 71,529,350
Receipts:					
Taxes	-	5,216,762	-	-	22,176,681
Licenses and permits	-	-	-	-	581,693
Intergovernmental receipts	-	1,093,241	-	-	9,942,430
Charges for services	55,725	82,678	1,882,779	-	6,367,094
Fines and forfeits	4,790	-	-	-	191,493
Utility fees	-	-	-	-	102,163,455
Other receipts	30,012	313,684	702,283	176,208	34,024,909
Total receipts	90,527	6,706,365	2,585,062	176,208	175,447,755
Disbursements:					
Personal services	11,800	2,413,147	738,076	-	29,671,207
Supplies	2,576	423,968	90,544	-	2,212,722
Other services and charges	34,077	1,645,598	767,453	-	15,940,910
Debt service - principal and interest	-	137,470	-	-	6,296,370
Capital outlay	-	327,917	25,749	-	6,012,870
Utility operating expenses	-	-	-	-	93,988,290
Other disbursements	-	-	-	-	13,320,053
Total disbursements	48,453	4,948,100	1,621,822	-	167,442,422
Excess (deficiency) of receipts over (under) disbursements	42,074	1,758,265	963,240	176,208	8,005,333
Cash and investments - ending	\$ 53,837	\$ 6,026,077	\$ 4,548,904	\$ 406,320	\$ 79,534,683

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

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Roseview Transit	\$ 10,636	\$ -
Wastewater	469,507	804,730
Off Street Parking	2,633	-
Solid Waste	441,396	121,553
Airport	21,797	-
Electric	11,085,052	7,258,854
Governmental activities	<u>1,131,940</u>	<u>1,087,266</u>
Totals	<u>\$ 13,162,961</u>	<u>\$ 9,272,403</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
First Federal Leasing	Ambulance	\$ 51,778	4/15/2014	12/15/2018
West End Bank S.B.	Golf Carts	<u>17,850</u>	6/1/2014	12/15/2017
Total governmental activities		<u>69,628</u>		
Total of annual lease payments		<u>\$ 69,628</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2009 Park District Bonds	\$ 720,000	\$ 252,335
Revenue bonds	Taxable Tax Increment Revenue Bonds of 2015 Series B (Brownfield Bonds)	541,500	28,500
Revenue bonds	Tax Increment Revenue Bonds of 2015 Series A	1,945,000	125,214
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2016	28,619,000	-
Notes and loans payable	Guaranteed Energy Savings Project (City)	487,050	173,852
Notes and loans payable	Economic Development Revenue Bonds Series 2014	<u>736,000</u>	<u>99,655</u>
Total governmental activities		<u>33,048,550</u>	<u>679,556</u>
Wastewater:			
Revenue bonds	Tertiary Building Modifications (WW09128902) (2009 Series A)	1,176,000	105,503
Revenue bonds	Sanitary District Refunding Revenue Bonds (2015 Series A)	3,120,000	1,209,784
Revenue bonds	Sanitary District Refunding Revenue Bonds (2015 Series B)	6,820,000	133,672
Revenue bonds	Wastewater/Stormwater Improvements (SE Basin and ES Interceptor ph 1 & 2) (2009 Series B)	8,555,000	798,809
Revenue bonds	Wastewater/Stormwater Improvements (ES Interceptor ph 3) (WW13049804) ((2012 Series A)	12,920,000	872,850
Revenue bonds	IN Brownfield Program Loan (2012 Series B)	739,160	43,480
Notes and loans payable	Guaranteed Energy Savings Project (Wastewater)	<u>1,852,396</u>	<u>274,940</u>
Total Wastewater		<u>35,182,556</u>	<u>3,439,038</u>
Electric:			
Revenue bonds	Baghouse (RPL)	<u>950,000</u>	<u>491,117</u>
Totals		<u>\$ 69,181,106</u>	<u>\$ 4,609,711</u>

CITY OF RICHMOND
SCHEDULE OF CAPITAL ASSETS
December 31, 2016

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

	Ending Balance
Governmental activities:	
Land	\$ 1,456,666
Infrastructure	36,432,103
Buildings	13,951,431
Improvements other than buildings	1,785,746
Machinery, equipment, and vehicles	<u>12,078,569</u>
Total governmental activities	<u>65,704,515</u>
Roseview Transit:	
Land	19,950
Buildings	577,915
Improvements other than buildings	184,525
Machinery, equipment, and vehicles	<u>815,192</u>
Total Roseview Transit	<u>1,597,582</u>
Wastewater:	
Land	81,294
Infrastructure	46,874,513
Buildings	2,925,894
Improvements other than buildings	48,967,460
Machinery, equipment, and vehicles	14,658,857
Construction in progress	<u>15,370,137</u>
Total Wastewater	<u>128,878,155</u>
Off Street Parking:	
Land	154,653
Buildings	1,334,021
Improvements other than buildings	409,418
Machinery, equipment, and vehicles	<u>56,046</u>
Total Off Street Parking	<u>1,954,138</u>
Solid Waste:	
Land	451,767
Infrastructure	4,318,839
Buildings	1,394,698
Improvements other than buildings	6,443,305
Machinery, equipment, and vehicles	12,811,266
Construction in progress	<u>1,619,633</u>
Total Solid Waste	<u>27,039,508</u>
Airport:	
Land	567,389
Buildings	877,458
Improvements other than buildings	8,393,739
Machinery, equipment, and vehicles	<u>996,472</u>
Total Airport	<u>10,835,058</u>
Electric:	
Land	936,572
Infrastructure	-
Buildings	7,795,144
Improvements other than buildings	1,020,859
Machinery, equipment, and vehicles	179,603,973
Construction in progress	<u>1,035,855</u>
Total Electric	<u>190,392,403</u>
Total capital assets	<u>\$ 426,401,359</u>

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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Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE CITY OF 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, 2016. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

Other Matters

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

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

Report on Internal Control over Compliance


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

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

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

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

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


Paul D. Joyce, CPA
State Examiner

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
Summer Food Service Program for Children	Indiana Department of Education	10.559	71816IN109942SF	\$ -	\$ 22,137
Just Us Kids Outdoors					
Total - Child Nutrition Cluster				-	22,137
Total - Department of Agriculture				-	22,137
<u>Department of Commerce</u>					
Economic Development Cluster					
Economic Adjustment Assistance	Direct Grant	11.307	06-36-02088	-	965,002
Revolving Loan Program					
Total - Economic Development Cluster				-	965,002
Total - Department of Commerce				-	965,002
<u>Department of Housing and Urban Development</u>					
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	-	68,494
Total - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				-	68,494
Total - Department of Housing and Urban Development				-	68,494
<u>Department of Justice</u>					
Missing Children's Assistance	Indiana State Police	16.543	100INTCRIMESF13	-	9,416
Internet Crimes Against Children			100INTCRIMESF14	-	4,377
Total - Missing Children's Assistance Internet Crimes Against Children				-	13,793
Edward Byrne Memorial Justice Assistance Grant Program PACE	Henry County Sheriff	16.738	2013-DJ-BX-0039	-	88,993
Equitable Sharing Program DEA Forfeitures	Direct Grant	16.922	IN0890100	-	42,151
Total - Department of Justice				-	144,937
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation				
Stellar Streets		20.205	DES #1382810	-	234,958
Manor Drive			DES #1173174	-	32,321
Starr-Gennett Redevelopment Area			DES#0810267	-	140,244
Salisbury Road-Phase 2			DES #0800343	-	28,179
South 'E' from 5th to 16th Reconstruction Project			DES #900114	-	132,469
CSX Corridor			DES #0600374	-	242,072
Total - Highway Planning and Construction Cluster				-	810,243
Federal Transit Cluster					
Bus and Bus Facilities Formula Program	Indiana Department of Transportation	20.526	800138239400LC7	-	115,386
Roseview Capital Grant					
Total - Federal Transit Cluster				-	115,386
Highway Safety Cluster					
Alcohol Impaired Driving Countermeasures Incentive Grants I	Indiana Criminal Justice Institute	20.601	032NHT164AL2016	7,236	15,578
DUI Traffic Safety			032NHTS4052016	5,269	11,015
DUI Traffic Safety					
Total - Alcohol Impaired Driving Countermeasures Incentive Grants I				12,505	26,593
National Priority Safety Programs	Indiana Criminal Justice Institute	20.616	032NHTSA4022016	23,105	70,201
Highway Safety					
Total - Highway Safety Cluster				35,610	96,794
Airport Improvement Program	Direct Grant	20.106	3-18-0071-17	-	154,010
Update Airport Layout Plan and Narrative Report					
Formula Grants for Rural Areas	Indiana Department of Transportation	20.509	3-18-0071-013-2010	-	502,620
Roseview Transit					
Total - Department of Transportation				35,610	1,176,433
<u>Department of Health and Human Services</u>					
Aging Cluster					
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	Indiana University	93.044	356001174	-	39,394
Title III Grants					
Total - Aging Cluster				-	39,394
Total - Department of Health and Human Services				-	39,394
Total federal awards expended				\$ 35,610	\$ 2,919,017

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, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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	\$ 773,211
Plus: Cash and Investment balance in the RLF at the end of the recipient's fiscal year	570,012
Plus: Administrative expenses paid out of RLF income during the recipients fiscal year	<u>7,780</u>
 Total "Expenditures"	 <u>1,351,003</u>
 Calculation for Federal Participation Rate	
Original Grant	500,000
Original Match (In-kind - Donated Warner Gear Buildings)	<u>200,000</u>
 Total Original Grant with Original Match	 <u>700,000</u>
 Federal Participation Rate (Original Grant Award Divided By Total Original Grant and Match)	 <u>0.7143</u>
 Total for SEFA (Total "Expenditures" times Federal Participation Rate)	 <u>\$ 965,002</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 deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

Identification of Major Programs and type of auditor's report issued on compliance for each 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 2016-001

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

Repeat Finding

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

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 submitted into the Gateway.

Context

The lack of controls was a systemic problem throughout the audit period. Due to the lack of controls, the SEFA contained the following errors:

There were 15 grants that incorrectly reported federal expenditures, including Economic Adjustment Assistance, Formula Grants for Rural Areas, and Bus and Bus Facilities Formula Program grants, each of which had reporting errors in excess of \$100,000. The total amount over reported on the SEFA was \$806,128.

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

Criteria

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

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

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

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

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

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

2 CFR 200.510(b) states:

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

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

Cause

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

Effect

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 *Context*.

Recommendation

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

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

Views of Responsible Officials

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

FINDING 2016-002

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

Repeat Finding

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

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 reconciliements 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 the Electric Utility, was compiled using financial information entered into the Indiana Gateway for government units financial system (Gateway) submitted by the City. The 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 the Gateway to the transactions recorded in the Electric Utility 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:

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

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

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

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

Cause

Management of the City had not established a proper system of internal control over financial transactions.

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 2016-003

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
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-003.

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

Condition

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

The ED-209 reports prepared for the periods ending March 31, 2016, and September 30, 2016, were incorrect. Reported income was overstated in the amounts of \$21,676 and \$26,291, 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). . . ."

2 CFR 200.302(b)(2) states in part: "Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

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

Effect

The failure to establish an effective internal control system enabled 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, including segregation of duties, related to the grant agreement and Reporting compliance requirement to ensure compliance with program requirements.

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

Views of Responsible Officials

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

FINDING 2016-004

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

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 audit. The prior audit finding number was 2015-004.

Condition

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

The ED-209 reports were prepared and submitted by one employee, who was also responsible for monitoring compliance with the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization compliance requirement. 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 compliance requirement.

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 compliance requirement.

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 compliance requirement.

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 2016-005

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): 0800343, 0900114, 1173174
Pass-Through Entity: Indiana Department of Transportation
Compliance Requirements: Cash Management, Matching
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2015-005.

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 Cash Management and Matching compliance requirements.

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

The City was required to request reimbursement from Indiana Department of Transportation using the LPA Invoice - Voucher (voucher). The voucher listed the gross amount of the claims paid by the City and calculated the percentage of federal share that is 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 compliance 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 2015-001

Fiscal year in which the finding initially occurred: 2015
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 2015-001 – Preparation of the Schedule of Expenditures of Federal Awards, as noted in our 2015 Audit Exit Conference on October 30, 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)

11.20.17

(Date)



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DAVID M.SNOW
Mayor

BETH FIELDS
City Controller

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

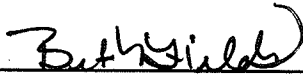
FINDING 2015-002

Fiscal year in which the finding initially occurred: 2015
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 2015-002 – Internal Controls Over Financial Transactions and Reporting, as noted in our 2015 Audit Exit Conference on October 30, 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. 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. 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.



(Signature)

Controller

(Title)

11.20.17

(Date)



CITY OF RICHMOND

DEPARTMENT OF INFRASTRUCTURE & DEVELOPMENT

50 NORTH FIFTH STREET - RICHMOND, IN 47374

PHONE (765) 983-7584 - FAX (765) 962-7024

DAVID M. SNOW

Mayor

JACK W. CRUSE

Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-003

Fiscal year in which the finding initially occurred: **2015**

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

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 2015-003 – 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. Corrections have been made and incorporated for the 2017 reporting process as of the fall reporting period.

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

Jack W. Cruse

Director, Department of Infrastructure & Development

November 16, 2017



CITY OF RICHMOND

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DAVID M. SNOW

Mayor

JACK W. CRUSE

Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-004

Fiscal year in which the finding initially occurred: **2015**


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

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 2015-004 - 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. Corrections have been made and incorporated for the 2017 reporting process as of the fall reporting period.



Jack W. Cruse
Director, Department of Infrastructure & Development
November 16, 2017



CITY OF RICHMOND

Division of Public Works and Engineering
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DAVE SNOW
Mayor

GREG STIENS
Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

RE: Finding 2015-005

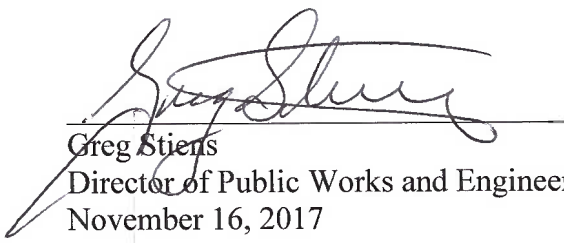
Fiscal year in which the finding initially occurred: **2015**

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

Contact Person Responsible for Corrective Action: **Greg Stiens**
Contact phone number: **765-983-7394**

Cash Management and Matching

Status of Audit Finding: The ERC is preparing the LPA Voucher Reimbursement Forms.
A person assigned to the Department of Public Works and Engineering reviews
the Voucher for accuracy by utilizing the backup Invoice information.
The Voucher is initialed by the reviewer and the ERC signs the Voucher.



Greg Stiens

Director of Public Works and Engineering

November 16, 2017



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DAVID M. SNOW
Mayor

BETH FIELDS
City Controller

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person: Beth Fields
Contact Number: 765.983.7211

View of Responsible Official:

While not in compliance for the period identified in Finding 2016-001 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 11.16.17



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DAVID M. SNOW
Mayor

BETH FIELDS
City Controller

CORRECTIVE ACTION PLAN

FINDING 2016-002

Contact Person: Beth Fields
Contact Number: 765.983.7211

View of Responsible Official:

While not in compliance for the period identified in Finding 2016-002 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 11.14.17



CITY OF RICHMOND

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DAVID M. SNOW

Mayor

JACK W. CRUSE

Director

CORRECTIVE ACTION PLAN FINDING 2016-003

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003

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 2016-003 – 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, 2016 and September 30, 2016 were incorrect. Reported income was overstated in the amounts of \$21,676 and \$26,291, respectively

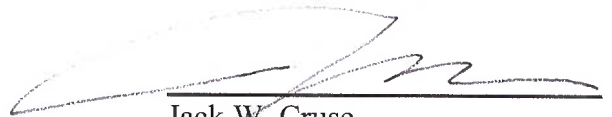
The Department of Infrastructure and Development has initiated a Report Tracker to coordinate and monitor departmental reports. This will ensure Reporting Procedures are accounted for and will be

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
26 Dec 2017



CITY OF RICHMOND

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DAVID M. SNOW

Mayor

JACK W. CRUSE

Director

CORRECTIVE ACTION PLAN FINDING 2016-004

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-004

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 2016-004 – 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
26 Dec 2017



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GREG STIENS
Director

CORRECTIVE ACTION PLAN

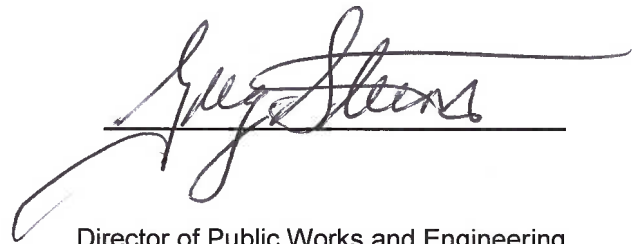
FINDING 2016-005

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



Director of Public Works and Engineering

December 19, 2017

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/>.