

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF ANDERSON
MADISON COUNTY, INDIANA

January 1, 2017 to December 31, 2017



FILED
09/17/2018

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SCHEDULE OF OFFICIALS

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



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Anderson (City), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2017.

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, 2017, 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 August 16, 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 solely 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 effectiveness of the City's 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

August 16, 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 ANDERSON, MADISON COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Anderson (City), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement, and have issued our report thereon dated August 16, 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 the City's Department of Municipal Power and Light, as described in our report on the City's financial statement. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider to be a material weakness.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Anderson's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

August 16, 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 ANDERSON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
General	\$ 6,199,272	\$ 32,075,332	\$ 29,673,999	\$ 8,600,605
Motor Vehicle Highway	968,598	2,204,924	2,230,089	943,433
Local Road And Street	525,771	632,314	268,704	889,381
Airport AVFUEL Corp Account	38,587	313,042	325,674	25,955
Park Non-Reverting Operating	293,316	288,213	228,920	352,609
Economic Development Food and Beverage	1,241,544	1,409,691	1,096,656	1,554,579
C.A.T.S.	50,747	2,477,166	2,527,033	880
Community Development	3,447	1,080,608	1,081,655	2,400
Clerk's Records Perpetuation	18,641	5,426	5,085	18,982
Unsafe Building	13,466	6,197	-	19,663
Parks And Recreation	655,030	1,843,418	1,516,161	982,287
User Fee	29,729	3,603	3,660	29,672
Special LOIT	2,236,179	-	342,217	1,893,962
Slot Machine Wagering	941,094	2,666,451	2,822,375	785,170
Police Pension	360,034	2,915,433	3,041,078	234,389
Fire Pension	266,267	3,561,271	3,466,775	360,763
Life Insurance	4,609	61,558	66,167	-
NSP Fed	48,146	49	-	48,195
Health Insurance Ancillary	146,486	233,062	220,205	159,343
Fire Grants Fund	(6,018)	171,714	166,598	(902)
Police Grants	(6,162)	6,161	4,575	(4,576)
Town Center Park Endowment	12,110	-	-	12,110
Miller Trailway Clearing	1,464	30,346	30,229	1,581
Intermodal Grant	(432)	185,889	185,457	-
Street Dept Non-Reverting	49,063	1,632	-	50,695
Parking Authority Non-Reverting	25,316	46,508	66,935	4,889
SAFER Grant Fund	1	165,189	165,190	-
CATS Vehicle Grant	(26,544)	195,236	342,210	(173,518)
GM Beautification	2,985	-	-	2,985
APD VIN	1,214	-	-	1,214
Firefighters Exam Fee	3,930	-	-	3,930
EDA Flagship	266	-	266	-
Redevelopment TIF Reserve	2,474,050	-	-	2,474,050
City Court Account	238,707	571,740	612,008	198,439
Rainy Day	95	-	-	95
Airport Grant 29	(3,460)	1,761,137	1,757,829	(152)
Sirmax	221,594	-	221,594	-
Flagship Purdue P3	1,059,820	401,565	1,340,492	120,893
Engineering Grants	(3,852)	206,312	209,664	(7,204)
Blight	9,125	153,894	156,685	6,334
Operation Pullover	2,299	14,565	19,322	(2,458)
JAG Grant	-	51,338	55,241	(3,903)
Edgewood Plaza	111,028	100,000	-	211,028
Road Project Grant	-	1,000,000	342,217	657,783
Probation	73,797	127,024	189,768	11,053
Donations	99,027	112,081	92,429	118,679
Airport	314,995	789,306	737,647	366,654
Police Continuing Education	139,838	46,852	-	186,690
Airport Non-Reverting	5,957	-	5,957	-
Bldg Non-Reverting	325	100	-	425
Fire Building and Equipment	2,606,339	1,524,895	2,385,318	1,745,916
Operation Clean	10,039	1,368	-	11,407
Tax Abatement	5,350	3,975	802	8,523
Administration Fees	70,048	8,935	12,917	66,066
Court Supplemental Public Defender	23,796	4,530	2,671	25,655
HOME	1	176,962	176,963	-
APD Man	111,082	118,319	95,109	134,292
ED Revolving Loan	127,407	204,747	76,328	255,826
Redevelopment	200,825	94,356	103,289	191,892
Sinking	26,735	152,990	174,135	5,590
Sanitary District Sinking	319,720	683,479	669,125	334,074
Redevelopment Bond and Interest Kroger	88,061	107,320	77,830	117,551
Loss	50,582	2,517,466	2,143,983	424,065
Redevelopment TIF Levy	5,957,209	3,620,782	3,840,241	5,737,750

CITY OF ANDERSON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
Police Training	82,802	43,039	59,425	66,416
ARC Lease Rental	1,017,790	1,719,986	2,024,485	713,291
Redevelopment Bond and Interest	5,029,601	4,471,467	3,801,195	5,699,873
Insurance Escrow	8,104,008	13,973,411	12,702,727	9,374,692
Nestle TIF Capital	3,777,682	3,349,101	-	7,126,783
Airport Grant 29	(3,427)	24,500	15,187	5,886
Court Costs Due County	-	22,372	22,372	-
Wheel Tax	617,577	1,119,534	530,024	1,207,087
Fire Fighting Training	2,550	9,630	7,439	4,741
Public Safety COIT	1,212,054	2,569,344	2,472,891	1,308,507
Nestle Taxable TIF Capital	7,574,425	1,028,991	2,243,438	6,359,978
Capital Improvements	86,135	136,501	178,235	44,401
Certified Tech Park	286,237	-	-	286,237
Civil City Payroll	130,679	9,869,408	9,872,173	127,914
Electric Construction 2014	1,300,960	9,669	-	1,310,629
Electric Petty Cash	1,000	-	-	1,000
Electric Mail Permit Deposit	3,000	-	-	3,000
Electric UPS Deposit	152	-	-	152
Electric Operating	685,335	89,616,023	86,687,362	3,613,996
Electric Bond and Interest	58,428	859,622	838,174	79,876
Electric Customer Deposit	1,563,427	106,912	11,820	1,658,519
Electric Depreciation	4,508,780	22,839	417,052	4,114,567
Electric Automatic Meter Reading	96,940	1,092,199	1,163,288	25,851
Electric Garage Reserve	32,560	-	-	32,560
Electric Fiber	165,802	320,176	222,149	263,829
Electric Reserve PILOT	1,152,802	942,377	1,152,803	942,376
Storm Water Mail Permit Deposit	3,000	-	-	3,000
Storm Water Operating	664,857	2,432,141	2,309,172	787,826
Storm Water Depreciation	225,995	320,938	347,732	199,201
Storm Water Bond and Interest	50,534	184,120	187,722	46,932
Storm Water Reserve PILOT	450,450	52,979	250,000	253,429
Wastewater-Construction 2011	1,696,634	11,621	-	1,708,255
Wastewater Petty Cash	1,000	-	-	1,000
Wastewater Mail Permit Deposit	3,000	-	-	3,000
Wastewater 2009B Construction	370,565	-	-	370,565
Wastewater Operating	15,568,660	19,773,043	18,764,167	16,577,536
Wastewater Bond and Interest	3,212,636	4,126,011	3,928,205	3,410,442
Wastewater Depreciation	2,353,778	2,118,677	3,771,352	701,103
Wastewater Reserve PILOT	2,073,710	474,050	1,007,816	1,539,944
Wastewater Replacement	1,964,792	247,243	-	2,212,035
Wastewater Automatic Meter Reading	47,091	517,961	565,052	-
Wastewater Improvement	3,415,543	611,028	66,883	3,959,688
Wastewater Revolving Sewer Const	65,550	115,087	77,845	102,792
Water Petty Cash	1,000	-	-	1,000
Water Mail Permit Deposit	3,000	-	-	3,000
Water Construction	11,021,987	94,532	2,043,234	9,073,285
Water Debt Service Reserve	954,290	-	-	954,290
Water Well and Tank	-	162,372	72,601	89,771
Water Operating	1,200,414	11,680,518	12,284,876	596,056
Water Bond and Interest	-	1,338,303	1,338,303	-
Water Customer Deposit	618,636	59,396	6,205	671,827
Water Depreciation	210,245	270,000	125,126	355,119
Water Reserve PILOT	476,737	603,427	476,737	603,427
Water Automatic Meter Reading	-	1,255,767	1,255,767	-
Totals	\$ 112,580,098	\$ 244,892,786	\$ 238,678,511	\$ 118,794,373

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Utility fees. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

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

E. Disbursements

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

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

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

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

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Utility operating expenses. Amounts disbursed for operating the utilities.

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's 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 ANDERSON
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 ANDERSON
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 ANDERSON
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.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is due primarily to the time lapse between when expenditures are made by the City and when reimbursements are received from the granting agency.

Note 8. Other Postemployment Benefits

The City provides to eligible retirees (those with ten years of creditable City service) and their spouses medical, dental, vision, and life insurance. Any employee whose employment with the City is concluded shall receive payment for any vacation time to which they are entitled. Any employee that has ten years of continuous uninterrupted service with the City will be eligible for one-half of their accumulated sick days if they retire, leave the City on a medical disability, or become deceased. These benefits pose a liability to the City for this year and in future years. Additional 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 Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

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

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

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	General	Motor Vehicle Highway	Local Road And Street	Airport AVFUEL Corp Account	Park Non-Reverting Operating	Economic Development Food and Beverage	C.A.T.S.
Cash and investments - beginning	\$ 6,199,272	\$ 968,598	\$ 525,771	\$ 38,587	\$ 293,316	\$ 1,241,544	\$ 50,747
Receipts:							
Taxes	14,268,040	-	-	-	-	1,409,691	-
Licenses and permits	1,140,301	41,634	-	-	-	-	-
Intergovernmental receipts	12,917,820	2,125,468	632,314	-	-	-	2,268,380
Charges for services	3,185,006	5,275	-	-	288,113	-	194,781
Fines and forfeits	53,647	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	510,518	32,547	-	313,042	100	-	14,005
Total receipts	<u>32,075,332</u>	<u>2,204,924</u>	<u>632,314</u>	<u>313,042</u>	<u>288,213</u>	<u>1,409,691</u>	<u>2,477,166</u>
Disbursements:							
Personal services	21,533,203	1,386,269	-	-	112,576	256,981	2,086,632
Supplies	494,878	170,526	244,079	-	90,876	720	211,593
Other services and charges	6,537,176	159,048	-	-	23,928	456,692	228,808
Debt service - principal and interest	-	-	-	-	-	60,869	-
Capital outlay	756,995	514,230	24,625	-	750	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	351,747	16	-	325,674	790	321,394	-
Total disbursements	<u>29,673,999</u>	<u>2,230,089</u>	<u>268,704</u>	<u>325,674</u>	<u>228,920</u>	<u>1,096,656</u>	<u>2,527,033</u>
Excess (deficiency) of receipts over disbursements	<u>2,401,333</u>	<u>(25,165)</u>	<u>363,610</u>	<u>(12,632)</u>	<u>59,293</u>	<u>313,035</u>	<u>(49,867)</u>
Cash and investments - ending	<u>\$ 8,600,605</u>	<u>\$ 943,433</u>	<u>\$ 889,381</u>	<u>\$ 25,955</u>	<u>\$ 352,609</u>	<u>\$ 1,554,579</u>	<u>\$ 880</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Community Development	Clerk's Records Perpetuation	Unsafe Building	Parks And Recreation	User Fee	Special LOIT	Slot Machine Wagering
Cash and investments - beginning	\$ 3,447	\$ 18,641	\$ 13,466	\$ 655,030	\$ 29,729	\$ 2,236,179	\$ 941,094
Receipts:							
Taxes	-	-	-	1,612,265	-	-	-
Licenses and permits	-	-	-	775	-	-	-
Intergovernmental receipts	1,080,102	-	-	184,233	-	-	2,666,451
Charges for services	-	-	-	43,091	3,603	-	-
Fines and forfeits	-	5,426	6,197	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	506	-	-	3,054	-	-	-
Total receipts	<u>1,080,608</u>	<u>5,426</u>	<u>6,197</u>	<u>1,843,418</u>	<u>3,603</u>	<u>-</u>	<u>2,666,451</u>
Disbursements:							
Personal services	143,141	-	-	1,085,179	-	-	1,260,462
Supplies	-	522	-	117,825	-	-	40,557
Other services and charges	28	2,563	-	264,251	-	-	1,479,740
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	2,000	-	48,241	-	342,217	41,501
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	938,486	-	-	665	3,660	-	115
Total disbursements	<u>1,081,655</u>	<u>5,085</u>	<u>-</u>	<u>1,516,161</u>	<u>3,660</u>	<u>342,217</u>	<u>2,822,375</u>
Excess (deficiency) of receipts over disbursements	<u>(1,047)</u>	<u>341</u>	<u>6,197</u>	<u>327,257</u>	<u>(57)</u>	<u>(342,217)</u>	<u>(155,924)</u>
Cash and investments - ending	\$ <u>2,400</u>	\$ <u>18,982</u>	\$ <u>19,663</u>	\$ <u>982,287</u>	\$ <u>29,672</u>	\$ <u>1,893,962</u>	\$ <u>785,170</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Police Pension	Fire Pension	Life Insurance	NSP Fed	Health Insurance Ancillary	Fire Grants Fund	Police Grants
Cash and investments - beginning	\$ 360,034	\$ 266,267	\$ 4,609	\$ 48,146	\$ 146,486	\$ (6,018)	\$ (6,162)
Receipts:							
Taxes	216,682	572,534	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	2,698,751	2,988,737	-	-	-	165,506	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	61,558	49	233,062	6,208	6,161
Total receipts	<u>2,915,433</u>	<u>3,561,271</u>	<u>61,558</u>	<u>49</u>	<u>233,062</u>	<u>171,714</u>	<u>6,161</u>
Disbursements:							
Personal services	3,040,074	3,460,114	-	-	-	-	-
Supplies	-	201	-	-	-	-	-
Other services and charges	818	6,460	66,167	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	186	-	-	-	220,205	166,598	4,575
Total disbursements	<u>3,041,078</u>	<u>3,466,775</u>	<u>66,167</u>	<u>-</u>	<u>220,205</u>	<u>166,598</u>	<u>4,575</u>
Excess (deficiency) of receipts over disbursements	<u>(125,645)</u>	<u>94,496</u>	<u>(4,609)</u>	<u>49</u>	<u>12,857</u>	<u>5,116</u>	<u>1,586</u>
Cash and investments - ending	\$ <u>234,389</u>	\$ <u>360,763</u>	\$ <u>-</u>	\$ <u>48,195</u>	\$ <u>159,343</u>	\$ <u>(902)</u>	\$ <u>(4,576)</u>

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Town Center Park Endowment	Miller Trailway Clearing	Intermodal Grant	Street Dept Non-Reverting	Parking Authority Non-Reverting	SAFER Grant Fund	CATS Vehicle Grant
Cash and investments - beginning	\$ 12,110	\$ 1,464	\$ (432)	\$ 49,063	\$ 25,316	\$ 1	\$ (26,544)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	185,457	-	-	47,100	174,531
Charges for services	-	30,346	-	1,632	46,508	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	432	-	-	118,089	20,705
Total receipts	-	30,346	185,889	1,632	46,508	165,189	195,236
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	2,002	-	-
Other services and charges	-	-	-	-	46,674	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	185,457	-	-	-	137,454
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	30,229	-	-	18,259	165,190	204,756
Total disbursements	-	30,229	185,457	-	66,935	165,190	342,210
Excess (deficiency) of receipts over disbursements	-	117	432	1,632	(20,427)	(1)	(146,974)
Cash and investments - ending	\$ 12,110	\$ 1,581	\$ -	\$ 50,695	\$ 4,889	\$ -	\$ (173,518)

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	GM Beautification	APD VIN	Firefighters Exam Fee	EDA Flagship	Redevelopment TIF Reserve	City Court Account	Rainy Day
Cash and investments - beginning	\$ 2,985	\$ 1,214	\$ 3,930	\$ 266	\$ 2,474,050	\$ 238,707	\$ 95
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	571,740	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	571,740	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	266	-	612,008	-
Total disbursements	-	-	-	266	-	612,008	-
Excess (deficiency) of receipts over disbursements	-	-	-	(266)	-	(40,268)	-
Cash and investments - ending	\$ 2,985	\$ 1,214	\$ 3,930	\$ -	\$ 2,474,050	\$ 198,439	\$ 95

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Airport Grant 29	Simax	Flagship Purdue P3	Engineering Grants	Blight	Operation Pullover	JAG Grant
Cash and investments - beginning	\$ (3,460)	\$ 221,594	\$ 1,059,820	\$ (3,852)	\$ 9,125	\$ 2,299	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	1,755,948	-	-	206,312	153,894	14,565	51,338
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	5,189	-	401,565	-	-	-	-
Total receipts	1,761,137	-	401,565	206,312	153,894	14,565	51,338
Disbursements:							
Personal services	-	-	-	-	-	17,022	-
Supplies	-	-	-	-	-	-	-
Other services and charges	14,491	-	-	-	106,423	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	221,594	-	-	50,262	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,743,338	-	1,340,492	209,664	-	2,300	55,241
Total disbursements	1,757,829	221,594	1,340,492	209,664	156,685	19,322	55,241
Excess (deficiency) of receipts over disbursements	3,308	(221,594)	(938,927)	(3,352)	(2,791)	(4,757)	(3,903)
Cash and investments - ending	\$ (152)	\$ -	\$ 120,893	\$ (7,204)	\$ 6,334	\$ (2,458)	\$ (3,903)

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Edgewood Plaza	Road Project Grant	Probation	Donations	Airport	Police Continuing Education	Airport Non-Reverting
Cash and investments - beginning	\$ 111,028	\$ -	\$ 73,797	\$ 99,027	\$ 314,995	\$ 139,838	\$ 5,957
Receipts:							
Taxes	-	-	-	-	367,539	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	1,000,000	-	-	41,972	-	-
Charges for services	-	-	-	-	278,012	-	-
Fines and forfeits	-	-	127,024	-	-	45,789	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	100,000	-	-	112,081	101,783	1,063	-
Total receipts	100,000	1,000,000	127,024	112,081	789,306	46,852	-
Disbursements:							
Personal services	-	-	189,466	-	248,401	-	-
Supplies	-	-	-	-	37,213	-	5,957
Other services and charges	-	-	302	-	259,191	-	-
Debt service - principal and interest	-	-	-	-	53,495	-	-
Capital outlay	-	342,217	-	-	133,957	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	92,429	5,390	-	-
Total disbursements	-	342,217	189,768	92,429	737,647	-	5,957
Excess (deficiency) of receipts over disbursements	100,000	657,783	(62,744)	19,652	51,659	46,852	(5,957)
Cash and investments - ending	\$ 211,028	\$ 657,783	\$ 11,053	\$ 118,679	\$ 366,654	\$ 186,690	\$ -

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Bldg Non-Reverting	Fire Building and Equipment	Operation Clean	Tax Abatement	Administration Fees	Court Supplemental Public Defender	HOME
Cash and investments - beginning	\$ 325	\$ 2,606,339	\$ 10,039	\$ 5,350	\$ 70,048	\$ 23,796	\$ 1
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	2,250	-	176,962
Charges for services	100	1,524,895	-	3,975	6,685	-	-
Fines and forfeits	-	-	1,368	-	-	4,530	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	100	1,524,895	1,368	3,975	8,935	4,530	176,962
Disbursements:							
Personal services	-	816,497	-	-	-	-	-
Supplies	-	250,145	-	-	-	-	-
Other services and charges	-	171,471	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	1,145,592	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	1,613	-	802	12,917	2,671	176,963
Total disbursements	-	2,385,318	-	802	12,917	2,671	176,963
Excess (deficiency) of receipts over disbursements	100	(860,423)	1,368	3,173	(3,982)	1,859	(1)
Cash and investments - ending	\$ 425	\$ 1,745,916	\$ 11,407	\$ 8,523	\$ 66,066	\$ 25,655	\$ -

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	APD Man	ED Revolving Loan	Redevelopment	Sinking	Sanitary District Sinking	Redevelopment Bond and Interest Kroger	Loss
Cash and investments - beginning	\$ 111,082	\$ 127,407	\$ 200,825	\$ 26,735	\$ 319,720	\$ 88,061	\$ 50,582
Receipts:							
Taxes	15,000	-	-	143,298	640,193	107,320	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	9,692	43,286	-	-
Charges for services	-	-	25,200	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	103,319	204,747	69,156	-	-	-	2,517,466
Total receipts	118,319	204,747	94,356	152,990	683,479	107,320	2,517,466
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	101,984	-	-	-	2,143,983
Debt service - principal and interest	-	-	-	173,750	669,125	77,830	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	95,109	76,328	1,305	385	-	-	-
Total disbursements	95,109	76,328	103,289	174,135	669,125	77,830	2,143,983
Excess (deficiency) of receipts over disbursements	23,210	128,419	(8,933)	(21,145)	14,354	29,490	373,483
Cash and investments - ending	\$ 134,292	\$ 255,826	\$ 191,892	\$ 5,590	\$ 334,074	\$ 117,551	\$ 424,065

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Redevelopment TIF Levy	Police Training	ARC Lease Rental	Redevelopment Bond and Interest	Insurance Escrow	Nestle TIF Capital	Airport Grant 29
Cash and investments - beginning	\$ 5,957,209	\$ 82,802	\$ 1,017,790	\$ 5,029,601	\$ 8,104,008	\$ 3,777,682	\$ (3,427)
Receipts:							
Taxes	3,396,746	-	-	4,467,311	-	3,349,101	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	194,097	-	-	-	-	-	24,500
Charges for services	7,000	39,447	1,135	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	22,939	3,592	1,718,851	4,156	13,973,411	-	-
Total receipts	3,620,782	43,039	1,719,986	4,471,467	13,973,411	3,349,101	24,500
Disbursements:							
Personal services	-	-	-	-	28,755	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	99,473	-	-	2,000	12,658,654	-	-
Debt service - principal and interest	-	-	-	3,799,195	-	-	-
Capital outlay	3,740,768	-	-	-	-	-	15,187
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	59,425	2,024,485	-	15,318	-	-
Total disbursements	3,840,241	59,425	2,024,485	3,801,195	12,702,727	-	15,187
Excess (deficiency) of receipts over disbursements	(219,459)	(16,386)	(304,499)	670,272	1,270,684	3,349,101	9,313
Cash and investments - ending	\$ 5,737,750	\$ 66,416	\$ 713,291	\$ 5,699,873	\$ 9,374,692	\$ 7,126,783	\$ 5,886

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Court Costs Due County	Wheel Tax	Fire Fighting Training	Public Safety COIT	Nestle Taxable TIF Capital	Capital Improvements	Certified Tech Park
Cash and investments - beginning	\$ -	\$ 617,577	\$ 2,550	\$ 1,212,054	\$ 7,574,425	\$ 86,135	\$ 286,237
Receipts:							
Taxes	-	-	-	2,569,344	1,028,943	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	1,116,837	-	-	-	136,501	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	22,372	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	2,697	9,630	-	48	-	-
Total receipts	22,372	1,119,534	9,630	2,569,344	1,028,991	136,501	-
Disbursements:							
Personal services	-	-	-	1,300,368	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	530,024	-	1,172,523	2,400	114,743	-
Debt service - principal and interest	-	-	-	-	2,241,038	-	-
Capital outlay	-	-	-	-	-	63,492	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	22,372	-	7,439	-	-	-	-
Total disbursements	22,372	530,024	7,439	2,472,891	2,243,438	178,235	-
Excess (deficiency) of receipts over disbursements	-	589,510	2,191	96,453	(1,214,447)	(41,734)	-
Cash and investments - ending	\$ -	\$ 1,207,087	\$ 4,741	\$ 1,308,507	\$ 6,359,978	\$ 44,401	\$ 286,237

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Civil City Payroll	Electric Construction 2014	Electric Petty Cash	Electric Mail Permit Deposit	Electric UPS Deposit	Electric Operating	Electric Bond and Interest
Cash and investments - beginning	\$ 130,679	\$ 1,300,960	\$ 1,000	\$ 3,000	\$ 152	\$ 685,335	\$ 58,428
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	89,584,852	-
Penalties	-	-	-	-	-	-	-
Other receipts	9,869,408	9,669	-	-	-	31,171	859,622
Total receipts	9,869,408	9,669	-	-	-	89,616,023	859,622
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	838,174
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	83,793,164	-
Other disbursements	9,872,173	-	-	-	-	2,894,198	-
Total disbursements	9,872,173	-	-	-	-	86,687,362	838,174
Excess (deficiency) of receipts over disbursements	(2,765)	9,669	-	-	-	2,928,661	21,448
Cash and investments - ending	\$ 127,914	\$ 1,310,629	\$ 1,000	\$ 3,000	\$ 152	\$ 3,613,996	\$ 79,876

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Electric Customer Deposit	Electric Depreciation	Electric Automatic Meter Reading	Electric Garage Reserve	Electric Fiber	Electric Reserve PILOT	Storm Water Mail Permit Deposit
Cash and investments - beginning	\$ 1,563,427	\$ 4,508,780	\$ 96,940	\$ 32,560	\$ 165,802	\$ 1,152,802	\$ 3,000
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	96,155	-	-	-	319,816	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	10,757	22,839	1,092,199	-	360	942,377	-
Total receipts	106,912	22,839	1,092,199	-	320,176	942,377	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	1,163,288	-	-	-	-
Capital outlay	-	417,052	-	-	81,966	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	11,820	-	-	-	140,183	1,152,803	-
Total disbursements	11,820	417,052	1,163,288	-	222,149	1,152,803	-
Excess (deficiency) of receipts over disbursements	95,092	(394,213)	(71,089)	-	98,027	(210,426)	-
Cash and investments - ending	\$ 1,658,519	\$ 4,114,567	\$ 25,851	\$ 32,560	\$ 263,829	\$ 942,376	\$ 3,000

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Storm Water Operating	Storm Water Depreciation	Storm Water Bond and Interest	Storm Water Reserve PILOT	Wastewater- Construction 2011	Wastewater Petty Cash	Wastewater Mail Permit Deposit
Cash and investments - beginning	\$ 664,857	\$ 225,995	\$ 50,534	\$ 450,450	\$ 1,696,634	\$ 1,000	\$ 3,000
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	2,412,165	-	-	-	-	-	-
Penalties	16,575	-	-	-	-	-	-
Other receipts	3,401	320,938	184,120	52,979	11,621	-	-
Total receipts	2,432,141	320,938	184,120	52,979	11,621	-	-
Disbursements:							
Personal services	343,579	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	157,990	-	-	-	-	-	-
Debt service - principal and interest	380,176	-	187,722	-	-	-	-
Capital outlay	-	347,732	-	-	-	-	-
Utility operating expenses	103,656	-	-	-	-	-	-
Other disbursements	1,323,771	-	-	250,000	-	-	-
Total disbursements	2,309,172	347,732	187,722	250,000	-	-	-
Excess (deficiency) of receipts over disbursements	122,969	(26,794)	(3,602)	(197,021)	11,621	-	-
Cash and investments - ending	\$ 787,826	\$ 199,201	\$ 46,932	\$ 253,429	\$ 1,708,255	\$ 1,000	\$ 3,000

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Wastewater 2009B Construction	Wastewater Operating	Wastewater Bond and Interest	Wastewater Depreciation	Wastewater Reserve PILOT	Wastewater Replacement	Wastewater Automatic Meter Reading
Cash and investments - beginning	\$ 370,565	\$ 15,568,660	\$ 3,212,636	\$ 2,353,778	\$ 2,073,710	\$ 1,964,792	\$ 47,091
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	19,740,886	-	-	-	-	-
Penalties	-	14,693	-	-	-	-	-
Other receipts	-	17,464	4,126,011	2,118,677	474,050	247,243	517,961
Total receipts	-	19,773,043	4,126,011	2,118,677	474,050	247,243	517,961
Disbursements:							
Personal services	-	4,254,080	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	1,454,318	-	-	-	-	-
Debt service - principal and interest	-	-	3,928,205	-	-	-	-
Capital outlay	-	36,043	-	3,771,352	-	-	-
Utility operating expenses	-	4,805,586	-	-	-	-	-
Other disbursements	-	8,214,140	-	-	1,007,816	-	565,052
Total disbursements	-	18,764,167	3,928,205	3,771,352	1,007,816	-	565,052
Excess (deficiency) of receipts over disbursements	-	1,008,876	197,806	(1,652,675)	(533,766)	247,243	(47,091)
Cash and investments - ending	\$ 370,565	\$ 16,577,536	\$ 3,410,442	\$ 701,103	\$ 1,539,944	\$ 2,212,035	\$ -

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Wastewater Improvement	Wastewater Revolving Sewer Const	Water Petty Cash	Water Mail Permit Deposit	Water Construction	Water Debt Service Reserve	Water Well and Tank
Cash and investments - beginning	\$ 3,415,543	\$ 65,550	\$ 1,000	\$ 3,000	\$ 11,021,987	\$ 954,290	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	115,087	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	611,028	-	-	-	94,532	-	162,372
Total receipts	611,028	115,087	-	-	94,532	-	162,372
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	66,883	-	-	-	2,042,908	-	-
Utility operating expenses	-	-	-	-	326	-	-
Other disbursements	-	77,845	-	-	-	-	72,601
Total disbursements	66,883	77,845	-	-	2,043,234	-	72,601
Excess (deficiency) of receipts over disbursements	544,145	37,242	-	-	(1,948,702)	-	89,771
Cash and investments - ending	\$ 3,959,688	\$ 102,792	\$ 1,000	\$ 3,000	\$ 9,073,285	\$ 954,290	\$ 89,771

CITY OF ANDERSON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Water Operating	Water Bond and Interest	Water Customer Deposit	Water Depreciation	Water Reserve PILOT	Water Automatic Meter Reading	Totals
Cash and investments - beginning	\$ 1,200,414	\$ -	\$ 618,636	\$ 210,245	\$ 476,737	\$ -	\$ 112,580,098
Receipts:							
Taxes	-	-	-	-	-	-	34,164,007
Licenses and permits	-	-	-	-	-	-	1,182,710
Intergovernmental receipts	-	-	-	-	-	-	33,063,004
Charges for services	-	-	-	-	-	-	5,684,804
Fines and forfeits	-	-	-	-	-	-	838,093
Utility fees	11,678,530	-	57,711	-	-	-	124,005,202
Penalties	-	-	-	-	-	-	31,268
Other receipts	1,988	1,338,303	1,685	270,000	603,427	1,255,767	45,923,698
Total receipts	11,680,518	1,338,303	59,396	270,000	603,427	1,255,767	244,892,786
Disbursements:							
Personal services	2,752,529	-	-	-	-	-	44,315,328
Supplies	-	-	-	-	-	-	1,667,094
Other services and charges	1,067,226	-	-	-	-	-	29,329,549
Debt service - principal and interest	-	1,338,303	-	-	-	1,255,767	16,166,937
Capital outlay	251,054	-	-	125,126	-	-	14,906,655
Utility operating expenses	2,097,140	-	-	-	-	-	90,799,872
Other disbursements	6,116,927	-	6,205	-	476,737	-	41,493,076
Total disbursements	12,284,876	1,338,303	6,205	125,126	476,737	1,255,767	238,678,511
Excess (deficiency) of receipts over disbursements	(604,358)	-	53,191	144,874	126,690	-	6,214,275
Cash and investments - ending	\$ 596,056	\$ -	\$ 671,827	\$ 355,119	\$ 603,427	\$ -	\$ 118,794,373

CITY OF ANDERSON
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Electric	\$ 10,803,168	\$ 6,043,652
Storm Water	418	194,469
Wastewater	1,551	1,703,134
Water	2,075	882,771
Governmental activities	<u>-</u>	<u>-</u>
Totals	<u>\$ 10,807,212</u>	<u>\$ 8,824,026</u>

CITY OF ANDERSON
SCHEDULE OF LEASES AND DEBT
December 31, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Electric:				
Chase	Auto Meter Reading	\$ 310,223	2/25/2007	1/1/2023
First Merchant	Digger Derrick Truck	12,760	1/1/2014	7/1/2018
Total Electric		322,983		
Storm Water:				
PNC National City Bank	White River Levee Project	187,722	5/1/2010	11/5/2019
Water:				
Chase	Auto Meter Reading	1,255,767	2/25/2008	2/25/2022
Total of annual lease payments		\$ 1,766,472		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Lease Rental Refinance Series 2002 Pol St 2012		\$ 3,069,500	\$ 565,000
General obligation bonds	Park District 2003 /Urban Park 12Th & Meridian St		475,000	170,385
General obligation bonds	Sanitary District Bonds 2014		4,555,000	680,313
Revenue bonds	Taxable Economic Development Tax Increment Revenue Bonds Series 2017A		2,100,000	2,117,115
Revenue bonds	Taxable Economic Development Tax Increment Revenue Bonds Series 2017B		260,000	262,119
Revenue bonds	Refinance Series 2002 Pendleton/Series 2012		2,225,000	468,191
Revenue bonds	Acquisition & Build (2003 Kroger)		353,000	79,380
Revenue bonds	Anderson Redevelopment Tax Increment 2016		7,000,000	306,350
Revenue bonds	Economic Dev Rev Bonds Series 2006A (Nestle)		6,160,294	1,290,001
Revenue bonds	Improvements (Nestle 2009)		6,645,000	1,001,676
Notes and loans payable	Anderson Taxable TIF Bond 2013- Gt-Hydro		4,005,000	601,255
Notes and loans payable	Anderson Taxable TIF Bonds Series 2015 (Extend Life Of Tif)		2,720,000	252,625
Notes and loans payable	Anderson Taxable TIF Bonds Series 2015 (Purdue)		13,215,000	1,369,663
Notes and loans payable	Anderson Taxable TIF Bonds Series 2015 (Sirmax)		3,200,000	337,055
Notes and loans payable	Revenue Note/Food & Beverage Tax Revenue Note		85,714	59,812
Total governmental activities			56,068,508	9,560,940
Electric:				
Revenue bonds	Electric Utility Refunding Rev Bonds Series 2013		4,275,000	658,578
Revenue bonds	Electric Utility Revenue Bonds Of 2014		1,475,000	113,723
Total Electric			5,750,000	772,301
Wastewater:				
Revenue bonds	Series 2009A(SRF) LTCP Phase 1		3,765,000	361,972
Revenue bonds	Series 2009B(SRF) CSO LTCP Phase 1		3,460,000	405,556
Revenue bonds	Series 2010(SRF) Telvising & Sludge Infrastructure		1,705,000	149,100
Revenue bonds	Series 2011(SRF) LTCP Phase II		16,205,000	1,507,040
Revenue bonds	Series 2012 Sewage Refunding Revenue Bonds		4,100,000	1,031,510
Revenue bonds	Sewage Works Refunding 07 Revenue Bonds 2016		10,590,000	854,250
Total Wastewater			39,825,000	4,309,428
Water:				
Revenue bonds	Waterworks Refunding 07 Revenue Bonds 2016		13,865,000	948,140
Revenue bonds	Waterworks Series 2016		3,195,000	364,500
Total Water			17,060,000	1,312,640
Totals			\$ 118,703,508	\$ 15,955,309

CITY OF ANDERSON
SCHEDULE OF CAPITAL ASSETS
December 31, 2017

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:	\$ -
Total governmental activities	-
Electric:	
Land	132,448
Infrastructure	93,957,611
Improvements other than buildings	4,183,826
Machinery, equipment, and vehicles	7,746,186
Construction in progress	<u>1,453,021</u>
Total Electric	<u>107,473,092</u>
Storm Water:	
Land	111,685
Infrastructure	22,953,570
Improvements other than buildings	1,633
Machinery, equipment, and vehicles	<u>206,226</u>
Total Storm Water	<u>23,273,114</u>
Wastewater:	
Land	656,265
Infrastructure	42,066,629
Buildings	34,723,169
Improvements other than buildings	42,334,172
Machinery, equipment, and vehicles	22,162,747
Construction in progress	<u>3,701,744</u>
Total Wastewater	<u>145,644,726</u>
Water:	
Land	500,390
Infrastructure	41,074,625
Buildings	3,451,635
Improvements other than buildings	651,296
Machinery, equipment, and vehicles	2,763,651
Construction in progress	<u>5,044,177</u>
Total Water	<u>53,485,774</u>
Total capital assets	<u>\$ 329,876,706</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Anderson's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017. 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, 2017.

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 2017-002. Our opinion on each major federal program is not modified with respect to this matter.

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

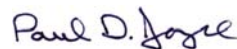
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of 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 item 2017-002, that we consider to be a material weakness.

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 ANDERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

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	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Commerce</u>					
Economic Development Cluster Economic Adjustment Assistance	Direct Grant	11.307	0061901906A	\$ -	\$ 583,450
Total - Economic Development Cluster				-	583,450
Total - Department of Commerce				-	583,450
<u>Department of Housing and Urban Development</u>					
CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants	Direct Grant	14.218	B-14-MC-18-0001 B-15-MC-18-0001 B-16-MC-18-0001 B-17-MC-18-0001	67,988 21,470 22,790 1,039	307,358 382,778 352,506 7,404
Total - Community Development Block Grants/Entitlement Grants				113,287	1,050,046
Total - CDBG - Entitlement Grants Cluster				113,287	1,050,046
HOME Investment Partnerships Program	Direct Grant	14.239	M-12-MC-18-0209 M-14-MC-18-0209 M-15-MC-18-0209 M-16-MC-18-0209	- 32,432 400 3,957	47,790 86,103 60,665 12,460
Total - HOME Investment Partnerships Program				36,789	207,018
Total - Department of Housing and Urban Development				150,076	1,257,064
<u>Department of Justice</u>					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	14-VA-5411	-	31,269
Edward Byrne Memorial Justice Assistance Grant Program	Indiana Criminal Justice Institute Direct Grant	16.738	2016-DJ-BX-0402 2016-DJ-BX-0460	20,078 -	29,632 21,706
Total - Edward Byrne Memorial Justice Assistance Grant Program				20,078	51,338
Total - Department of Justice				20,078	82,607
<u>Department of Transportation</u>					
Federal Transit Cluster Federal Transit_Capital Investment Grants	Direct Grant	20.500	IN-04-0036-00	-	185,457
Federal Transit_Formula Grants	Direct Grant	20.507	IN-2016-011-00 IN-2016-010-00 IN-2017-008-01	- - -	5,840 457,083 666,122

CITY OF ANDERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

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	Passed Through to Subrecipient	Total Federal Awards Expended
			IN-2017-008-03	-	20,881
			IN-2017-008-04	-	10,356
			IN-2017-008-05	-	137,454
Total - Federal Transit_Formula Grants				-	1,297,736
Total - Federal Transit Cluster				-	1,483,193
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205	DES 1400931	-	121,319
			DES 1592299	-	63,572
			DES 1592300	-	21,421
Total - Highway Planning and Construction				-	206,312
Total - Highway Planning and Construction Cluster				-	206,312
Highway Safety Cluster					
Alcohol Impaired Driving Countermeasures Incentive Grants I	Madison County	20.601	D3-17-11098	-	14,565
Total - Highway Safety Cluster				-	14,565
Airport Improvement Program	Direct Grant	20.106	AIP-3-18-0001-027-2013	-	7,474
			AIP-3-18-0001-028-2014	-	16,248
			AIP-3-18-0001-029-2015	-	13,900
			AIP-3-18-0001-030-2016	-	1,669,153
Total - Airport Improvement Program				-	1,706,775
Total - Department of Transportation				-	3,410,845
<u>Department of Homeland Security</u>					
Assistance to Firefighters Grant	Direct Grant	97.044	EMW-2015-FO-05391	-	47,100
Total - Department of Homeland Security				-	47,100
Total federal awards expended				\$ 170,154	\$ 5,381,066

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

CITY OF ANDERSON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2017. 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 Economic Adjustment Assistance Expenditures on the SEFA

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

Revolving Loan Fund (RLF):	
Outstanding loans as of December 31, 2017	\$ 637,595
Cash and Investments as of December 31, 2017	255,826
Administrative expenses paid out of RLF income during 2017	1,327
Unpaid principal on loans written off during 2017	<u> -</u>
Subtotal	<u>\$ 894,748</u>
Calculation of Federal Participation Rate (FPR):	
Original grant	\$ 313,000
Original match (In-kind)	<u>167,000</u>
Subtotal	<u>\$ 480,000</u>
FPR - Original grant awarded divided by total including original match	<u>65.21%</u>
Expenditures reported on the SEFA	<u>\$ 583,450</u>

CITY OF ANDERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Any audit finding 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:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
CDBG - Entitlement Grants Cluster	Unmodified
Federal Transit 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 2017-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-001.

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).

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

The City had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the City's SEFA. Although the City had procedures in place to provide for a review and approval of information reported on the SEFA, the controls were not effective as the SEFA was incomplete upon initial submission.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

Criteria

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

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

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

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

Cause

Management had not established an effective 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 could have remained undetected.

Recommendation

We recommended that the City's management establish effective controls related to the preparation of the SEFA.

Views of Responsible Officials

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-002

Subject: Community Development Block Grants/Entitlement Grants - Reporting
Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/Entitlement Grants
CFDA Number: 14.218
Federal Award Numbers and Years (or Other Identifying Numbers): B-14-MC-18-0001,
B-15-MC-18-0001,
B-16-MC-18-0001

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

Condition

An effective internal control system, which would include segregation of duties, was not in place at the City's Community Development Department in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The City is required to file a Consolidated Annual Performance and Evaluation Report (CAPER) and a Performance Report, HUD 60002, by June 30 following the year of activity. The City's Community Development Department filed their 2016 CAPER by June 30, 2017. When a CAPER is required to be filed, a Performance Report, HUD 60002, is also required to be filed at the same time. The Performance Report, HUD 60002, for the 2016 program year was due to be filed by June 30, 2017, but was not filed.

Context

The lack of controls and noncompliance were systemic issues, which occurred 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). . . ."

2 CFR 200.328(b)(1) states in part:

"The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Annual reports must be due 90 calendar days after the reporting period; . . ."

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the City in noncompliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



City of Anderson
Controller's Office
Douglas A. Whitham

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Thomas J. Broderick Jr., Mayor

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001- Preparation of the Schedule of Expenditures of Federal Awards

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

Status of Audit Finding: For the 2017 fiscal year, the City implemented a system of internal control designed to prevent, detect, and correct errors on the Schedule of Expenditures of Federal Awards (SEFA) to ensure the accurate reporting of federal awards. The controls are expected to be effective for the 2018 fiscal year.

FINDING 2016-002- Financial Transactions and Reporting

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

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

FINDING 2016-003- Federal Transit Investment Grants and Federal Transit Formula Grants- Equipment and Real Property Management

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Transportation
Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner
Contact Phone Number: 765-648-6171

Status of Audit Finding: For 2017, the City retained a consultant who reviewed the system of internal control and related equipment listing to ensure equipment and other property purchased with federal funds has been captured for tracking and is being properly accounted for.

FINDING 2016-004- Federal Transit Investment Grants and Federal Transit Formula Grants- Reporting

Fiscal year in which the finding initially occurred: 2015

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

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

Contact Phone Number: 765-648-6171

Status of Audit Finding: For 2017, the City retained a consultant who reviewed the system of internal control and developed procedures designed to ensure evidence of the proper control procedure over quarterly reports and the reporting requirement.

FINDING 2016-005- Staffing for Adequate Fire and Emergency Response (SAFER) – Activities Allowed/Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Reporting

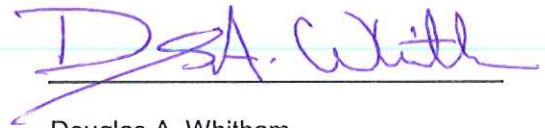
Fiscal year in which the finding initially occurred: 2014

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

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

Contact Phone Number: 765-648-6622

Status of Audit Finding: For the 2017 fiscal year, the City, through a procedures manual adopted by the Board of Public Safety, implemented a system of internal control designed to prevent, detect, and correct errors pertaining to the following federal requirements related to the Staffing Adequate Fire and Emergency Response (SAFER) grant: activities allowed/unallowed, allowable costs/cost principles, cash management, period of performance, and reporting.



Douglas A. Whitham

City Controller

July 27, 2018



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

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Thomas J. Broderick Jr., Mayor

CORRECTIVE ACTION PLAN

FINDING 2017-001

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

Views of Responsible Official: The responsible official deems the controls in place to be sufficient to detect and prevent material errors from being reported on the Schedule of Expenditures of Federal Awards (SEFA). The error in question was detected by the responsible official and corrected on the SEFA as approved for presentation in the audit report.

Description of Corrective Action Plan: For the 2017 fiscal year, the City implemented a system of internal control designed to prevent, detect, and correct errors on the Schedule of Expenditures of Federal Awards (SEFA) to ensure the accurate reporting of federal awards. The controls are expected to be effective for the 2018 fiscal year.

Anticipated Completion Date: Completed.

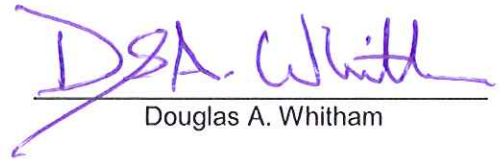
FINDING 2017-002

Contact Person Responsible for Corrective Action: Lelia Kelley, Director of Community Development
Contact Phone Number: 765 648-6096

Views of Responsible Official: The responsible official concurs with the finding that the Performance Report was not timely filed as required.

Description of Corrective Action Plan: For the 2018 fiscal year, the City, through the Community Development Department, reviewed its system of internal control and made adjustments where necessary to prevent, detect, and correct reporting errors related to its Community Development Block Grant (CDBG) program to ensure all reports are timely filed, including the CAPER and Performance Report.

Anticipated Completion Date: September 30, 2018


Douglas A. Whitham

City Controller

July 27, 2018

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/>.