

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF MOUNT VERNON

POSEY COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
09/29/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cristi L. Sitzman	09-15-12 to 12-31-15
Mayor	John Tucker	01-01-12 to 12-31-15
President of the Board of Public Works	John Tucker	01-01-12 to 12-31-15
President Pro Tempore of the Common Council	Bill Curtis	01-01-13 to 12-31-14
President of Water Utility Board	Bill Curtis	01-01-13 to 12-31-14
Superintendent of Water Utility	Chuck Gray	01-01-13 to 01-01-14
Superintendent of Wastewater Utility:		
Plant	Rodney Givens	01-01-13 to 12-31-14
Operations	Danny Moss	01-01-13 to 12-31-14
Pre-Treatment	Dennis Givens	01-01-13 to 12-31-14
Utility Office Manager	Deann Blackburn	01-01-13 to 12-31-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF MOUNT VERNON, POSEY COUNTY, INDIANA

This report is supplemental to our audit report of the City of Mount Vernon (City), for the period from January 1, 2013 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the City, which provides our opinions on the City's financial statement and federal program compliance. This report may be found at www.in.gov/sboa.

The Federal Finding, identified in the above referenced audit report, is included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Finding incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

July 24, 2014

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POLICE DEPARTMENT
CITY OF MOUNT VERNON

POLICE DEPARTMENT
CITY OF MOUNT VERNON
AUDIT RESULT AND COMMENT

DEPOSITS

The Police Department remits receipts to the Clerk-Treasurer only once per month.

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance."

POLICE DEPARTMENT
CITY OF MOUNT VERNON
EXIT CONFERENCE

The contents of this report were discussed on July 24, 2014, with Grant Beloit, Chief of Police.

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DEPARTMENT OF PARKS AND RECREATION
CITY OF MOUNT VERNON

DEPARTMENT OF PARKS AND RECREATION
CITY OF MOUNT VERNON
AUDIT RESULTS AND COMMENTS

DEPOSITS

Receipts were deposited later than the next business day in 40 percent of receipts tested. Additionally, deposits were not always reported timely to the Clerk-Treasurer's Office. In one instance, a deposit of \$87.15, made on July 15, 2013, for concession receipts was never reported to the Clerk-Treasurer's Office.

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance."

RECEIPT ISSUANCE

We conducted a test designed to verify that receipts were issued at the time the transactions occurred. Our test of this procedure found that receipts are not issued for pool admissions, pool concessions, community center concessions, or certain community center activities.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DEPARTMENT OF PARKS AND RECREATION
CITY OF MOUNT VERNON
EXIT CONFERENCE

The contents of this report were discussed on July 24, 2014, with Michael Harshbarger, Parks Director, and Debbie Scott, Administrative Assistant.

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CLERK-TREASURER
CITY OF MOUNT VERNON

CLERK-TREASURER
CITY OF MOUNT VERNON
FEDERAL FINDING

***FINDING 2013-001 - INTERNAL CONTROLS OVER THE PREPARATION
OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: the names of three federal programs were reported incorrectly, the amounts expended were reported incorrectly for two programs, and most programs did not include a pass-through entity identification number. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

CLERK-TREASURER
CITY OF MOUNT VERNON
FEDERAL FINDING
(Continued)

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

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

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

CLERK-TREASURER
CITY OF MOUNT VERNON
EXIT CONFERENCE

The contents of this report were discussed on July 24, 2014, with Cristi L. Sitzman, Clerk-Treasurer.