

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF LINTON
GREENE COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
01/26/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	B. Jack Shelton	01-01-14 to 12-31-15
Mayor	John A. Wilkes	01-01-14 to 12-31-15
President of the Board of Public Works	John A. Wilkes	01-01-14 to 12-31-15
President Pro Tempore of the Common Council	Jathan Wright Linda D. Bedwell	01-01-14 to 12-31-14 01-01-15 to 12-31-15
General Manager of Utilities	Brent Slover	01-01-14 to 12-31-15
Operations Manager of Utilities	Brent Murray	08-14-14 to 12-31-15



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF LINTON, GREENE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Linton (City), which comprises the financial position and results of operations for the year ended December 31, 2014, 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 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 of material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

As discussed in Note 1 of 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, 2014.

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, 2014, 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 the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, 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 and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 21, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

October 21, 2015



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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 LINTON, GREENE 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 Linton (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated October 21, 2015, 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.

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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

City of Linton's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

October 21, 2015

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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 LINTON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
GENERAL	\$ 414,782	\$ 2,305,963	\$ 2,004,281	\$ 716,464
MVH	199,060	336,630	240,371	295,319
LOCAL ROAD & STREET FUND	17,438	22,029	18,700	20,767
HOME REHAB GRANT	-	11,621	11,621	-
LAW ENFORCEMENT EDUCATION	16,425	6,623	20,707	2,341
GOLF COURSE	(21,361)	416,836	393,236	2,239
RAINY DAY FUND	213,009	-	-	213,009
CUMM CAPITAL IMPROVEMENT	104,385	14,318	58,165	60,538
CUMM CAPITAL DEVELOPMENT	49,147	45,649	50,654	44,142
POLICE DEPT-NEW EQUIP.	10,641	10,602	17,220	4,023
FIRE EQUIP FUND	5,964	27,876	27,131	6,709
POLICE PENSION FUND	73,184	121,114	121,930	72,368
FIRE PENSION FUND	60,566	61,890	63,395	59,061
CEMETERY FUND	14,429	54,125	73,787	(5,233)
NEW FIRE STATION FUND	6,331	150,615	134,000	22,946
SWIMMING POOL	(3,076)	50,659	55,803	(8,220)
HUMPHREY'S PARK	1,100	38,016	51,095	(11,979)
POLICE RESERVES FUND	2,242	75	-	2,317
POLICE DARE PROGRAM	1,967	-	-	1,967
TRAILER PERMIT/INSPEC FUND	1,868	750	362	2,256
PAYROLL FUND	15,518	4,719,001	4,722,217	12,302
ELECTRIC OPERATING FUND	1,823,937	8,029,280	8,036,544	1,816,673
ELECTRIC METER DEPOSIT	261,936	58,035	50,332	269,639
ELECTRIC DEPRECIATION	669,689	162,070	331,549	500,210
IMPA GRANT	2,988	3,257	-	6,245
ELECTRIC CASH RESERVE	242,895	100,091	100,000	242,986
ELECTRIC IMPREST FUND	2,200	-	-	2,200
CDBG FUND	-	144,489	144,489	-
SANITATION OPERATING	45,637	715,373	744,340	16,670
SANITATION DEPRECIATION	190,213	60,000	60,000	190,213
SEWAGE OPERATING FUND	319,624	1,228,802	1,231,670	316,756
SEWAGE METER DEPOSITS	19,515	8,370	5,730	22,155
SEWAGE DEPRECIATION FUND	229,071	305,348	110,123	424,296
WASTEWATER BOND & INTEREST FUND	222,572	237,600	203,585	256,587
WASTEWATER DEBT RESERVE	41,393	45,156	-	86,549
WASTEWATER CONSTRUCTION	-	928,366	928,366	-
SEWAGE DEBT RESERVE	135,773	-	-	135,773
SEWAGE IMPREST FUND	600	-	-	600
WATER OPERATING	213,586	1,256,524	1,284,099	186,011
WATER METER DEPOSIT	34,153	6,640	4,820	35,973
WATER DEPRECIATION FUND	103,815	70,000	147,050	26,765
WATER CONSTRUCTION FUND	31,672	2	31,674	-
WATER BOND & INTEREST	91,547	203,500	208,085	86,962
WATER DEBT RESERVE	170,478	-	170,478	-
WATER IMPREST FUND	1,000	-	-	1,000
WATER EXPANSION FUND	926	-	-	926
DRINKING WATER SYSTEM-BOND & INTEREST	-	26,430	-	26,430
DRINKING WATER SYSTEM-DEBT RESERVE	-	247,736	-	247,736
DRINKING WATER SYSTEM-CONSTRUCTION	-	444,396	444,396	-
DRINKING WATER SYSTEM-CONSTRUCTION#2	-	2,958	-	2,958
GAS OPERATING FUND	1,119,318	3,033,672	3,096,711	1,056,279
GAS METER DEPOSIT FUND	141,946	28,920	21,220	149,646
GAS DEPRECIATION FUND	73,020	105,000	177,066	954
GAS BOND & INTEREST	46,519	-	46,519	-
GAS DEBT RESERVE FUND	90,891	-	30,891	60,000
GAS IMPREST FUND	2,200	-	-	2,200
Totals	<u>\$ 7,512,733</u>	<u>\$ 25,846,407</u>	<u>\$ 25,674,412</u>	<u>\$ 7,684,728</u>

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

CITY OF LINTON
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 which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers 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 which include 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: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF LINTON
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution 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 which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine 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 which include receipts derived 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 which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are 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 include outflows 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 which include 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 office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

CITY OF LINTON
NOTES TO FINANCIAL STATEMENT
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are 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, transfer money 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 money 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 money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

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

Note 3. Property Taxes

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

CITY OF LINTON
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, 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 LINTON
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 LINTON
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 a result of each fund having more expenditures than the cash balance available to spend.

Note 8. Holding Corporation

The City has entered into a capital lease with the Linton Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year 2014 totaled \$134,000.

OTHER INFORMATION - UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Financial Report of the City which is 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 LINTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	GENERAL	MVH	LOCAL ROAD & STREET FUND	HOME REHAB GRANT	LAW ENFORCEMENT EDUCATION	GOLF COURSE	RAINY DAY FUND
Cash and investments - beginning	\$ 414,782	\$ 199,060	\$ 17,438	\$ -	\$ 16,425	\$ (21,361)	\$ 213,009
Receipts:							
Taxes	663,371	129,145	-	-	-	14,360	-
Licenses and permits	-	-	-	-	4,920	-	-
Intergovernmental	818,293	202,214	22,029	11,621	-	-	-
Charges for services	243,148	3,360	-	-	417	391,025	-
Fines and forfeits	166,029	-	-	-	1,130	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	415,122	1,911	-	-	156	11,451	-
Total receipts	<u>2,305,963</u>	<u>336,630</u>	<u>22,029</u>	<u>11,621</u>	<u>6,623</u>	<u>416,836</u>	<u>-</u>
Disbursements:							
Personal services	1,328,087	120,054	-	-	-	154,098	-
Supplies	127,435	77,992	-	-	20,707	175,751	-
Other services and charges	183,230	18,879	18,700	-	-	63,387	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	17,114	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	365,529	6,332	-	11,621	-	-	-
Total disbursements	<u>2,004,281</u>	<u>240,371</u>	<u>18,700</u>	<u>11,621</u>	<u>20,707</u>	<u>393,236</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>301,682</u>	<u>96,259</u>	<u>3,329</u>	<u>-</u>	<u>(14,084)</u>	<u>23,600</u>	<u>-</u>
Cash and investments - ending	<u>\$ 716,464</u>	<u>\$ 295,319</u>	<u>\$ 20,767</u>	<u>\$ -</u>	<u>\$ 2,341</u>	<u>\$ 2,239</u>	<u>\$ 213,009</u>

CITY OF LINTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	CUMM CAPITAL IMPROVEMENT	CUMM CAPITAL DEVELOPMENT	POLICE DEPT-NEW EQUIP.	FIRE EQUIP FUND	POLICE PENSION FUND	FIRE PENSION FUND	CEMETERY FUND
Cash and investments - beginning	\$ 104,385	\$ 49,147	\$ 10,641	\$ 5,964	\$ 73,184	\$ 60,566	\$ 14,429
Receipts:							
Taxes	-	39,781	-	-	-	-	-
Licenses and permits	-	-	5,300	-	-	-	-
Intergovernmental	14,318	5,868	-	2,784	-	-	-
Charges for services	-	-	-	-	121,114	61,890	54,075
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	5,302	25,092	-	-	50
Total receipts	<u>14,318</u>	<u>45,649</u>	<u>10,602</u>	<u>27,876</u>	<u>121,114</u>	<u>61,890</u>	<u>54,125</u>
Disbursements:							
Personal services	-	-	-	-	121,930	63,395	41,871
Supplies	-	-	-	-	-	-	24,425
Other services and charges	-	-	-	-	-	-	7,491
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	58,165	50,654	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	17,220	27,131	-	-	-
Total disbursements	<u>58,165</u>	<u>50,654</u>	<u>17,220</u>	<u>27,131</u>	<u>121,930</u>	<u>63,395</u>	<u>73,787</u>
Excess (deficiency) of receipts over disbursements	<u>(43,847)</u>	<u>(5,005)</u>	<u>(6,618)</u>	<u>745</u>	<u>(816)</u>	<u>(1,505)</u>	<u>(19,662)</u>
Cash and investments - ending	<u>\$ 60,538</u>	<u>\$ 44,142</u>	<u>\$ 4,023</u>	<u>\$ 6,709</u>	<u>\$ 72,368</u>	<u>\$ 59,061</u>	<u>\$ (5,233)</u>

CITY OF LINTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	NEW FIRE STATION FUND	SWIMMING POOL	HUMPHREY'S PARK	POLICE RESERVES FUND	POLICE DARE PROGRAM	TRAILER PERMIT/INSPEC FUND	PAYROLL FUND
Cash and investments - beginning	\$ 6,331	\$ (3,076)	\$ 1,100	\$ 2,242	\$ 1,967	\$ 1,868	\$ 15,518
Receipts:							
Taxes	146,460	-	-	-	-	-	-
Licenses and permits	-	-	1,845	-	-	750	-
Intergovernmental	4,155	-	-	-	-	-	-
Charges for services	-	44,430	30,599	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	6,229	5,572	75	-	-	4,719,001
Total receipts	<u>150,615</u>	<u>50,659</u>	<u>38,016</u>	<u>75</u>	<u>-</u>	<u>750</u>	<u>4,719,001</u>
Disbursements:							
Personal services	-	28,713	-	-	-	-	-
Supplies	-	18,988	15,635	-	-	-	-
Other services and charges	-	8,102	35,460	-	-	-	-
Debt service - principal and interest	134,000	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	362	4,722,217
Total disbursements	<u>134,000</u>	<u>55,803</u>	<u>51,095</u>	<u>-</u>	<u>-</u>	<u>362</u>	<u>4,722,217</u>
Excess (deficiency) of receipts over disbursements	<u>16,615</u>	<u>(5,144)</u>	<u>(13,079)</u>	<u>75</u>	<u>-</u>	<u>388</u>	<u>(3,216)</u>
Cash and investments - ending	<u>\$ 22,946</u>	<u>\$ (8,220)</u>	<u>\$ (11,979)</u>	<u>\$ 2,317</u>	<u>\$ 1,967</u>	<u>\$ 2,256</u>	<u>\$ 12,302</u>

CITY OF LINTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	ELECTRIC OPERATING FUND	ELECTRIC METER DEPOSIT	ELECTRIC DEPRECIATION	IMPA GRANT	ELECTRIC CASH RESERVE	ELECTRIC IMPREST FUND	CDBG FUND
Cash and investments - beginning	\$ 1,823,937	\$ 261,936	\$ 669,689	\$ 2,988	\$ 242,895	\$ 2,200	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	7,868,413	-	-	-	-	-	-
Other receipts	<u>160,867</u>	<u>58,035</u>	<u>162,070</u>	<u>3,257</u>	<u>100,091</u>	<u>-</u>	<u>144,489</u>
Total receipts	<u>8,029,280</u>	<u>58,035</u>	<u>162,070</u>	<u>3,257</u>	<u>100,091</u>	<u>-</u>	<u>144,489</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	144,489
Utility operating expenses	8,036,544	50,332	331,549	-	100,000	-	-
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>8,036,544</u>	<u>50,332</u>	<u>331,549</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>144,489</u>
Excess (deficiency) of receipts over disbursements	<u>(7,264)</u>	<u>7,703</u>	<u>(169,479)</u>	<u>3,257</u>	<u>91</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,816,673</u>	<u>\$ 269,639</u>	<u>\$ 500,210</u>	<u>\$ 6,245</u>	<u>\$ 242,986</u>	<u>\$ 2,200</u>	<u>\$ -</u>

CITY OF LINTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	SANITATION OPERATING	SANITATION DEPRECIATION	SEWAGE OPERATING FUND	SEWAGE METER DEPOSITS	SEWAGE DEPRECIATION FUND	WASTEWATER BOND & INTEREST FUND
Cash and investments - beginning	\$ 45,637	\$ 190,213	\$ 319,624	\$ 19,515	\$ 229,071	\$ 222,572
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	1,223,977	-	-	-
Other receipts	<u>715,373</u>	<u>60,000</u>	<u>4,825</u>	<u>8,370</u>	<u>305,348</u>	<u>237,600</u>
Total receipts	<u>715,373</u>	<u>60,000</u>	<u>1,228,802</u>	<u>8,370</u>	<u>305,348</u>	<u>237,600</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	1,231,670	5,730	110,123	203,585
Other disbursements	<u>744,340</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>744,340</u>	<u>60,000</u>	<u>1,231,670</u>	<u>5,730</u>	<u>110,123</u>	<u>203,585</u>
Excess (deficiency) of receipts over disbursements	<u>(28,967)</u>	<u>-</u>	<u>(2,868)</u>	<u>2,640</u>	<u>195,225</u>	<u>34,015</u>
Cash and investments - ending	<u>\$ 16,670</u>	<u>\$ 190,213</u>	<u>\$ 316,756</u>	<u>\$ 22,155</u>	<u>\$ 424,296</u>	<u>\$ 256,587</u>

CITY OF LINTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	WASTWATER DEBT RESERVE	WASTEWATER CONSTRUCTION	SEWAGE DEBT RESERVE	SEWAGE IMPREST FUND	WATER OPERATING	WATER METER DEPOSIT
Cash and investments - beginning	\$ 41,393	\$ -	\$ 135,773	\$ 600	\$ 213,586	\$ 34,153
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	1,227,976	-
Other receipts	45,156	928,366	-	-	28,548	6,640
Total receipts	45,156	928,366	-	-	1,256,524	6,640
Disbursements:						
Personal services	-	-	-	-	313,108	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	928,366	-	-	-	-
Utility operating expenses	-	-	-	-	970,991	4,820
Other disbursements	-	-	-	-	-	-
Total disbursements	-	928,366	-	-	1,284,099	4,820
Excess (deficiency) of receipts over disbursements	45,156	-	-	-	(27,575)	1,820
Cash and investments - ending	\$ 86,549	\$ -	\$ 135,773	\$ 600	\$ 186,011	\$ 35,973

CITY OF LINTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	WATER DEPRECIATION FUND	WATER CONSTRUCTION FUND	WATER BOND & INTEREST	WATER DEBT RESERVE	WATER IMPREST FUND	WATER EXPANSION FUND
Cash and investments - beginning	\$ 103,815	\$ 31,672	\$ 91,547	\$ 170,478	\$ 1,000	\$ 926
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>70,000</u>	<u>2</u>	<u>203,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>70,000</u>	<u>2</u>	<u>203,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	147,050	31,674	208,085	170,478	-	-
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>147,050</u>	<u>31,674</u>	<u>208,085</u>	<u>170,478</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(77,050)</u>	<u>(31,672)</u>	<u>(4,585)</u>	<u>(170,478)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 26,765</u>	<u>\$ -</u>	<u>\$ 86,962</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 926</u>

CITY OF LINTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	DRINKING WATER SYSTEM-BOND & INTEREST	DRINKING WATER SYSTEM-DEBT RESERVE	DRINKING WATER SYSTEM- CONSTRUCTION	DRINKING WATER SYSTEM- CONSTRUCTION#2	GAS OPERATING FUND	GAS METER DEPOSIT FUND
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 1,119,318	\$ 141,946
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	2,902,982	-
Other receipts	<u>26,430</u>	<u>247,736</u>	<u>444,396</u>	<u>2,958</u>	<u>130,690</u>	<u>28,920</u>
Total receipts	<u>26,430</u>	<u>247,736</u>	<u>444,396</u>	<u>2,958</u>	<u>3,033,672</u>	<u>28,920</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	444,396	-	-	-
Utility operating expenses	-	-	-	-	3,096,711	21,220
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>444,396</u>	<u>-</u>	<u>3,096,711</u>	<u>21,220</u>
Excess (deficiency) of receipts over disbursements	<u>26,430</u>	<u>247,736</u>	<u>-</u>	<u>2,958</u>	<u>(63,039)</u>	<u>7,700</u>
Cash and investments - ending	<u>\$ 26,430</u>	<u>\$ 247,736</u>	<u>\$ -</u>	<u>\$ 2,958</u>	<u>\$ 1,056,279</u>	<u>\$ 149,646</u>

CITY OF LINTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	GAS DEPRECIATION FUND	GAS BOND & INTEREST	GAS DEBT RESERVE FUND	GAS IMPREST FUND	Totals
Cash and investments - beginning	\$ 73,020	\$ 46,519	\$ 90,891	\$ 2,200	\$ 7,512,733
Receipts:					
Taxes	-	-	-	-	993,117
Licenses and permits	-	-	-	-	12,815
Intergovernmental	-	-	-	-	1,081,282
Charges for services	-	-	-	-	950,058
Fines and forfeits	-	-	-	-	167,159
Utility fees	-	-	-	-	13,223,348
Other receipts	105,000	-	-	-	9,418,628
Total receipts	105,000	-	-	-	25,846,407
Disbursements:					
Personal services	-	-	-	-	2,171,256
Supplies	-	-	-	-	460,933
Other services and charges	-	-	-	-	335,249
Debt service - principal and interest	-	-	-	-	134,000
Capital outlay	-	-	-	-	1,643,184
Utility operating expenses	177,066	46,519	30,891	-	14,975,038
Other disbursements	-	-	-	-	5,954,752
Total disbursements	177,066	46,519	30,891	-	25,674,412
Excess (deficiency) of receipts over disbursements	(72,066)	(46,519)	(30,891)	-	171,995
Cash and investments - ending	\$ 954	\$ -	\$ 60,000	\$ 2,200	\$ 7,684,728

CITY OF LINTON
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
BLOOMFIELD STATE BANK	POLICE EQUIPMENT	\$ 28,318	5/22/2013	6/13/2015
LINTON BUILDING CORP	NEW FIRE STATION	134,000	1/1/2007	1/1/2025
PNC EQUIPMENT FINANCE	GOLF CARTS	<u>34,050</u>	10/1/2012	10/31/2017
Total governmental activities		<u>196,368</u>		
Total of annual lease payments		<u><u>\$ 196,368</u></u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Wastewater:			
Revenue bonds	WASTEWATER UTILITY 2013 SRF LOAN	\$ 3,415,625	<u>\$ 188,806</u>
Water:			
Revenue bonds	WATER UTILITY 2007 REFUNDING BONDS	1,225,000	25,843
Revenue bonds	WATER UTILITY 2014 SRF LOAN	<u>444,396</u>	<u>18,802</u>
Total Water		<u>1,669,396</u>	<u>44,645</u>
Totals		<u><u>\$ 5,085,021</u></u>	<u><u>\$ 233,451</u></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 LINTON, GREENE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the City of Linton's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2014.

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


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 OMB Circular A-133, 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 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

October 21, 2015

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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

CITY OF LINTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

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	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program And Non-Entitlement Grants In Hawaii Wastewater Project	Indiana Office Of Community And Rural Affairs	14.228	CF-12-117	\$ 144,489
Community Development Block Grants/State's Program And Non-Entitlement Grants In Hawaii Housing Project	Indiana Housing & Community Development Authority	14.228	DR2OR-013-010	11,621
Community Development Block Grants/State's Program And Non-Entitlement Grants In Hawaii Economic Development Plan	Indiana Office Of Community And Rural Affairs	14.228	PL13-018	24,000
Total - CDBG - State-Administered CDBG Cluster				180,110
Total - Department of Housing and Urban Development				180,110
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning And Construction Safe Routes To School	Indiana Department of Transportation	20.205	DES 11737030	4,950
Highway Planning And Construction Safe Routes To School	Indiana Department of Transportation	20.205	DES1298259	50,249
Total - Highway Planning and Construction Cluster				55,199
Highway Safety Cluster				
State And Community Highway Safety Operation Pullover	Indiana Criminal Justice Institute	20.600	GRANT #3095	3,940
Total - Highway Safety Cluster				3,940
Total - Department of Transportation				59,139
<u>Environmental Protection Agency</u>				
Clean Water State Revolving Fund Cluster				
Capitalization Grants For Clean Water State Revolving Funds Wastewater Plant Improvements	Indiana Finance Authority	66.458	WW10062801	319,072
Total - Clean Water State Revolving Fund Cluster				319,072
Drinking Water State Revolving Fund Cluster				
Capitalization Grants For Drinking Water State Revolving Funds Water	Indiana Finance Authority	66.468	DW13012901	188,613
Total - Drinking Water State Revolving Fund Cluster				188,613
Total - Environmental Protection Agency				507,685
Total federal awards expended				\$ 746,934

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF LINTON
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF LINTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____

Clean Water State Revolving Fund Cluster
Drinking Water Revolving Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2014-001 - 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 hired a consultant to prepare the SEFA; however, proper oversight was not in place to detect and correct the errors that were made. 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.

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

During the audit of the SEFA, we noted the following errors: the federal percentage was not used to determine the correct amount to be reported as expenditures for the State Revolving Funds and a private grant was included on the SEFA. These errors resulted in an overstatement of \$872,994. In addition, there were errors with CFDA numbers, pass-through entities, identifying numbers, and grant titles that were reported on the SEFA. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report.

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."

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.

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

- (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."

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the following deficiency in the internal control system of the City related to financial transactions and reporting. We believe this deficiency to be a material weakness.

There is a deficiency in internal controls over the utility collections. Adequate controls have not been implemented over the reconciliations of actual utility collections to the amounts posted to customer accounts on a daily basis. The payments are entered into the billing software daily, and at the end of the day, a daily cash payment report is printed. If a variance exists (cash long/short) between the actual cash drawer and the cash payments posted to the customer accounts, that amount is automatically netted against the Electric Utility's bank deposit instead of determining the source of the cash long/short. The Utility office maintains a spreadsheet that indicates which days there is a cash long/short. This spreadsheet was reviewed and it was determined that 40 daily deposits did not agree with the cash payment reports, netting a cash short for the year of \$1,043.

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)

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.

CITY OF LINTON

JACK SHELTON, CLERK-TREASURER

86 SOUTH MAIN STREET
LINTON, INDIANA 47441
(812) 847-7014

October 21, 2015

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

Auditee Contact Person: B. Jack Shelton
Title of Contact Person: Clerk-Treasurer
Phone: 812-847-7014

Description of Corrective Action Plan:

We, the City, will implement new procedures pertaining to the reporting of federal grants in order to compile that information necessary for the complete and accurate preparation of the SEFA. Accordingly, we will begin with a review of the aggregate dollar amount of all awards. Additionally, we will monitor the Federal percentage of each award, carefully review the CFDA numbers, award titles and all pass-through information to insure that the Schedule of Expenditures of Federal Awards is properly compiled and timely filed.

In addition, prior to the submission of the SEFA, we will utilize the services of a professional consultant to review the proposed submission for potential errors and omissions.

Finally, prior to the submission of the SEFA, we will ask also a Council member to review the proposed submission to insure that it is materially correct in relation to the financial statement.

Anticipated Completion Date: By next Federal Grant or next audit period.

B. Jack Shelton
Signature

Clerk/Treas
Title

10/21/15
Date



CITY OF LINTON

JACK SHELTON, CLERK-TREASURER

86 SOUTH MAIN STREET
LINTON, INDIANA 47441
(812) 847-7014

October 21, 2015

FINDING 2014-002: INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Auditee Contact Person: B. Jack Shelton
Title of Contact Person: Clerk-Treasurer
Phone: 812-847-7014

Description of Corrective Action Plan:

1. All utility collections will be tracked as either cash or check to assist in reconciling errors.
2. A daily schedule of Deposits, as compared to Posted Payments will be maintained to insure proper posting of receipts.
3. The City anticipates utilizing new software which, in addition to providing for real-time posting of payments to customer accounts, logs and tracks separately, each utility clerk's activity. Accordingly, each clerk will be provided their own cash drawer and will be required to maintain and reconcile their respective drawer at the end of each business day, prior to submitting the day's deposit.

Anticipated Completion Date: By next Federal Grant or next audit period.

B. Jack Shelton
Signature

clerk / Treas
Title

10-21-15
Date



OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.