

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF NORTH VERNON  
JENNINGS COUNTY, INDIANA

January 1, 2015 to December 31, 2015



**FILED**  
11/03/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	R. Shawn Gerkin	01-01-12 to 12-31-19
Mayor	Harold N. Campbell Michael Ochs	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works	Harold N. Campbell Michael Ochs	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President Pro Tempore of the Common Council	David Shaw Brian Hatfield	01-01-15 to 12-31-15 01-01-16 to 12-31-16
Utility Office Manager	Robin L. Jones (Vacant) Traci Wahlman-Ickx (Vacant) Gloria Bennett	01-01-15 to 08-10-15 08-11-15 to 11-29-15 11-30-15 to 02-26-16 02-27-16 to 04-17-16 04-18-16 to 12-31-16



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF NORTH VERNON, JENNINGS COUNTY, INDIANA

**Report on the Financial Statement**

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

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (Indiana Code 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, 2015.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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

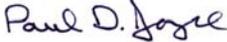
*Other Information*

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 September 14, 2016, 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

September 14, 2016



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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 NORTH VERNON, JENNINGS 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 North Vernon (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated September 14, 2016, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002 that we consider to be material weaknesses.

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

**Compliance and Other Matters**

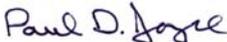
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**City of North Vernon'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

September 14, 2016

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

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
General	\$ 1,134,981	\$ 3,278,623	\$ 3,175,422	\$ 1,238,182
Motor Vehicle	118,031	567,866	576,455	109,442
Local Road & Street	75,121	35,802	24,926	85,997
Riverboat Tax Revenue	310,350	79,712	-	390,062
Recreation	67,693	108,613	135,145	41,161
Rainy Day	26,607	-	-	26,607
Levy Excess	16,326	-	-	16,326
Cumulative Cap.Develop.Fund	125,958	103,554	143,448	86,064
CEDIT Fund	294,293	280,777	112,032	463,038
Police Pension Fund	312,705	117,275	80,227	349,753
LOIT Public Safety	-	308,536	-	308,536
City of NV/Windstream Technology	225,144	50,000	240,144	35,000
NV/Exergistics	4,639	-	4,639	-
D/J Equitable Sharing Program	2,117	-	-	2,117
Annexation Fund	20,842	-	3,315	17,527
NVRC 2015 Bond	-	5,598,972	933,316	4,665,656
NVRC 2015 Debt Reserve	-	406,818	-	406,818
Cemetery	39,162	9,046	32,965	15,243
Police Donation Fund	4,840	617	1,217	4,240
Festival Non-Reverting	3,705	30,750	12,568	21,887
Street Cut Fund	6,000	3,000	1,500	7,500
Fire Dept. Non-Reverting	8,876	1,000	-	9,876
Recreation Non-Reverting	8,493	63,044	58,185	13,352
Alarm Fee Non-Reverting Fund	7,037	335	5,799	1,573
Concession Fund	8,334	-	8,334	-
Impound Fee Non-Reverting	9,655	2,380	6,560	5,475
NV Education & Training Center	55,994	131,995	140,736	47,253
No. Vernon Redevelopment Comm.	4,930,596	2,885,040	3,726,422	4,089,214
Waste Disposal & Recycling Fund	37,847	191,231	141,501	87,577
N.V. Community Development	405,107	264,339	201,965	467,481
N.V. Police Education	15,202	9,704	3,191	21,715
Police Drug Task Force	1,455	3,915	2,778	2,592
Police Grants	2,369	6,625	7,628	1,366
North Vernon-Carnegie Building	25,822	28,050	23,311	30,561
Cob Non-Reverting Fund	115,100	480,250	375,879	219,471
Stellar Grant #Scp-010-006	650,267	1,474,284	1,558,285	566,266
Debt Bond Service	14,428	49,899	31,500	32,827
Cumulative Capital Improv.	96,951	16,899	15,000	98,850
Greensburg Street Phase I & II	35,028	7,156	19,766	22,418
Cemetery Per. Care	7,000	-	-	7,000
Pay/Roll Fund	-	2,971,299	2,971,299	-
AIP #3-18-0063-18 Hangar Devel.	-	101,403	101,403	-
Aviation AIP #3-18-0063-17	60,000	51,106	108,844	2,262
Aviation	54,179	254,790	208,819	100,150
Aviation Rotary Fund	66,786	180,013	143,616	103,183
Aviation Hangar	29,946	26,400	24,600	31,746
Stormwater Utility Fund	342,835	130,307	102,654	370,488
Long Term Control Plan	290,663	-	290,663	-
2015 SFR Bond & Interest	-	32,351	32,351	-
Sewage Utility	710,766	2,101,178	2,115,312	696,632
Sewage Utility Depreciation	291,336	111,405	95,200	307,541
Sewage Improvement Fund	2,068,073	1,090,568	1,409,503	1,749,138
Debt Service Reserve Account	574,183	-	148,683	425,500
Sewage Utility Bond & Interest	101,272	723,063	561,683	262,652
Sewage Utility Capacity Fund	226,077	10,092	-	236,169
Water Debt Payment	106,649	117,703	118,285	106,067
Water Util. Debt Reserve 2011	35,676	11,892	-	47,568
NV/Mitchell & Stark Retainage	70,575	-	70,575	-
SRF North Vernon DW S & I	47,213	77,904	77,580	47,537
SRF North Vernon DW SRF	467,108	6,000	1,200	471,908
2015 SRFWW North Vernon Construction 15A1	-	849,529	849,529	-
2015 SRFWW North Vernon B and I	-	17,815	-	17,815
2015 SRFWW North Vernon DSR	-	577,936	-	577,936
2015 SRFWW North Vernon Construction 15B	-	5,127,545	2,159,988	2,967,557
NV/Brackney Inc. Retainage	39,280	-	39,280	-
Water Operating	486,076	2,113,951	2,070,513	529,514
Water Works Capital Improvement	90,040	48,000	87,055	50,985
Water-Works Depreciation	238,728	104,729	226,422	117,035
Water-Works Meter Deposit	130,278	34,132	28,097	136,313
Waterworks Revenue Bond-2005	10,232	200,948	200,855	10,325
Water Utility Bond & Int 2010	-	77,904	77,904	-
Water Debt Reserve 2010	-	4,800	4,800	-
Waterworks Refunding Bond 2010	-	298,752	298,750	2
<b>Totals</b>	<b>\$ 15,762,046</b>	<b>\$ 34,049,622</b>	<b>\$ 26,429,622</b>	<b>\$ 23,382,046</b>

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

CITY OF NORTH VERNON  
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 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, 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 the following: peddler licenses, dog tax licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF NORTH VERNON  
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 these types of 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, 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 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, which 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, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

CITY OF NORTH VERNON  
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 NORTH VERNON  
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 NORTH VERNON  
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. 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:

CITY OF NORTH VERNON  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

#### OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Motor Vehicle	Local Road & Street	Riverboat Tax Revenue	Recreation	Rainy Day	Levy Excess	Cumulative Cap.Develop.Fund
Cash and investments - beginning	\$ 1,134,981	\$ 118,031	\$ 75,121	\$ 310,350	\$ 67,693	\$ 26,607	\$ 16,326	\$ 125,958
Receipts:								
Taxes	1,816,010	259,981	-	-	89,556	-	-	94,188
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	1,400,710	262,487	28,084	79,712	8,906	-	-	9,366
Charges for services	24,493	1,700	-	-	1,592	-	-	-
Fines and forfeits	50	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	37,360	43,698	7,718	-	8,559	-	-	-
Total receipts	<u>3,278,623</u>	<u>567,866</u>	<u>35,802</u>	<u>79,712</u>	<u>108,613</u>	<u>-</u>	<u>-</u>	<u>103,554</u>
Disbursements:								
Personal services	1,785,577	408,416	-	-	105,098	-	-	-
Supplies	850,249	96,445	-	-	3,994	-	-	-
Other services and charges	384,032	32,542	-	-	26,053	-	-	-
Capital outlay	85,564	39,052	24,926	-	-	-	-	143,448
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	70,000	-	-	-	-	-	-	-
Total disbursements	<u>3,175,422</u>	<u>576,455</u>	<u>24,926</u>	<u>-</u>	<u>135,145</u>	<u>-</u>	<u>-</u>	<u>143,448</u>
Excess (deficiency) of receipts over disbursements	<u>103,201</u>	<u>(8,589)</u>	<u>10,876</u>	<u>79,712</u>	<u>(26,532)</u>	<u>-</u>	<u>-</u>	<u>(39,894)</u>
Cash and investments - ending	<u>\$ 1,238,182</u>	<u>\$ 109,442</u>	<u>\$ 85,997</u>	<u>\$ 390,062</u>	<u>\$ 41,161</u>	<u>\$ 26,607</u>	<u>\$ 16,326</u>	<u>\$ 86,064</u>

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

	CEDIT Fund	Police Pension Fund	LOIT Public Safety	City of NV/Windstream Technology	NV/Exergistics	D/J Equitable Sharing Program	Annexation Fund	NVRC 2015 Bond
Cash and investments - beginning	\$ 294,293	\$ 312,705	\$ -	\$ 225,144	\$ 4,639	\$ 2,117	\$ 20,842	\$ -
Receipts:								
Taxes	-	114,019	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	280,777	3,256	308,536	-	-	-	-	-
Charges for services	-	-	-	50,000	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	5,598,972
Total receipts	<u>280,777</u>	<u>117,275</u>	<u>308,536</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,598,972</u>
Disbursements:								
Personal services	-	80,227	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	9,559	-	-	-	-	-	-	-
Capital outlay	102,473	-	-	-	-	-	-	933,316
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	240,144	4,639	-	3,315	-
Total disbursements	<u>112,032</u>	<u>80,227</u>	<u>-</u>	<u>240,144</u>	<u>4,639</u>	<u>-</u>	<u>3,315</u>	<u>933,316</u>
Excess (deficiency) of receipts over disbursements	<u>168,745</u>	<u>37,048</u>	<u>308,536</u>	<u>(190,144)</u>	<u>(4,639)</u>	<u>-</u>	<u>(3,315)</u>	<u>4,665,656</u>
Cash and investments - ending	<u>\$ 463,038</u>	<u>\$ 349,753</u>	<u>\$ 308,536</u>	<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ 2,117</u>	<u>\$ 17,527</u>	<u>\$ 4,665,656</u>

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

	NVRC 2015 Debt Reserve	Cemetery	Police Donation Fund	Festival Non-Reverting	Street Cut Fund	Fire Dept. Non-Reverting	Recreation Non-Reverting	Alarm Fee Non-Reverting Fund
Cash and investments - beginning	\$ -	\$ 39,162	\$ 4,840	\$ 3,705	\$ 6,000	\$ 8,876	\$ 8,493	\$ 7,037
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	3,000	-	-	335
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	1,525	-	-	-	-	55,759	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	406,818	7,521	617	30,750	-	1,000	7,285	-
Total receipts	406,818	9,046	617	30,750	3,000	1,000	63,044	335
Disbursements:								
Personal services	-	5,200	1,000	-	-	-	-	-
Supplies	-	18,723	-	3,887	-	-	58,185	5,799
Other services and charges	-	993	-	8,681	-	-	-	-
Capital outlay	-	8,049	217	-	1,500	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	32,965	1,217	12,568	1,500	-	58,185	5,799
Excess (deficiency) of receipts over disbursements	406,818	(23,919)	(600)	18,182	1,500	1,000	4,859	(5,464)
Cash and investments - ending	\$ 406,818	\$ 15,243	\$ 4,240	\$ 21,887	\$ 7,500	\$ 9,876	\$ 13,352	\$ 1,573

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

	Concession Fund	Impound Fee Non-Reverting	NV Education & Training Center	No. Vernon Redevelopment Comm.	Waste Disposal & Recycling Fund	N.V. Community Development	N.V. Police Education	Police Drug Task Force
Cash and investments - beginning	\$ 8,334	\$ 9,655	\$ 55,994	\$ 4,930,596	\$ 37,847	\$ 405,107	\$ 15,202	\$ 1,455
Receipts:								
Taxes	-	-	-	2,486,426	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	3,875
Charges for services	-	2,380	81,992	-	141,834	-	8,560	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	50,003	398,614	49,397	264,339	1,144	40
Total receipts	-	2,380	131,995	2,885,040	191,231	264,339	9,704	3,915
Disbursements:								
Personal services	-	-	-	-	-	44,738	-	218
Supplies	-	-	-	-	102,944	157,227	1,260	2,560
Other services and charges	-	-	140,736	-	-	-	-	-
Capital outlay	-	6,560	-	2,364,404	-	-	1,931	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	8,334	-	-	1,362,018	38,557	-	-	-
Total disbursements	8,334	6,560	140,736	3,726,422	141,501	201,965	3,191	2,778
Excess (deficiency) of receipts over disbursements	(8,334)	(4,180)	(8,741)	(841,382)	49,730	62,374	6,513	1,137
Cash and investments - ending	\$ -	\$ 5,475	\$ 47,253	\$ 4,089,214	\$ 87,577	\$ 467,481	\$ 21,715	\$ 2,592

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

	Police Grants	North Vernon-Carnegie Building	Cob Non-Reverting Fund	Stellar Grant #Scp-010-006	Debt Bond Service	Cumulative Capital Improv.	Greensburg Street Phase I & II
Cash and investments - beginning	\$ 2,369	\$ 25,822	\$ 115,100	\$ 650,267	\$ 14,428	\$ 96,951	\$ 35,028
Receipts:							
Taxes	-	-	-	-	45,743	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	5,625	-	-	758,382	4,156	16,899	-
Charges for services	-	6,050	431,877	-	-	-	7,156
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,000	22,000	48,373	715,902	-	-	-
Total receipts	6,625	28,050	480,250	1,474,284	49,899	16,899	7,156
Disbursements:							
Personal services	5,306	-	93,959	-	-	-	-
Supplies	2,322	-	-	-	-	-	-
Other services and charges	-	-	281,920	-	31,500	-	-
Capital outlay	-	-	-	-	-	-	19,766
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	23,311	-	1,558,285	-	15,000	-
Total disbursements	7,628	23,311	375,879	1,558,285	31,500	15,000	19,766
Excess (deficiency) of receipts over disbursements	(1,003)	4,739	104,371	(84,001)	18,399	1,899	(12,610)
Cash and investments - ending	\$ 1,366	\$ 30,561	\$ 219,471	\$ 566,266	\$ 32,827	\$ 98,850	\$ 22,418

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

	Cemetery Per. Care	Pay/Roll Fund	AIP #3-18-0063-18 Hangar Devel.	Aviation AIP #3-18-0063-17	Aviation	Aviation Rotary Fund	Aviation Hangar
Cash and investments - beginning	\$ 7,000	\$ -	\$ -	\$ 60,000	\$ 54,179	\$ 66,786	\$ 29,946
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	101,403	51,106	-	-	-
Charges for services	-	-	-	-	239,790	180,013	26,400
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	2,971,299	-	-	15,000	-	-
Total receipts	-	2,971,299	101,403	51,106	254,790	180,013	26,400
Disbursements:							
Personal services	-	2,971,299	-	-	1,966	-	-
Supplies	-	-	-	-	3,300	128,616	-
Other services and charges	-	-	-	-	174,485	-	24,600
Capital outlay	-	-	-	-	29,068	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	101,403	108,844	-	15,000	-
Total disbursements	-	2,971,299	101,403	108,844	208,819	143,616	24,600
Excess (deficiency) of receipts over disbursements	-	-	-	(57,738)	45,971	36,397	1,800
Cash and investments - ending	\$ 7,000	\$ -	\$ -	\$ 2,262	\$ 100,150	\$ 103,183	\$ 31,746

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

	Stormwater Utility Fund	Long Term Control Plan	2015 SFR Bond & Interest	Sewage Utility	Sewage Utility Depreciation	Sewage Improvement Fund	Debt Service Reserve Account
Cash and investments - beginning	\$ 342,835	\$ 290,663	\$ -	\$ 710,766	\$ 291,336	\$ 2,068,073	\$ 574,183
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	130,307	-	-	2,101,069	-	59,686	-
Other receipts	-	-	32,351	109	111,405	1,030,882	-
Total receipts	130,307	-	32,351	2,101,178	111,405	1,090,568	-
Disbursements:							
Personal services	-	-	-	681,927	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	58,356	-	32,351	393,772	-	1,409,352	-
Utility operating expenses	11,332	290,663	-	47,482	94,800	151	-
Other disbursements	32,966	-	-	992,131	400	-	148,683
Total disbursements	102,654	290,663	32,351	2,115,312	95,200	1,409,503	148,683
Excess (deficiency) of receipts over disbursements	27,653	(290,663)	-	(14,134)	16,205	(318,935)	(148,683)
Cash and investments - ending	\$ 370,488	\$ -	\$ -	\$ 696,632	\$ 307,541	\$ 1,749,138	\$ 425,500

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

	Sewage Utility Bond & Interest	Sewage Utility Capacity Fund	Water Debt Payment	Water Utl. Debt Reserve 2011	NV/Mitchell & Stark Retainage	SRF North Vernon DW S & I	SRF North Vernon DW SRF
Cash and investments - beginning	\$ 101,272	\$ 226,077	\$ 106,649	\$ 35,676	\$ 70,575	\$ 47,213	\$ 467,108
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	9,675	-	-	-	-	-
Other receipts	723,063	417	117,703	11,892	-	77,904	6,000
Total receipts	<u>723,063</u>	<u>10,092</u>	<u>117,703</u>	<u>11,892</u>	<u>-</u>	<u>77,904</u>	<u>6,000</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	561,683	-	118,285	-	70,575	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	77,580	1,200
Total disbursements	<u>561,683</u>	<u>-</u>	<u>118,285</u>	<u>-</u>	<u>70,575</u>	<u>77,580</u>	<u>1,200</u>
Excess (deficiency) of receipts over disbursements	<u>161,380</u>	<u>10,092</u>	<u>(582)</u>	<u>11,892</u>	<u>(70,575)</u>	<u>324</u>	<u>4,800</u>
Cash and investments - ending	<u>\$ 262,652</u>	<u>\$ 236,169</u>	<u>\$ 106,067</u>	<u>\$ 47,568</u>	<u>\$ -</u>	<u>\$ 47,537</u>	<u>\$ 471,908</u>

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

	2015 SRFWW North Vernon Construction 15A1	2015 SRFWW North Vernon B and I	2015 SRFWW North Vernon DSR	2015 SRFWW North Vernon Construction 15B	NV/Brackney Inc. Retainage	Water Operating	Water Works Capital Improvement
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 39,280	\$ 486,076	\$ 90,040
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	2,113,522	-
Other receipts	849,529	17,815	577,936	5,127,545	-	429	48,000
Total receipts	849,529	17,815	577,936	5,127,545	-	2,113,951	48,000
Disbursements:							
Personal services	-	-	-	-	-	644,302	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	87,055
Utility operating expenses	-	-	-	-	-	134,487	-
Other disbursements	849,529	-	-	2,159,988	39,280	1,291,724	-
Total disbursements	849,529	-	-	2,159,988	39,280	2,070,513	87,055
Excess (deficiency) of receipts over disbursements	-	17,815	577,936	2,967,557	(39,280)	43,438	(39,055)
Cash and investments - ending	\$ -	\$ 17,815	\$ 577,936	\$ 2,967,557	\$ -	\$ 529,514	\$ 50,985

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

	Water-Works Depreciation	Water-Works Meter Deposit	Waterworks Revenue Bond-2005	Water Utility Bond & Int 2010	Water Debt Reserve 2010	Waterworks Refunding Bond 2010	Totals
Cash and investments - beginning	\$ 238,728	\$ 130,278	\$ 10,232	\$ -	\$ -	\$ -	\$ 15,762,046
Receipts:							
Taxes	-	-	-	-	-	-	4,905,923
Licenses and permits	-	-	-	-	-	-	3,335
Intergovernmental receipts	-	-	-	-	-	-	3,323,280
Charges for services	-	-	-	-	-	-	1,261,121
Fines and forfeits	-	-	-	-	-	-	50
Utility fees	-	33,991	-	-	-	-	4,448,250
Other receipts	104,729	141	200,948	77,904	4,800	298,752	20,107,663
Total receipts	<u>104,729</u>	<u>34,132</u>	<u>200,948</u>	<u>77,904</u>	<u>4,800</u>	<u>298,752</u>	<u>34,049,622</u>
Disbursements:							
Personal services	-	-	-	-	-	-	6,829,233
Supplies	-	-	-	-	-	-	1,435,511
Other services and charges	-	-	-	-	-	-	1,115,101
Capital outlay	10,784	28,097	200,855	77,904	4,800	298,750	7,112,893
Utility operating expenses	-	-	-	-	-	-	578,915
Other disbursements	215,638	-	-	-	-	-	9,357,969
Total disbursements	<u>226,422</u>	<u>28,097</u>	<u>200,855</u>	<u>77,904</u>	<u>4,800</u>	<u>298,750</u>	<u>26,429,622</u>
Excess (deficiency) of receipts over disbursements	<u>(121,693)</u>	<u>6,035</u>	<u>93</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>7,620,000</u>
Cash and investments - ending	<u>\$ 117,035</u>	<u>\$ 136,313</u>	<u>\$ 10,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 23,382,046</u>

CITY OF NORTH VERNON  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Airport	\$ -	\$ -
Storm Water	-	13,983
Wastewater	-	285,260
Water	-	118,568
Governmental activities	<u>-</u>	<u>-</u>
Totals	<u>\$ -</u>	<u>\$ 417,811</u>

CITY OF NORTH VERNON  
SCHEDULE OF LEASES AND DEBT  
December 31, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
TCF Equipment Finance	2012 Peterbilt Loadmaster Packer	\$ 38,557	3/26/2012	3/31/2016
US Bancorp	2013 Fire Truck	<u>37,458</u>	12/15/2013	12/15/2021
Total of annual lease payments		<u>\$ 76,015</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	NV Redevelopment Authority 2013 \$7 835 000.00	\$ 6,505,000	\$ 842,840
Revenue bonds	NV Redevelopment Tax Increment Revenue Bonds-2015 \$6 000 000.00	6,000,000	833,000
Notes and loans payable	Stellar Grant	<u>1,021,946</u>	<u>84,827</u>
Total governmental activities		<u>13,526,946</u>	<u>1,760,667</u>
Wastewater:			
General obligation bonds	Tax Increment and Sewage Works Refunding Revenue Bonds of 2006 \$6 140 000	3,905,000	495,351
Revenue bonds	Tax Increment and Sewage Works Revenue Bonds of 2006 \$800 000.	420,000	61,320
Revenue bonds	SRF Revenue Bonds of 2015	<u>6,500,000</u>	<u>91,722</u>
Total Wastewater		<u>10,825,000</u>	<u>648,393</u>
Water:			
Revenue bonds	Waterworks Refunding Revenue Bonds of 2010 \$1 970 000	705,000	298,750
Revenue bonds	Waterworks Revenue Bonds of 2005 \$2 500 000	1,320,000	199,660
Notes and loans payable	Waterworks Revenue Bonds of 2011	2,907,000	118,115
Notes and loans payable	Waterworks Revenue Bonds of 2010 \$1 196 000	<u>957,000</u>	<u>77,205</u>
Total Water		<u>5,889,000</u>	<u>693,730</u>
Totals		<u>\$ 30,240,946</u>	<u>\$ 3,102,790</u>

CITY OF NORTH VERNON  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 2,356,435
Infrastructure	8,287,532
Buildings	5,117,431
Improvements other than buildings	3,182,055
Machinery, equipment, and vehicles	6,242,323
Total governmental activities	25,185,776
Airport:	
Land	1,500,180
Buildings	1,807,760
Improvements other than buildings	5,662,099
Machinery, equipment, and vehicles	349,481
Total Airport	9,319,520
Storm Water:	
Improvements other than buildings	1,800,000
Machinery, equipment, and vehicles	26,253
Total Storm Water	1,826,253
Wastewater:	
Land	421,962
Buildings	325,000
Improvements other than buildings	23,993,182
Machinery, equipment, and vehicles	953,356
Total Wastewater	25,693,500
Water:	
Land	14,300
Buildings	804,441
Improvements other than buildings	9,248,713
Machinery, equipment, and vehicles	664,154
Total Water	10,731,608
Total capital assets	\$ 72,756,657

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE CITY OF NORTH VERNON, JENNINGS COUNTY, INDIANA

**Report on Compliance for the Major Federal Program**

We have audited the City of North Vernon's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2015. The City's major federal program is 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 the City's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on the 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 its major federal program for the year ended December 31, 2015.

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

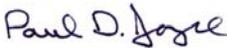
**Report on Internal Control over Compliance**

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

September 14, 2016

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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 NORTH VERNON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Stellar Facades	Indiana Office of Community and Rural Affairs	14.228	ST-11-102	\$ -	\$ 263,204
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Stellar Grant Main Street Project	Indiana Housing and Community Development Authority	14.228	DR2SC-014-001	-	339,820
Total - Department of Housing and Urban Development				-	603,024
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Stellar Grant Downtown Streetscape Phase 2	Indiana Department of Transportation	20.205	DES # 1173751	-	155,358
Total - Highway Planning and Construction Cluster				-	155,358
Airport Improvement Program AIP #17 AIP #18	Direct Grant	20.106	AIP #3-18-0063-17 AIP #3-18-0063-18	-	40,719 101,403
Total - Airport Improvement Program				-	142,122
Highway Safety Cluster National Priority Safety Programs Traffic Safety Occupation Protection Traffic Safety Occupation Protection	Indiana Criminal Justice Institute	20.616	D3-15-9924 D3-15-8963	-	1,364 2,820
Total - Highway Safety Cluster				-	4,184
Total - Department of Transportation				-	301,664
<u>Environmental Protection Agency</u>					
Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds Long Term Control Plan	Indiana Finance Authority	66.458	WW14014001	-	1,022,443
Total - Environmental Protection Agency				-	1,022,443
Total federal awards expended				\$ -	\$ 1,927,131

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

CITY OF NORTH VERNON  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. *Basis of Presentation***

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

**Note 2. *Summary of Significant Accounting Policies***

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in 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 minimus indirect cost rate allowed under the Uniform Guidance.

CITY OF NORTH VERNON  
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?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Clean Water State Revolving Fund Cluster	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

**Section II - Financial Statement Findings**

**FINDING 2015-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

*Condition*

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

Lack of Segregation of Duties: The City had not separated incompatible activities related to receipts, disbursements, and cash and investment balances. Employees responsible for issuing receipts and checks were also responsible for depositing receipts, recording transactions in the financial accounting system, and reconciling the funds ledger to the depository balance.

CITY OF NORTH VERNON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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)

*Cause*

Management of the City had not established a proper system of internal control that would have ensured accuracy in financial transactions and reporting.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

*Views of Responsible Officials*

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

**FINDING 2015-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Deputy Clerk-Treasurer was responsible for preparation of the SEFA. There was no control in place to ensure the SEFA was accurate.

*Criteria*

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)

CITY OF NORTH VERNON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

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

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA could have remained undetected.

*Views of Responsible Officials*

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

**Section III - Federal Award Findings and Questioned Costs**

No matters are reportable.

#### AUDITEE-PREPARED DOCUMENTS

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



**CITY OF NORTH VERNON**  
**Mike Ochs, Mayor**

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2014-001***

Fiscal year in which the finding initially occurred: 2014

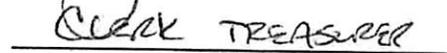
Contact Person Responsible for Corrective Action: R Shawn Gerkin

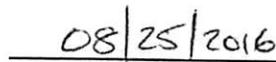
Contact Phone Number: 812-346-5907

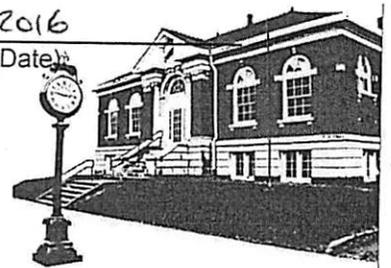
Status of Audit Finding:

Utility management and the clerk-treasurer's office have both begun to sign off on deposit slips, cash deposits, and bank transfers to maximize segregation of duties.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)



*Carnegie Government Center*



**CITY OF NORTH VERNON**  
**Mike Ochs, Mayor**

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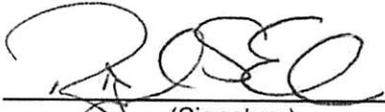
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2014-002***

Fiscal year in which the finding initially occurred: 2014  
Contact Person Responsible for Corrective Action: R Shawn Gerkin  
Contact Phone Number: 812-346-5907

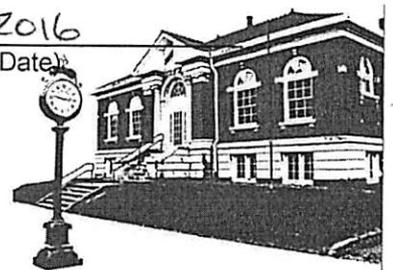
Status of Audit Finding:

Involved parties are now both reviewing and signing a monthly transaction register, but have not yet had the opportunity to review the SEFA with grant writers.

  
\_\_\_\_\_  
(Signature)

*CLERK TREASURER*  
\_\_\_\_\_  
(Title)

*08/25/2016*  
\_\_\_\_\_  
(Date)



*Carnegie Government Center*



**CITY OF NORTH VERNON**  
**Mike Ochs, Mayor**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2014-003**

Fiscal year in which the finding initially occurred: 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Transportation  
Contact Person Responsible for Corrective Action: R Shawn Gerkin  
Contact Phone Number: 812-346-5907

Status of Audit Finding:

The Clerk Treasurer's office will begin reviewing the work of our consultants in regards to compliance with Davis-Bacon Act Requirements by October 1, 2016.

(Signature)

CLERK TREAS

(Title)

09/01/16

(Date)





**CITY OF NORTH VERNON**  
**Mike Ochs, Mayor**

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2014-004***

Fiscal year in which the finding initially occurred: 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Housing and Community Development Authority; Indiana Office of Community and Rural Affairs  
Contact Person Responsible for Corrective Action: R Shawn Gerkin  
Contact Phone Number: 812-346-5907

Status of Audit Finding:

The clerk treasurer's office is still reviewing the best method of solving this finding, but our small staff makes it difficult to monitor the consultants we are paying to perform this task.

  
\_\_\_\_\_  
(Signature)

*CLERK TREASURER*  
\_\_\_\_\_  
(Title)

*08/25/2016*  
\_\_\_\_\_  
(Date)





**CITY OF NORTH VERNON**  
**Mike Ochs, Mayor**

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

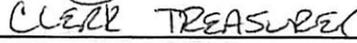
**FINDING 2014-005**

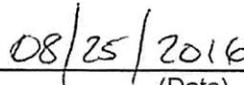
Fiscal year in which the finding initially occurred: 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Housing and Community Development Authority  
Contact Person Responsible for Corrective Action: R Shawn Gerkin  
Contact Phone Number: 812-346-1987

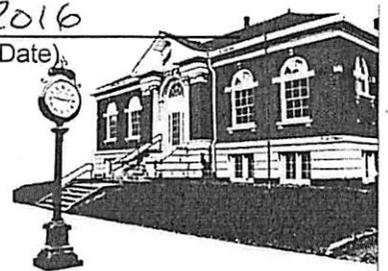
Status of Audit Finding:

The City Clerk Treasurer has begun monitoring grant projects with site visits to ensure sub-reipients are following the guidelines of the grant agreement.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)



Carnegie Government Center



# CITY OF NORTH VERNON

CLERK-TREASURER  
143 E. WALNUT STREET  
NORTH VERNON, IN 47265

(812) 346-5907

FAX (812) 346-8145

RAYMOND SHAWN GERKIN, CLERK-TREASURER

RITA L. ELMORE, ASST. CLERK-TREASURER

## CORRECTIVE ACTION PLAN

### RE: FINDING 2015-001 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

View of Responsible Official: We agree with the finding.

#### Corrective Action:

Due to the fact the City of North Vernon has a small staff in the Clerk-Treasurer's office and the Utility office, it is impractical to segregate the duties in an ideal manner.

However, the utility office and the clerk treasurer's office will begin have two employees sign off on bank transfers and daily deposits while continuing to review the job duties of those in the office to develop and implement more effective strategies.

**ANTICIPATED COMPLETION DATE: IMMEDIATELY**

Sincerely,

R. Shawn Gerkin  
Clerk-Treasurer, City of North Vernon  
(812) 346-5907



# CITY OF NORTH VERNON

CLERK-TREASURER  
143 E. WALNUT STREET  
NORTH VERNON, IN 47265

(812) 346-5907

FAX (812) 346-8145

RAYMOND SHAWN GERKIN, CLERK-TREASURER

RITA L. ELMORE, ASST. CLERK-TREASURER

## CORRECTIVE ACTION PLAN

### RE: FINDING 2015-002 PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Views of Responsible Official: We agree with the finding.

Corrective Action Plan: The City has begun working more closely with our grant writers to review the Schedule of Expenditures of Federal Awards (SEFA). We will begin by having both parties review and sign off on a monthly transaction register and having both the clerk treasurer and deputy clerk treasurer review and sign off on reconciliation forms monthly. This should greatly increase the likelihood that misstatements on the SEFA would be detected.

**ANTICIPATED COMPLETION DATE: IMMEDIATELY**

Sincerely,

R. Shawn Gerkin  
Clerk-Treasurer, City of North Vernon  
(812) 346-5907

#### 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/>.