

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF CULVER
MARSHALL COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
04/04/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Karen Heim	01-01-12 to 12-31-19
President of the Town Council	Virginia B. Munroe	01-01-14 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CULVER, MARSHALL COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Culver (Town), 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

As discussed in Note 1 to the financial statement, the Town 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 Town 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 Town 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 Town'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 Town'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 February 15, 2017, on our consideration of the Town'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 Town's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

February 15, 2017



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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 TOWN OF CULVER, MARSHALL 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 Town of Culver (Town), 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 February 15, 2017, wherein we noted the Town 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 Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town'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 item 2014-001 to be a material weakness.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Town's financial statement is free from 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*.

Town of Culver's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Town'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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

February 15, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the Town. The financial statement and notes are presented as intended by the Town.

TOWN OF CULVER
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 Fund	\$ 928,574	\$ 1,236,040	\$ 1,169,327	\$ 995,287
MVH Fund	393,250	443,990	458,233	379,007
LR&S Fund	20,487	11,898	8,600	23,785
LECE Fund	17,990	3,708	200	21,498
Riverboat Tax Sharing Fund	66,859	8,259	25,750	49,368
Rainy Day Fund	160,795	586	42,877	118,504
Levy Excess Fund	5,584	40	-	5,624
CCD Fund	62,808	23,089	18,647	67,250
CCI Fund	37,218	3,715	-	40,933
Gift Fund	16,934	130	15,332	1,732
Grant Fund	2,382	632,581	633,706	1,257
Redevelopment Fund	1,228,027	461,200	380,551	1,308,676
Non-Reverting Fire Fund	21,236	77	-	21,313
Non-Reverting Park Fund	1,087	630	505	1,212
Non-Reverting Police Fund	10,463	12,149	12,487	10,125
Safety Seat Fund	13	-	-	13
Non-Reverting EMS Fund	4,826	45	1,890	2,981
Sewer Sinking Fund	143,272	292,088	291,135	144,225
Sewer Reserve Fund	319,618	1,165	-	320,783
Park Fund	220,542	266,197	252,310	234,429
Payroll Fund	2,637	333,842	334,932	1,547
Storm Water Fund	34,691	23,901	33,094	25,498
Trash Collection Fund	50,332	146,976	129,915	67,393
Sewer Fund	75,748	697,913	726,817	46,844
Water Fund	97,775	359,578	276,424	180,929
Meter Deposit Fund	8,610	895	195	9,310
Totals	<u>\$ 3,931,758</u>	<u>\$ 4,960,692</u>	<u>\$ 4,812,927</u>	<u>\$ 4,079,523</u>

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

TOWN OF CULVER
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council 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 Town.

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

TOWN OF CULVER
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Utility fees. Amounts received from charges for current services.

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

E. Disbursements

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

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

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

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

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

TOWN OF CULVER
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Utility operating expenses. Amounts disbursed for operating the utilities.

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

F. Interfund Transfers

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

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Town 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 Town 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 Town 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.

TOWN OF CULVER
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 Town 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 Town 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 Town 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 Plan

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 Town 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

TOWN OF CULVER
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.

Note 7. Subsequent Events

On May 26, 2015, the Town Council approved bids for water treatment plant improvements of \$1,182,650, and water tower improvements of \$511,557. These will be financed by a \$1,641,000 revenue bond issue, a \$500,000 grant, and local funds.

On July 27, 2015, the Town's Redevelopment Commission approved a \$1,200,000 tax increment financing bond issue to finance storm water improvements.

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OTHER INFORMATION - UNAUDITED

The Town'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 Town'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 Town. It is presented as intended by the Town.

TOWN OF CULVER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	General Fund	MVH Fund	LR&S Fund	LECE Fund	Riverboat Tax Sharing Fund	Rainy Day Fund
Cash and investments - beginning	\$ 928,574	\$ 393,250	\$ 20,487	\$ 17,990	\$ 66,859	\$ 160,795
Receipts:						
Taxes	562,864	384,666	-	-	-	-
Licenses and permits	26,424	-	-	580	-	-
Intergovernmental receipts	356,442	53,132	11,823	-	8,015	-
Charges for services	244,099	-	-	-	-	-
Fines and forfeits	6,948	-	-	388	-	-
Utility fees	-	-	-	-	-	-
Other receipts	39,263	6,192	75	2,740	244	586
Total receipts	<u>1,236,040</u>	<u>443,990</u>	<u>11,898</u>	<u>3,708</u>	<u>8,259</u>	<u>586</u>
Disbursements:						
Personal services	798,079	108,039	-	-	-	-
Supplies	45,138	59,557	-	-	-	-
Other services and charges	260,646	283,685	8,600	-	-	42,877
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	65,464	6,952	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	200	25,750	-
Total disbursements	<u>1,169,327</u>	<u>458,233</u>	<u>8,600</u>	<u>200</u>	<u>25,750</u>	<u>42,877</u>
Excess (deficiency) of receipts over disbursements	<u>66,713</u>	<u>(14,243)</u>	<u>3,298</u>	<u>3,508</u>	<u>(17,491)</u>	<u>(42,291)</u>
Cash and investments - ending	<u>\$ 995,287</u>	<u>\$ 379,007</u>	<u>\$ 23,785</u>	<u>\$ 21,498</u>	<u>\$ 49,368</u>	<u>\$ 118,504</u>

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

	Levy Excess Fund	CCD Fund	CCI Fund	Gift Fund	Grant Fund	Redevelopment Fund
Cash and investments - beginning	\$ 5,584	\$ 62,808	\$ 37,218	\$ 16,934	\$ 2,382	\$ 1,228,027
Receipts:						
Taxes	40	22,380	-	-	-	456,752
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	480	3,579	-	2,850	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	229	136	130	629,731	4,448
Total receipts	<u>40</u>	<u>23,089</u>	<u>3,715</u>	<u>130</u>	<u>632,581</u>	<u>461,200</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	15,000	-	40,683
Debt service - principal and interest	-	-	-	-	-	71,638
Capital outlay	-	7,961	-	-	630,748	107,980
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	10,686	-	332	2,958	160,250
Total disbursements	<u>-</u>	<u>18,647</u>	<u>-</u>	<u>15,332</u>	<u>633,706</u>	<u>380,551</u>
Excess (deficiency) of receipts over disbursements	<u>40</u>	<u>4,442</u>	<u>3,715</u>	<u>(15,202)</u>	<u>(1,125)</u>	<u>80,649</u>
Cash and investments - ending	<u>\$ 5,624</u>	<u>\$ 67,250</u>	<u>\$ 40,933</u>	<u>\$ 1,732</u>	<u>\$ 1,257</u>	<u>\$ 1,308,676</u>

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

	Non-Reverting Fire Fund	Non-Reverting Park Fund	Non-Reverting Police Fund	Safety Seat Fund	Non-Reverting EMS Fund
Cash and investments - beginning	\$ 21,236	\$ 1,087	\$ 10,463	\$ 13	\$ 4,826
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	77	630	12,149	-	45
Total receipts	<u>77</u>	<u>630</u>	<u>12,149</u>	<u>-</u>	<u>45</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	12,487	-	1,890
Utility operating expenses	-	-	-	-	-
Other disbursements	-	505	-	-	-
Total disbursements	<u>-</u>	<u>505</u>	<u>12,487</u>	<u>-</u>	<u>1,890</u>
Excess (deficiency) of receipts over disbursements	<u>77</u>	<u>125</u>	<u>(338)</u>	<u>-</u>	<u>(1,845)</u>
Cash and investments - ending	<u>\$ 21,313</u>	<u>\$ 1,212</u>	<u>\$ 10,125</u>	<u>\$ 13</u>	<u>\$ 2,981</u>

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

	Sewer Sinking Fund	Sewer Reserve Fund	Park Fund	Payroll Fund	Storm Water Fund
Cash and investments - beginning	\$ 143,272	\$ 319,618	\$ 220,542	\$ 2,637	\$ 34,691
Receipts:					
Taxes	-	-	63,438	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	1,361	-	-
Charges for services	-	-	187,724	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	23,775
Other receipts	292,088	1,165	13,674	333,842	126
Total receipts	<u>292,088</u>	<u>1,165</u>	<u>266,197</u>	<u>333,842</u>	<u>23,901</u>
Disbursements:					
Personal services	-	-	73,105	-	-
Supplies	-	-	11,737	-	-
Other services and charges	-	-	141,664	-	-
Debt service - principal and interest	291,135	-	-	-	-
Capital outlay	-	-	25,145	-	25,944
Utility operating expenses	-	-	-	-	3,101
Other disbursements	-	-	659	334,932	4,049
Total disbursements	<u>291,135</u>	<u>-</u>	<u>252,310</u>	<u>334,932</u>	<u>33,094</u>
Excess (deficiency) of receipts over disbursements	<u>953</u>	<u>1,165</u>	<u>13,887</u>	<u>(1,090)</u>	<u>(9,193)</u>
Cash and investments - ending	<u>\$ 144,225</u>	<u>\$ 320,783</u>	<u>\$ 234,429</u>	<u>\$ 1,547</u>	<u>\$ 25,498</u>

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

	Trash Collection Fund	Sewer Fund	Water Fund	Meter Deposit Fund	Totals
Cash and investments - beginning	\$ 50,332	\$ 75,748	\$ 97,775	\$ 8,610	\$ 3,931,758
Receipts:					
Taxes	-	-	-	-	1,490,140
Licenses and permits	-	-	-	-	27,004
Intergovernmental receipts	-	-	-	-	437,682
Charges for services	146,976	-	-	-	578,799
Fines and forfeits	-	-	-	-	7,336
Utility fees	-	697,612	357,552	895	1,079,834
Other receipts	-	301	2,026	-	1,339,897
Total receipts	<u>146,976</u>	<u>697,913</u>	<u>359,578</u>	<u>895</u>	<u>4,960,692</u>
Disbursements:					
Personal services	-	154,623	149,709	-	1,283,555
Supplies	-	-	-	-	116,432
Other services and charges	129,915	10,409	10,127	-	943,606
Debt service - principal and interest	-	-	-	-	362,773
Capital outlay	-	3,269	3,448	-	891,288
Utility operating expenses	-	266,977	96,176	-	366,254
Other disbursements	-	291,539	16,964	195	849,019
Total disbursements	<u>129,915</u>	<u>726,817</u>	<u>276,424</u>	<u>195</u>	<u>4,812,927</u>
Excess (deficiency) of receipts over disbursements	<u>17,061</u>	<u>(28,904)</u>	<u>83,154</u>	<u>700</u>	<u>147,765</u>
Cash and investments - ending	<u>\$ 67,393</u>	<u>\$ 46,844</u>	<u>\$ 180,929</u>	<u>\$ 9,310</u>	<u>\$ 4,079,523</u>

TOWN OF CULVER
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Storm Water	\$ -	\$ 1,960
Trash	10,708	12,167
Wastewater	3,665	57,787
Water	4,341	23,035
Governmental activities	92,831	-
Totals	\$ 111,545	\$ 94,949

TOWN OF CULVER
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Tax Increment Revenue Bonds of 2008	\$ 330,000	\$ 29,513
Revenue bonds	Tax Increment Bonds of 2005	<u>145,000</u>	<u>45,063</u>
Total governmental activities		<u>475,000</u>	<u>74,576</u>
Wastewater:			
Revenue bonds	Sewage Works Revenue Bonds of 2005	1,666,000	183,149
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2011	<u>660,000</u>	<u>109,800</u>
Total Wastewater		<u>2,326,000</u>	<u>292,949</u>
Totals		<u>\$ 2,801,000</u>	<u>\$ 367,525</u>

TOWN OF CULVER
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

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:	
Infrastructure	\$ 454,658
Buildings	233,512
Improvements other than buildings	475,675
Machinery, equipment, and vehicles	2,858,847
Total governmental activities	4,022,692
Storm Water:	
Infrastructure	673,624
Wastewater:	
Land	2,742
Buildings	1,028,040
Improvements other than buildings	739,181
Total Wastewater	1,769,963
Water:	
Land	2,200
Buildings	160,866
Improvements other than buildings	1,572,604
Machinery, equipment, and vehicles	365,677
Total Water	2,101,347
Total capital assets	\$ 8,567,626

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE TOWN OF CULVER, MARSHALL COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the Town of Culver's (Town) 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 its major federal program for the year ended December 31, 2014. The Town'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 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 the Town'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 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 Town'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 Town's compliance.

Opinion on the Major Federal Program

In our opinion, the Town 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, 2014.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002. Our opinion on the major program is not modified with respect to this matter.

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

Report on Internal Control over Compliance


Management of the Town 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 Town'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 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 Town's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002 and 2014-003 to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

February 15, 2017

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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 prepared by management of the Town. The schedule and notes are presented as intended by the Town.

TOWN OF CULVER
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	Pass-Through To Subrecipient	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 Storm Drainage Improvement Project	Indiana Office of Community and Rural Affairs	14.228	DR2-09-234	\$ -	\$ 629,731
Total - CDBG - State-Administered CDBG Cluster				-	629,731
Total - Department of Housing and Urban Development				-	629,731
<u>Department of Transportation</u>					
Highway Safety Cluster					
State and Community Highway Safety Operation Pull Over 2014	Indiana Criminal Justice Institute	20.600	2358	-	2,300
Alcohol Impaired Driving Countermeasures Incentive Grants I DUI Task Force	Marshall County	20.601	#032NHTSA4102014	-	550
Total - Highway Safety Cluster				-	2,850
Total - Department of Transportation				-	2,850
Total federal awards expended				\$ -	\$ 632,581

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

TOWN OF CULVER
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 Town under programs of the federal government for the year ended December 31, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the Town, it is not intended to and does not present the financial position of the Town.

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

TOWN OF CULVER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit finding disclosed that is required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Program:

_____ Name of Federal Program or Cluster _____

CDBG - State-Administered CDBG Cluster

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were several deficiencies in the internal control system of the Town related to financial transactions and reporting of the Annual Financial Report (AFR) and the financial statement. The Town had not separated incompatible activities and did not implement sufficient oversight or approval related to the following:

1. Cash and Investments - One person reconciled the bank balances to the record balances, and completed the AFR.

TOWN OF CULVER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. Receipts - One person collected money, issued receipts, recorded receipts, completed deposit tickets, and took the deposits to the bank.
3. Disbursements - One person prepared payroll, vendor disbursements, claims, and the claim docket and recorded all disbursements in the accounting software.

The Town 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). One individual gathered the information to prepare the SEFA, reported the information in the Gateway financial reporting system, and certified the SEFA.

Criteria

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

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

An integral part of the control activity component is segregation of duties. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same action. Separating the ability to record, authorize, and approve the transactions along with the handling of the related asset reduces the risk of error or fraudulent actions. It also reduces the risk of management override.

In very small governmental units, such segregation may not be practical. In this case, compensating activities should be implemented which may include additional levels of review for key operational processes, random and/or periodic review of selected transactions. These additional levels of review may take the form of managerial review of reports of detailed transactions, periodic review of performance of reconciliations, and periodic counts of assets and comparison to records. Certain situations may require management to go outside of the office or department for help in implementing controls and these reviews might be performed by governing boards or other elected officials.

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. Clear documentation should be maintained for continuity as well as ease of communication to outside parties. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities . . .

- Accurate and timely recording of transactions . . ."

TOWN OF CULVER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management of the Town had not established a proper system of internal controls.

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.

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - SUSPENSION AND DEBARMENT

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's program and
Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): DR2-09-234
Pass-Through Entity: Indiana Office of Community and Rural Affairs

Condition

An effective internal control system was not in place at the Town in order to ensure compliance with the Suspension and Debarment requirement related to the grant agreement. As part of the Storm Drainage Improvement Project, the Town contracted with an engineering firm and a grant administration firm to oversee the project. The Town failed to verify that either firm selected by the Town was not suspended or debarred from participation in federal programs.

Context

The Town entered into three contracts related to the Storm Drainage Improvement Project. The Town did not perform procedures to determine if two of the three contractors were suspended or debarred from participation in federal programs.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

TOWN OF CULVER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not developed a system of internal controls to ensure compliance with Suspension and Debarment requirements.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the Town.

Recommendation

We recommended that the Town's management establish controls to ensure compliance and to comply with the Suspension and Debarment requirements of the program.

Views of Responsible Officials

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

FINDING 2014-003 - CASH MANAGEMENT AND DAVIS-BACON ACT

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grant/State's program and
Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): DR2-09-234
Pass-Through Entity: Indiana Office of Community and Rural Affairs

Condition

An effective internal control system was not in place at the Town in order to ensure compliance with requirements related to the grant agreement and the Cash Management and Davis-Bacon Act compliance requirements.

Cash Management

There were no controls to ensure that the Town had disbursed grant funds within five days after receiving them.

TOWN OF CULVER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Davis-Bacon Act

There were no controls to ensure that the contractors submitted the certified payroll information weekly during the construction project.

Context

The lack of controls was a systemic problem. There were no controls to ensure compliance with Cash Management and the Davis-Bacon Act for the audit period.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Indiana CDBG Handbook states:

"Grantees must be alert to the receipt of federal funds and be prepared to issue payments to their contractors within five business days of the deposit."

Cause

Management had not developed a system of internal controls to ensure compliance with Suspension and Debarment requirements.

Effect

The failure to establish an effective internal control system placed the Town at risk of noncompliance with the grant agreement and the compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Town's management establish controls related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



Town of Culver

200 E. Washington St
Culver, IN 46511

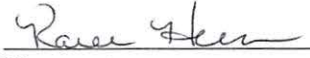
574.842.3140 (p)
574.842.3633 (f)
clerk@townofculver.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-002

Fiscal year in which the finding initially occurred: 2013
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Office of Community and Rural Affairs
Contact Person Responsible for Corrective Action: Karen Heim
Contact Phone Number: 574.842.3140

Status of Audit Finding: This finding has not been corrected. The finding was communicated to us during the most recent audit which was completed in August of 2015. We did not have a opportunity to develop and implement new procedures to address this issue.


(Signature)

Clerk Treasurer
(Title)

1.10.2017
(Date)

Culver Town Council
Ginny Munroe
President
Sally Ricciardi
Vice-President
David Beggs
Joel Samuelson
Tammy Shaffer
Town Manager
Jonathan Leist
Clerk-Treasurer
Karen Heim



200 E. Washington St
Culver, IN 46511

574.842.3140 (p)
574.842.3633 (f)
clerk@townofculver.org

CORRECTIVE ACTION PLAN

FINDING 2014-001 – Internal Controls Over Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Karen Heim
Contact Phone Number: 574.842.3140

Views of Responsible Official: We concur with this finding for 2014.

Description of Corrective Action Plan:

Since 2015, when the audit of 2012 and 2013 was completed, additional internal controls have been put into place.

1. Cash and Investments – Due to limited staff, the Clerk-Treasurer reconciles the bank balances to the record balances and completes the AFR. When reconciliation is complete, the bank statements, cash balance report and monthly financial statement is reviewed and the monthly financial statement signed by a council member charged with that task. The monthly financial statement, is also provided to council and formally approved at a council meeting and recorded in the minutes.

The Clerk-Treasurer provides a monthly financial report to the Culver Redevelopment Commission which is approved at their monthly meeting and recorded in the minutes.

Finally, monthly reports of the Park Fund, Water Fund and Sewer Fund, and appropriation reports and quarterly cash flow report for major funds are distributed to the council, town manager and department heads.

For the Annual Financial Report, a copy of the Cash and Investment Combined Statement, the December Financial Report and ending cash balances are provided to council for review and approval before publication in the newspaper. The motion to approve is recorded in the minutes. A copy of the full report is provided to council before submission and the motion to approve recorded in the minutes.

2. Receipts – Again, due to limited the staff, the same person collects money, issues receipts, records receipts, completes deposit tickets and records disbursements in the accounting software. After the 2015 audit, the deputy clerk now has either the Town Manager or the Clerk-Treasurer reviews the deposit tickets against the cash and checks for accuracy and to make sure the deposit is intact and initials the deposit ticket. For the utility bills, a payment report from the billing system is provided and compared to the deposit ticket for the daily deposit. They also initial the payment report. The Clerk-Treasurer also checks for correct accounts during the reconciliation process.

For ACH payments, the Deputy Clerk-Treasurer enters the account and payment amounts. The Clerk-Treasurer approves the payments before they are pulled.

3. Disbursements- Since the 2015 audit, the Deputy Clerk-Treasurer prepares the claims and the Clerk-Treasurer reviews the claims, enters them into the accounting software and prints the checks. The claims are returned to the Deputy Clerk-Treasurer along with the checks.

Culver Town Council
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 President
Sally Ricciardi
 Vice-President
David Beggs
Joel Samuelson
Tammy Shaffer
 Town Manager
Jonathan Leist
 Clerk-Treasurer
Karen Heim

The Deputy Clerk-Treasurer records the check numbers on the claim, reviews the checks against the claims for accuracy and initials the claim form. The Clerk-Treasurer prepares the claim docket and provides a copy along with department breakdowns to council for approval.

For payroll, with the exception of the Park Department during 2016, departments heads gather and calculate time sheets. The Clerk-Treasurer reviews the time sheets and double checks for accuracy. If differences are found, the Clerk-Treasurer reviews the issue with the department head for clarification. The Clerk-Treasurer then enters payroll, double checks entry and prints the checks. Once the payroll is finalized (meaning changes cannot be made without voiding a check), a time report and time sheets are given to the Deputy Clerk-Treasurer or Town Manager to review for accuracy. If correct, they initial the time report. If there are mistakes, they are corrected and a new finalized time report is provided to the Deputy Clerk-Treasurer or Town Manager for review. For direct deposit, the Clerk-Treasurer enters the accounts and payments and the Deputy Clerk-Treasurer must approve before payment is made.

Anticipated Completion Date: 12.31.2015

Rose Heli
(Signature)

Clerk-Treasurer
(Title)

2.15.2017
(Date)

CORRECTIVE ACTION PLAN

Town of
Culver

FINDING 2014-002 - SUSPENSION AND DEBARMENT

Contact Person Responsible for Corrective Action: Karen Heim
Contact Phone Number: 574.842.3140

Views of Responsible Official:

With the assistance of the grant administrator, the Town of Culver did check to see that all the construction contractors were not debarred on the federal sams.gov register prior to executing any of said contracts as per the requirement of the federal funding agency.

Description of Corrective Action Plan:

Given the town was also utilizing local funds the Town of Culver did not realize it was necessary to check to see if the engineer and grant administrator were in good standing with sams.gov prior to the execution of their contracts. However, the community will note this as a general requirement in the future and subsequently check all professional service providers / contractors prior to the execution of any contractual agreements.

Anticipated Completion Date: Immediately

Karen Heim
(Signature)

Clerk-Treasurer
(Title)

2.15.2014
(Date)

Culver Town Council
Ginny Munroe
President
Sally Ricciardi
Vice-President
David Beggs
Joel Samuelson
Tammy Shaffer
Town Manager
Jonathan Leist
Clerk-Treasurer
Karen Heim



200 E. Washington St
Culver, IN 46511

574.842.3140 (p)
574.842.3633 (f)
clerk@townofculver.org

CORRECTIVE ACTION PLAN

FINDING 2014-003 - Cash Management and Davis Bacon Act

Contact Person Responsible for Corrective Action: Karen Heim

Contact Phone Number: 574.842.3140

Views of Responsible Official:

After a review of the audit and a conversation with our grant administrator; we do believe that there were some internal controls in respect to the federal grant administration on our federally funded storm drainage project were in place. We also understand there could be additional controls put in place.

Description of Corrective Action Plan:

Specific to the financial management and the expenditure of federal funds within the allotted five business days, our internal control system entailed the following checks and balances:

- Project invoices were submitted to the project engineer (sub-consultant) to review and approve;
- Said invoices were then presented to the Town Council by the project engineer (sub-consultant) at regularly scheduled Town Council meetings for review and approval;
- Once invoices were approved by the Town Council, the Clerk-Treasurer would email the approved invoices to the grant administrator (sub-consultant) for review and the grant administrator (sub-consultant) would prepare the federal drawdown vouchers;
- Said federal drawdown vouchers were then emailed to the Clerk-Treasurer for signature and submission to federal agencies;
- Upon receipt of federal funds, the Clerk-Treasurer would email a copy of the federal fund deposit and checks written to grant administrator (sub-consultant) for posting. In the event, the received federal funds were not disbursed within the allotted five (5) day period, the grant administrator (sub-consultant) would work with the Clerk-Treasurer to calculate interest earned, resolve the issues and work to ensure that the mishap did not re-occur in the future.

Going forward, we will ask that the grant administrator copy the deputy clerk and council president on e-mails to the Clerk-Treasurer concerning the drawdown vouchers so they also are aware of when funds are expected.

Specific to the Davis Bacon labor management of the federal funded project, the following internal control procedures were established:

- Prior to the initiation of construction, a pre-construction meeting was conducted that included representation from the Town of Culver, engineering firm (sub-consultant), grant administrator (sub-consultant), and applicable contractors. At this meeting the applicable federal wage decision and the example payroll report was reviewed. The contractors were informed that weekly payroll reports were to be electronically submitted on a weekly basis to the grant administrator (sub-consultant) for review. In the event the contractor failed to submit weekly payroll reports, the Town of Culver would suspend payment until such time as documentation was received, reviewed and approved by the grant administrator (sub-consultant);

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- Once construction work began, these weekly payroll reports were submitted to the grant administrator (sub-consultant) for review. As stated at the pre-construction meeting, if there was a problem, it was the grant administrator's (sub-consultant's) responsibility to report the issues to the Town of Culver thus suspending the approval of said contractor invoices until such time as the problem was resolved;
- If no problems were detected, the grant administrator (sub-consultant) would provide a copy of said certified payroll reports and summary to the Town of Culver on a quarterly basis as requested by the Culver Town Council and Clerk-Treasurer's office for record-keeping purposes;
- At the end of the project, all of the certified payroll reports for each contractor and sub-contractor were reviewed by the federal funding agency and in the event of a problem, the Town of Culver would be notified and charged with the task of resolving the problem via the assistance of their grant administrator (sub-consultant).

Going forward, we will ask that the grant administrator copy the town manager on e-mails sent to the contractor in the event that the contractor does not provide payroll reports in a timely manner.

Anticipated Completion Date: 2.28.17

Raunder
(Signature)

Clerk-Treasurer
(Title)

2.15.2017
(Date)

OTHER REPORTS

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