

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF NEW HAVEN  
ALLEN COUNTY, INDIANA

January 1, 2016 to December 31, 2016



**FILED**  
09/23/2017



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brenda Adams	01-01-16 to 12-31-19
Mayor	Terry McDonald	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Terry McDonald	01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Craig Dellinger	01-01-16 to 12-31-17
Superintendent of Utilities and Streets	Dave Jones	01-01-16 to 12-31-17
Utility Office Manager	Jill Cain	01-01-16 to 12-31-17



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF NEW HAVEN, ALLEN COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the City of New Haven (City), which comprises the financial position and results of operations for the year ended December 31, 2016, 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 from material misstatement.

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

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 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, 2016.

***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, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated August 30, 2017, 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

August 30, 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 CITY OF NEW HAVEN, ALLEN 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 New Haven (City), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated August 30, 2017, 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 item 2016-001, that we consider to be a material weakness.

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

**Compliance and Other Matters**


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

**City of New Haven's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

August 30, 2017

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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 NEW HAVEN  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
General	\$ 3,570,910	\$ 5,236,178	\$ 5,239,963	\$ 3,567,125
Motor Vehicle Highway	1,998,152	1,769,416	1,558,257	2,209,311
Local Road and Street	920,938	164,194	341,489	743,643
Park Nonreverting Operating	35,674	85,531	87,553	33,652
Emergency Medical Service	401,012	1,000,983	823,709	578,286
Law Enforcement Continuing Education	51,458	24,865	14,590	61,733
Clerk Record Perpetuation	117,514	4,996	9,258	113,252
Riverboat	113,798	87,635	93,664	107,769
Park and Recreation	569,640	1,176,223	1,127,513	618,350
Court User Fee	110,505	17,370	40,642	87,233
Fire Department	426,012	1,401,387	1,357,055	470,344
Rainy Day	1,110,243	576,069	-	1,686,312
CEDIT	3,248,131	1,996,299	2,551,017	2,693,413
LOIT Special Distribution	-	431,121	-	431,121
TIF 469	322,603	366,199	246,940	441,862
Cumulative Capital Improvement	213,664	38,458	30,700	221,422
Cumulative Capital Development Fund CCD	14,698	160,239	14,334	160,603
Park Nonreverting Capital	45,205	71,432	59,992	56,645
Redevelopment Capital	1	-	1	-
Cumulative Building and Firefighting Equipment	491,945	180,902	169,775	503,072
Economic Development Revolving	1,082,456	73,506	-	1,155,962
General Improvement	151,222	-	-	151,222
Police Officer's Pension	529,036	148,766	136,833	540,969
Court Fees Due County	-	33,484	33,484	-
LOIT Public Safety	268,275	272,051	250,840	289,486
Insurance Reserve	726,082	3,828	-	729,910
City Court	10,815	160,346	163,754	7,407
2011 Road Bond Fund	20,509	261,940	282,449	-
Bond Capital Account Park #2 Construction	1,467,880	2,208	741,825	728,263
New Haven Park District Bond	-	169,540	144,604	24,936
EMS Billing	-	38	-	38
Gronauer Lock	16,966	-	14,750	2,216
Park Nonreverting Restricted Contributions	208,022	59,889	77,478	190,433
Emergency Medical Equipment	169,236	176,000	198,662	146,574
D.A.R.E	4,422	-	-	4,422
TIF Maplecrest Road	25,578	28,951	15,000	39,529
Park Nonreverting Pool	113,581	30,229	25,342	118,468
Park Nonreverting Baseball Diamond	4,042	8,735	7,317	5,460
Park Special Events	6,615	21,138	20,721	7,032
Police Building and Equipment	14,328	49,715	17,266	46,777
Petty Cash	1,300	-	-	1,300
Fire Department Special Equipment	6,921	7,559	5,856	8,624
Emergency Medical PERF	21,748	115	-	21,863
Grants	16,285	22,532	23,968	14,849
Lease Rental	153,620	299,362	297,000	155,982
Jury Pool Lease Rental	169,136	339,377	334,000	174,513
EDIT Bonds Debt Reserve	264,090	-	-	264,090
Payroll	4,859	3,884,463	3,863,588	25,734
Storm Water Utility Operating	817,640	975,073	1,138,400	654,313
Storm Water Utility Improvement	717,530	602,612	396,639	923,503
Wastewater Utility Operating	1,113,378	4,566,318	4,783,054	896,642
Wastewater Utility Bond and Interest	760,905	977,511	962,090	776,326
Wastewater Utility Improvement	1,610,094	923,702	1,142,473	1,391,323
Wastewater Utility Debt Reserve	978,275	-	-	978,275
Water Utility Operating	291,859	2,261,824	2,421,377	132,306
Water Utility Bond and Interest	191,777	579,054	542,106	228,725
Water Utility Improvement	118,453	-	3,260	115,193
Water Utility Customer Deposit	79,255	3,325	1,500	81,080
Water Utility Depreciation	51,970	3,300	-	55,270
Water Utility Debt Reserve	542,126	-	-	542,126
<b>Totals</b>	<b>\$ 26,492,389</b>	<b>\$ 31,735,988</b>	<b>\$ 31,812,088</b>	<b>\$ 26,416,289</b>

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

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

*Licenses and permits.* Amounts received from businesses, occupations, or 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.

CITY OF NEW HAVEN  
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 City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*Utility operating expenses.* Amounts disbursed for operating the utilities.

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

*F. Interfund Transfers*

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy*

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

**Note 7. Holding Corporations**

The City has entered into a capital lease with City of New Haven, IN Municipal Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related-party of the City. Lease payments during the year 2016 totaled \$297,000.

The City has entered into a capital lease with New Haven - Adams Township Park Facilities Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related-party of the City. Lease payments during the year 2016 totaled \$334,000.

#### OTHER INFORMATION - UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the 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 NEW HAVEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	General	Motor Vehicle Highway	Local Road and Street	Park Nonreverting Operating	Emergency Medical Service	Law Enforcement Continuing Education	Clerk Record Perpetuation	Riverboat
Cash and investments - beginning	\$ 3,570,910	\$ 1,998,152	\$ 920,938	\$ 35,674	\$ 401,012	\$ 51,458	\$ 117,514	\$ 113,798
Receipts:								
Taxes	3,627,507	581,628	-	-	-	-	-	-
Licenses and permits	170,673	7,333	-	-	-	-	-	-
Intergovernmental receipts	1,217,875	1,056,062	162,875	-	-	-	-	87,635
Charges for services	35,203	-	-	84,815	997,432	-	-	-
Fines and forfeits	62,477	-	-	-	-	24,865	4,746	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	122,443	124,393	1,319	716	3,551	-	250	-
<b>Total receipts</b>	<b>5,236,178</b>	<b>1,769,416</b>	<b>164,194</b>	<b>85,531</b>	<b>1,000,983</b>	<b>24,865</b>	<b>4,996</b>	<b>87,635</b>
Disbursements:								
Personal services	2,766,565	471,262	-	-	649,574	6,092	-	93,664
Supplies	87,363	209,317	-	-	40,307	5,957	1,902	-
Other services and charges	2,225,626	157,170	-	78,704	79,042	2,541	7,356	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	117,306	686,020	341,489	-	7,588	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	43,103	34,488	-	8,849	47,198	-	-	-
<b>Total disbursements</b>	<b>5,239,963</b>	<b>1,558,257</b>	<b>341,489</b>	<b>87,553</b>	<b>823,709</b>	<b>14,590</b>	<b>9,258</b>	<b>93,664</b>
Excess (deficiency) of receipts over disbursements	(3,785)	211,159	(177,295)	(2,022)	177,274	10,275	(4,262)	(6,029)
Cash and investments - ending	<b>\$ 3,567,125</b>	<b>\$ 2,209,311</b>	<b>\$ 743,643</b>	<b>\$ 33,652</b>	<b>\$ 578,286</b>	<b>\$ 61,733</b>	<b>\$ 113,252</b>	<b>\$ 107,769</b>

CITY OF NEW HAVEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Park and Recreation	Court User Fee	Fire Department	Rainy Day	CEDIT	LOIT Special Distribution	TIF 469	Cumulative Capital Improvement
Cash and investments - beginning	\$ 569,640	\$ 110,505	\$ 426,012	\$ 1,110,243	\$ 3,248,131	\$ -	\$ 322,603	\$ 213,664
Receipts:								
Taxes	766,510	-	-	-	-	431,121	366,199	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	72,004	-	-	-	1,977,365	-	-	37,706
Charges for services	323,101	-	1,348,738	-	-	-	-	-
Fines and forfeits	-	17,370	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	14,608	-	52,649	576,069	18,934	-	-	752
Total receipts	1,176,223	17,370	1,401,387	576,069	1,996,299	431,121	366,199	38,458
Disbursements:								
Personal services	680,154	32,271	1,123,180	-	55,344	-	-	-
Supplies	112,314	-	43,478	-	63,085	-	-	-
Other services and charges	237,438	-	188,440	-	127,698	-	-	30,200
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	41,641	285	1,957	-	1,655,510	-	-	500
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	55,966	8,086	-	-	649,380	-	246,940	-
Total disbursements	1,127,513	40,642	1,357,055	-	2,551,017	-	246,940	30,700
Excess (deficiency) of receipts over disbursements	48,710	(23,272)	44,332	576,069	(554,718)	431,121	119,259	7,758
Cash and investments - ending	\$ 618,350	\$ 87,233	\$ 470,344	\$ 1,686,312	\$ 2,693,413	\$ 431,121	\$ 441,862	\$ 221,422

CITY OF NEW HAVEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Cumulative Capital Development Fund CCD	Park Nonreverting Capital	Redevelopment Capital	Cumulative Building and Firefighting Equipment	Economic Development Revolving	General Improvement	Police Officer's Pension	Court Fees Due County
Cash and investments - beginning	\$ 14,698	\$ 45,205	\$ 1	\$ 491,945	\$ 1,082,456	\$ 151,222	\$ 529,036	\$ -
Receipts:								
Taxes	145,931	-	-	145,931	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	14,308	35,000	-	14,308	-	-	146,500	-
Charges for services	-	4,281	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	33,484
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	32,151	-	20,663	73,506	-	2,266	-
Total receipts	<u>160,239</u>	<u>71,432</u>	<u>-</u>	<u>180,902</u>	<u>73,506</u>	<u>-</u>	<u>148,766</u>	<u>33,484</u>
Disbursements:								
Personal services	-	-	-	-	-	-	413	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	3,429	-	-	-	-	-	62	-
Debt service - principal and interest	-	-	-	123,730	-	-	-	-
Capital outlay	10,905	59,992	-	46,045	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	1	-	-	-	136,358	33,484
Total disbursements	<u>14,334</u>	<u>59,992</u>	<u>1</u>	<u>169,775</u>	<u>-</u>	<u>-</u>	<u>136,833</u>	<u>33,484</u>
Excess (deficiency) of receipts over disbursements	<u>145,905</u>	<u>11,440</u>	<u>(1)</u>	<u>11,127</u>	<u>73,506</u>	<u>-</u>	<u>11,933</u>	<u>-</u>
Cash and investments - ending	<u>\$ 160,603</u>	<u>\$ 56,645</u>	<u>\$ -</u>	<u>\$ 503,072</u>	<u>\$ 1,155,962</u>	<u>\$ 151,222</u>	<u>\$ 540,969</u>	<u>\$ -</u>

CITY OF NEW HAVEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	LOIT Public Safety	Insurance Reserve	City Court	2011 Road Bond Fund	Bond Capital Account Park #2 Construction	New Haven Park District Bond	EMS Billing	Gronauer Lock
Cash and investments - beginning	\$ 268,275	\$ 726,082	\$ 10,815	\$ 20,509	\$ 1,467,880	\$ -	\$ -	\$ 16,966
Receipts:								
Taxes	-	-	-	-	-	156,367	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	251,529	-	-	-	-	13,173	-	-
Charges for services	-	-	-	-	-	-	38	-
Fines and forfeits	-	-	160,346	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	20,522	3,828	-	261,940	2,208	-	-	-
Total receipts	272,051	3,828	160,346	261,940	2,208	169,540	38	-
Disbursements:								
Personal services	225,840	-	-	-	-	-	-	-
Supplies	12,109	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	3,688	-	-	14,750
Debt service - principal and interest	-	-	-	261,940	-	144,604	-	-
Capital outlay	-	-	-	-	738,137	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	12,891	-	163,754	20,509	-	-	-	-
Total disbursements	250,840	-	163,754	282,449	741,825	144,604	-	14,750
Excess (deficiency) of receipts over disbursements	21,211	3,828	(3,408)	(20,509)	(739,617)	24,936	38	(14,750)
Cash and investments - ending	\$ 289,486	\$ 729,910	\$ 7,407	\$ -	\$ 728,263	\$ 24,936	\$ 38	\$ 2,216

CITY OF NEW HAVEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Park Nonreverting Restricted Contributions	Emergency Medical Equipment	D.A.R.E	TIF Maplecrest Road	Park Nonreverting Pool	Park Nonreverting Baseball Diamond	Park Special Events	Police Building and Equipment
Cash and investments - beginning	\$ 208,022	\$ 169,236	\$ 4,422	\$ 25,578	\$ 113,581	\$ 4,042	\$ 6,615	\$ 14,328
Receipts:								
Taxes	-	-	-	28,951	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	3,270	-	-	-	-	-	1,973
Charges for services	-	155,380	-	-	4,829	8,735	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	59,889	17,350	-	-	25,400	-	21,138	47,742
Total receipts	59,889	176,000	-	28,951	30,229	8,735	21,138	49,715
Disbursements:								
Personal services	-	-	-	-	-	-	-	750
Supplies	-	-	-	-	-	-	19,700	10,016
Other services and charges	-	9,871	-	-	-	6,710	1,008	6,500
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	69,848	188,791	-	-	25,342	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	7,630	-	-	15,000	-	607	13	-
Total disbursements	77,478	198,662	-	15,000	25,342	7,317	20,721	17,266
Excess (deficiency) of receipts over disbursements	(17,589)	(22,662)	-	13,951	4,887	1,418	417	32,449
Cash and investments - ending	\$ 190,433	\$ 146,574	\$ 4,422	\$ 39,529	\$ 118,468	\$ 5,460	\$ 7,032	\$ 46,777

CITY OF NEW HAVEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Petty Cash	Fire Department Special Equipment	Emergency Medical PERF	Grants	Lease Rental	Jury Pool Lease Rental	EDIT Bonds Debt Reserve
Cash and investments - beginning	\$ 1,300	\$ 6,921	\$ 21,748	\$ 16,285	\$ 153,620	\$ 169,136	\$ 264,090
Receipts:							
Taxes	-	-	-	-	274,198	312,335	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	22,532	24,535	26,346	-
Charges for services	-	3,873	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	3,686	115	-	629	696	-
Total receipts	-	7,559	115	22,532	299,362	339,377	-
Disbursements:							
Personal services	-	-	-	11,771	-	-	-
Supplies	-	1,598	-	-	-	-	-
Other services and charges	-	3,482	-	2,157	-	-	-
Debt service - principal and interest	-	-	-	-	297,000	334,000	-
Capital outlay	-	776	-	10,040	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	5,856	-	23,968	297,000	334,000	-
Excess (deficiency) of receipts over disbursements	-	1,703	115	(1,436)	2,362	5,377	-
Cash and investments - ending	\$ 1,300	\$ 8,624	\$ 21,863	\$ 14,849	\$ 155,982	\$ 174,513	\$ 264,090

CITY OF NEW HAVEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Payroll	Storm Water Utility Operating	Storm Water Utility Improvement	Wastewater Utility Operating	Wastewater Utility Bond and Interest	Wastewater Utility Improvement	Wastewater Utility Debt Reserve
Cash and investments - beginning	\$ 4,859	\$ 817,640	\$ 717,530	\$ 1,113,378	\$ 760,905	\$ 1,610,094	\$ 978,275
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	971,336	-	4,462,507	-	-	-
Other receipts	3,884,463	3,737	602,612	103,811	977,511	923,702	-
Total receipts	3,884,463	975,073	602,612	4,566,318	977,511	923,702	-
Disbursements:							
Personal services	3,863,588	199,988	-	510,636	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	40,587	-	-	-
Debt service - principal and interest	-	-	-	-	962,090	-	-
Capital outlay	-	-	396,639	-	-	1,142,473	-
Utility operating expenses	-	213,188	-	2,323,973	-	-	-
Other disbursements	-	725,224	-	1,907,858	-	-	-
Total disbursements	3,863,588	1,138,400	396,639	4,783,054	962,090	1,142,473	-
Excess (deficiency) of receipts over disbursements	20,875	(163,327)	205,973	(216,736)	15,421	(218,771)	-
Cash and investments - ending	\$ 25,734	\$ 654,313	\$ 923,503	\$ 896,642	\$ 776,326	\$ 1,391,323	\$ 978,275

CITY OF NEW HAVEN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016  
 (Continued)

	Water Utility Operating	Water Utility Bond and Interest	Water Utility Improvement	Water Utility Customer Deposit	Water Utility Depreciation	Water Utility Debt Reserve	Totals
Cash and investments - beginning	\$ 291,859	\$ 191,777	\$ 118,453	\$ 79,255	\$ 51,970	\$ 542,126	\$ 26,492,389
Receipts:							
Taxes	86,609	-	-	-	-	-	6,923,287
Licenses and permits	-	-	-	-	-	-	178,006
Intergovernmental receipts	-	-	-	-	-	-	5,164,996
Charges for services	-	-	-	-	-	-	2,966,425
Fines and forfeits	-	-	-	-	-	-	303,288
Utility fees	2,102,818	-	-	-	-	-	7,536,661
Other receipts	72,397	579,054	-	3,325	3,300	-	8,663,325
Total receipts	2,261,824	579,054	-	3,325	3,300	-	31,735,988
Disbursements:							
Personal services	455,000	-	-	-	-	-	11,146,092
Supplies	-	-	-	-	-	-	607,146
Other services and charges	40,587	-	-	-	-	-	3,267,046
Debt service - principal and interest	-	541,806	-	-	-	-	2,665,170
Capital outlay	-	-	3,260	-	-	-	5,544,544
Utility operating expenses	1,154,104	-	-	-	-	-	3,691,265
Other disbursements	771,686	300	-	1,500	-	-	4,890,825
Total disbursements	2,421,377	542,106	3,260	1,500	-	-	31,812,088
Excess (deficiency) of receipts over disbursements	(159,553)	36,948	(3,260)	1,825	3,300	-	(76,100)
Cash and investments - ending	\$ 132,306	\$ 228,725	\$ 115,193	\$ 81,080	\$ 55,270	\$ 542,126	\$ 26,416,289

CITY OF NEW HAVEN  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2016

Government or Enterprise	Accounts Payable	Accounts Receivable
Storm Water	\$ 5,915	\$ 57,131
Wastewater	136,532	1,176,017
Water	12,551	498,618
Governmental activities	<u>146,630</u>	<u>1,593,446</u>
Totals	<u>\$ 301,628</u>	<u>\$ 3,325,212</u>

CITY OF NEW HAVEN  
SCHEDULE OF LEASES AND DEBT  
December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Huntington Bank	Fire Truck	\$ 61,865	10/21/2014	04/21/2017
Sheffield Financial	Tractor with Base Grader	3,693	04/18/2013	07/31/2017
City of New Haven, IN Municipal Building Corporation	City Hall / Police Station Building	299,000	07/01/2008	01/01/2023
New Haven - Adams Township Park Facilities Corporation	Jury Pool	<u>332,000</u>	06/30/2011	12/31/2029
Total governmental activities		<u>696,558</u>		
Storm Water:				
Huntington Bank	Utility Crane Truck	8,475	10/10/2014	04/10/2017
Huntington Bank	Utility Building Generator	<u>3,713</u>	10/21/2014	04/21/2017
Total Storm Water		<u>12,188</u>		
Wastewater:				
Huntington Bank	Utility Crane Truck	8,475	10/10/2014	04/10/2017
Huntington Bank	Utility Building Generator	<u>3,713</u>	10/21/2014	04/21/2017
Total Wastewater		<u>12,188</u>		
Total of annual lease payments		<u>\$ 720,934</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Park District Bonds of 2015/Acquisition of Community Center		\$ 1,895,000	\$ 136,213
Revenue bonds	Economic Dev Income Tax Refunding Bond of 2011 / Paid Off Revenue Bond Anticipation Note of 2008		<u>1,990,000</u>	<u>255,670</u>
Total governmental activities			<u>3,885,000</u>	<u>391,883</u>
Wastewater:				
Revenue bonds	Wastewater Refunding Bonds 2011 / Refinanced Wastewater Utility Building		765,000	136,225
Revenue bonds	2001 Bonds		2,395,000	283,862
Revenue bonds	Sewage Works Revenue Bonds 2005 / Construction for Sewer Separation		<u>4,970,000</u>	<u>539,175</u>
Total Wastewater			<u>8,130,000</u>	<u>959,262</u>
Water:				
Revenue bonds	Water 2011 Bonds / Construction of Water Lines		2,900,000	265,102
Revenue bonds	Water Refunding Bonds 2012 / Refinanced 2002 Bonds		<u>1,545,000</u>	<u>274,046</u>
Total Water			<u>4,445,000</u>	<u>539,148</u>
Totals			<u>\$ 16,460,000</u>	<u>\$ 1,890,293</u>

CITY OF NEW HAVEN  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2016

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	\$ 1,569,560
Infrastructure	23,199,204
Buildings	7,872,738
Improvements other than buildings	6,343,549
Machinery, equipment, and vehicles	6,768,269
Construction in progress	10,752,854
Total governmental activities	56,506,174
Storm Water:	
Improvements other than buildings	3,131,017
Machinery, equipment, and vehicles	898,945
Construction in progress	591,681
Total Storm Water	4,621,643
Wastewater:	
Land	251,700
Buildings	1,924,425
Improvements other than buildings	24,356,354
Machinery, equipment, and vehicles	1,184,603
Construction in progress	414,643
Total Wastewater	28,131,725
Water:	
Land	11,000
Buildings	64,667
Improvements other than buildings	17,595,031
Machinery, equipment, and vehicles	286,467
Construction in progress	725,416
Total Water	18,682,581
Total capital assets	\$ 107,942,123

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 CITY OF NEW HAVEN, ALLEN COUNTY, INDIANA

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

We have audited the City of New Haven'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, 2016. 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, 2016.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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

August 30, 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 approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF NEW HAVEN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2016

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 Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Road Construction, Landin Road from North River Rd. to Maysville			Des. No. 0710319	\$ -	\$ 186,816
Road Construction, Broadway/Landin Road from Powers St. to North River Rd.			Des. No. 1400694	-	135,954
Water Line Relocation for SR30			Des. No. 0100843	-	471,434
Total - Highway Planning and Construction Cluster				-	794,204
Highway Safety Cluster					
Alcohol Impaired Driving Countermeasures Incentive Grants I Traffic Safety/DUI Taskforce	City of Fort Wayne	20.601	D3-16-10220	-	4,497
National Priority Safety Programs Traffic Safety/Occupant Protection	City of Fort Wayne	20.616	D3-16-10135	-	7,275
Total - Highway Safety Cluster				-	11,772
Total - Department of Transportation				-	805,976
Total federal awards expended				\$ -	\$ 805,976

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

CITY OF NEW HAVEN  
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, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

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

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF NEW HAVEN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit finding disclosed that is 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 for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Highway Planning and Construction 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 2016-001**

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

*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 Clerk-Treasurer entered and submitted federal award information within the City's Annual Financial Report on the Indiana Gateway for Government Units (Gateway), which was used to compile the City's SEFA. There was no evidence of a control, such as oversight, review, or approval process by the City.

CITY OF NEW HAVEN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The Clerk-Treasurer maintained and prepared a grant schedule that was input into Gateway at the end of the year; however, it could not be verified that anyone reviewed this information before it was submitted.

*Criteria*

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

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

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

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

*Cause*

Management 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.

*Recommendation*

We recommended that management of the city establish and implement internal controls, including segregation of duties, over the submission of the grant schedule information to ensure proper reporting of the SEFA.

*Views of Responsible Officials*

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

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

No matters are reportable.

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AUDITEE-PREPARED DOCUMENT

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

# CITY OF NEW HAVEN

815 LINCOLN HWY EAST  
P.O. Box 570



NEW HAVEN, INDIANA 46774

## CORRECTIVE ACTION PLAN

### **FINDING: 2016-001**

**Subject: Preparation of the Schedule of Expenditures of Federal Awards**

**Audit Finding: Material Weakness**

Contact Person Responsible for Corrective Action: Brenda Adams, Clerk Treasurer

Contact Phone Number (260) 748-7000

The City of New Haven has put in place a system of internal control to prevent, detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The system is effective for the 2017 reporting period and includes the segregation of duties over the preparation and review of the SEFA to ensure completeness and accuracy.

Anticipated Completion Date: December 31, 2017

Signed: Brenda Adams

Brenda Adams, Clerk Treasurer

Date: 8/22/2017

#### 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/>.