

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF CROWN POINT
LAKE COUNTY, INDIANA

January 1, 2016 to December 31, 2016



FILED
12/11/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kristie L. Dressel	01-01-16 to 12-31-17
Mayor	David D. F. Uran	01-01-16 to 12-31-17
President of the Board of Public Works	David D. F. Uran	01-01-16 to 12-31-17
President Pro Tempore of the Common Council	Laura Sauerman	01-01-16 to 12-31-17



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF CROWN POINT, LAKE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Crown Point (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 October 31, 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

October 31, 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 CROWN POINT, LAKE 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 Crown Point (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 October 31, 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 Crown Point's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

October 31, 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 CROWN POINT
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 FUND	\$ 1,320,970	\$ 20,364,586	\$ 19,947,891	\$ 1,737,665
MOTOR VEHICLE	695,673	2,410,420	2,545,416	560,677
LOCAL ROAD & STREET	54,211	322,093	324,074	52,230
NON REV. PARK FUND	84,389	447,895	421,573	110,711
LOCAL LAW ENF. CONT. EDUC	27,611	30,071	26,582	31,100
DEFERRAL PROGRAM FUND	17,185	37,725	54,909	1
RIVERBOAT ADM. TAX FUND	226,743	224,230	170,811	280,162
USER FEE FUND	-	38,685	38,685	-
CEDIT-CTY ECON DEV TAX	658,664	845,781	733,893	770,552
ESCROW-EXCESS LEVY FD	1,091	-	-	1,091
MAJOR MOVES CONST. FUND	2,863	-	-	2,863
PUB.SAFETY-EXCESS WELFARE	173	-	-	173
CREDIT CARD FEES	25	-	-	25
CUMULATIVE CAPITAL DEV.	258,067	622,355	604,362	276,060
CP REDEV BOND CAPITAL FD	7,558	-	-	7,558
CUM. CAP II (RATE-EMS)	94,967	50	-	95,017
CUMULATIVE FIRE	182,477	156,231	74,629	264,079
GENERAL IMPROVEMENT FD.	8,976	5,968	7,063	7,881
CUMULATIVE CAPITAL IMP.	17,000	106,454	3,924	119,530
POLICE PENSION	593,990	538,132	494,299	637,823
FIRE PENSION	159,557	71,542	62,308	168,791
CAGIT/LOIT PUBLIC SAFETY	703,310	693,382	362,487	1,034,205
CUMULATIVE SEWER	107,735	-	59	107,676
PUBLIC WORKS DONATION FD	1,041	2,097	942	2,196
NON REV BUILDER TEST FEES	64,295	8,800	1,878	71,217
NON-REV-ECONOMIC DEV.	34,055	2,900	400	36,555
CP REDEV DEBT SERV RES	586,599	-	-	586,599
ST ANTHONY TIF BOND FUND	444,949	-	444,945	4
TOURISM FUND	4,726	6,685	5,460	5,951
G.O. BOND DEBT SERVICE	-	262,250	261,096	1,154
C.P. REDEVELOPMENT FUND	233,301	3,232,923	2,077,787	1,388,437
COURT SUPPLEMENTAL CTAR-1	119,351	454,056	433,221	140,186
FIREFIGHTER'S GRANT FUND	825	-	-	825
RECYCLING & SOLID WASTE	199,686	237,808	331,338	106,156
G.O. BOND PROCEEDS FUND	159,412	-	8,140	151,272
SPORTSPLEX DEV & CONSTR	1,194,438	761,652	1,924,561	31,529
PYWH-PERF	15	-	-	15
SAUERMAN WOODS RES. DONA.	1,250	-	-	1,250
PYWH-SPECIAL INSURANCE	95	-	-	95
MISC. REFUNDS ESCROW	669	5,563	5,337	895
PYWH-FIRE PENSION II	299	-	-	299
HIGH MEADOWS ESCROW FUND	8,517	-	1,937	6,580
NON-REV. SPEC. EVENTS FD.	8,254	28,353	29,577	7,030
STATE INCOME TAX	42,551	546,953	544,021	45,483
POL. PEN - IND. GROSS	1,948	25,025	24,769	2,204
SENIOR DISC (HIDTA) FUND	120,435	100,000	98,004	122,431
DON-C.P. BEAUTIFICATION	855	-	-	855
FIRE PEN. - IND. GROSS	263	2,465	2,544	184
PYWH-POLICE PENSION II	363	-	-	363
ADULT PROBATION SERV. FD.	20,867	19,566	29,505	10,928
DOG SUPPLY/MAINT DONATION	15,208	7,735	3,739	19,204
ESCROW-EDC	1,489	-	-	1,489
PYWH-COL. LIFE & ACCIDENT	349	59	-	408
GREENVIEW RECOVERY AGREE.	9,600	-	-	9,600

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

CITY OF CROWN POINT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2016
(Continued)

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
NON-REV RENTAL HOUSING	35,348	211	16,905	18,654
CEMETERY NON-REV. FUND	52,485	16,800	20,575	48,710
PYWH-MUNICIPAL INS.	433	39	29	443
PARKS/PLAYGROUNDS ESCROW	42,800	-	-	42,800
MISC. SALES TAX	616	23,089	23,594	111
COUNTY COURT COSTS ESC.	2,113	16,644	16,442	2,315
PRINC & INTEREST-TIF BOND	596,748	-	519,558	77,190
NON-REV VEH/EQUIP PURCH	263,205	228,772	117,515	374,462
COURT RECORD PERPETUATION	33,811	3,321	7,532	29,600
PREPAID LEGAL ESCROW	139	781	784	136
NON REV. PARK GIFT FUND	3,793	-	490	3,303
DARE FUND DONATIONS	25,492	25,854	25,582	25,764
FIRE DEPT. DONATIONS	17,495	51,971	65,114	4,352
NON REV. POLICE FED SEIZ.	100,915	68,327	37,161	132,081
NON-REV SPRTSPLX LEASE	22,400	8,150	-	30,550
MAYOR'S ROUNDTABLE ESCROW	1	-	-	1
POLICE DONATIONS ESCROW	36,978	19,145	29,508	26,615
NON REV. HAZ MATERIALS	4,902	-	59	4,843
TANK IMP. ESCROW	144	-	-	144
PYWH-VISION INS.	1,055	9,106	9,183	978
PYWH-AFLAC	12,161	87,831	87,299	12,693
PYWH-AMER. BANKERS INS.	158	-	-	158
UNUM/CIGNA VOL INS ESCROW	1,523	17,277	17,363	1,437
EMP/RETIREE NON-REV INS.	155,639	5,046,627	5,198,635	3,631
CIVIL DEFENSE DONATIONS	13,811	2,900	5,111	11,600
L.C.DRUG FREE ALLIANCE GR	-	3,590	3,590	-
4TH FRIDAY ARTS GRANT	1	-	-	1
LAKE CO. HIDTA PROGRAM	229	3,659,359	3,612,997	46,591
ESCROW- PERPET.BLDG. IMP.FD	98,230	258,365	250,620	105,975
GRANT- L.C.DRUNK DRIV.TASK	186	-	-	186
HOMESTEAD RESTOR. DON.	100	-	-	100
LOIT SPECIAL DISTRIBUTION	-	744,033	744,026	7
CASH- STORMWATER O&M	506,755	931,690	877,282	561,163
CASH- STORMWATER DEBT SER	-	244,540	244,540	-
CASH- WASTEWATER O&M FUND	950,000	6,539,146	6,539,146	950,000
CASH- WW IMPROVEMT OTHER	2,397,530	134,064	1,284,759	1,246,835
Wastewater SRF 2015 Trust	-	2,434,281	2,434,281	-
CASH ON HAND-WW PETTY	800	-	-	800
CASH-WW B&I SINKING FUND	64,521	851,555	766,045	150,031
CASH-WW IMPROVE REPLACE	352	-	-	352
CASH-WW DEBT SERV RES	847,335	232,212	-	1,079,547
CASH WW UTIL CONSTR ACCT	85,333	-	-	85,333
CASH- WATER O&M FUND	950,000	8,524,165	8,524,165	950,000
CASH-WATER HYDRANT DEP	9,550	749	-	10,299
CASH-WTR DEPR/IMPR FUND	10,675,463	6,836,491	7,645,763	9,866,191
Cash WW Util Construction Acct	5,776	-	-	5,776
CASH ON HAND-WATER PETTY	600	-	-	600
CASH-WATER B&I SINKING	439,957	934,110	925,473	448,594
CASH-WATER DEBT SERV RES	628,581	-	-	628,581
CASH-WTR NEW CONS DEP	16,439	-	550	15,889
CASH-2014 BOND PROCEEDS	265,151	227	265,117	261
Totals	<u>\$ 27,865,994</u>	<u>\$ 70,575,912</u>	<u>\$ 72,418,959</u>	<u>\$ 26,022,947</u>

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

CITY OF CROWN POINT
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, storm water, trash, 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 CROWN POINT
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.

Penalties. Amounts received from late payment fees.

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.

CITY OF CROWN POINT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

CITY OF CROWN POINT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CITY OF CROWN POINT
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

CITY OF CROWN POINT
NOTES TO FINANCIAL STATEMENT
(Continued)

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

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

Funding Policy

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

Note 7. Other Postemployment Benefits

The City provides medical benefits to eligible retirees and their spouses. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

Note 8. Subsequent Events

Subsequent to the audit ending December 31, 2016, the City has issued a Sewage Works Revenue bond in the amount of \$6,900,000. The payments will be made semiannually over a period of 20 years with a 2 percent interest rate.

Based upon the rate study conducted in 2016, the Board of Public Works increased the monthly rates and charges for the sewer works by 25 percent of the previously established rates for the users of the City's sewer works, effective February 27, 2017.

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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 CROWN POINT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	GENERAL FUND	MOTOR VEHICLE	LOCAL ROAD & STREET	NON REV. PARK FUND	LOCAL LAW ENF. CONT. EDUC	DEFERRAL PROGRAM FUND	RIVERBOAT ADM. TAX FUND	USER FEE FUND
Cash and investments - beginning	\$ 1,320,970	\$ 695,673	\$ 54,211	\$ 84,389	\$ 27,611	\$ 17,185	\$ 226,743	\$ -
Receipts:								
Taxes	8,245,084	1,206,034	-	-	-	-	-	-
Licenses and permits	940,832	-	-	-	22,550	-	-	-
Intergovernmental receipts	1,075,528	1,182,597	322,093	-	-	-	195,111	-
Charges for services	3,445,146	-	-	447,895	6,561	-	-	-
Fines and forfeits	76,420	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	6,581,576	21,789	-	-	960	37,725	29,119	38,685
Total receipts	20,364,586	2,410,420	322,093	447,895	30,071	37,725	224,230	38,685
Disbursements:								
Personal services	9,612,327	1,385,067	-	145,144	-	54,380	-	-
Supplies	352,711	324,069	-	109,164	9,668	35	-	-
Other services and charges	3,662,673	667,486	324,074	163,792	16,914	494	170,811	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	292,249	168,794	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	6,027,931	-	-	3,473	-	-	-	38,685
Total disbursements	19,947,891	2,545,416	324,074	421,573	26,582	54,909	170,811	38,685
Excess (deficiency) of receipts over disbursements	416,695	(134,996)	(1,981)	26,322	3,489	(17,184)	53,419	-
Cash and investments - ending	\$ 1,737,665	\$ 560,677	\$ 52,230	\$ 110,711	\$ 31,100	\$ 1	\$ 280,162	\$ -

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

	CREDIT-CTY ECON DEV TAX	ESCROW- EXCESS LEVY FD	MAJOR MOVES CONST. FUND	PUB.SAFETY- EXCESS WELFARE	CREDIT CARD FEES	CUMULATIVE CAPITAL DEV.	CP REDEV BOND CAPITAL FD
Cash and investments - beginning	\$ 658,664	\$ 1,091	\$ 2,863	\$ 173	\$ 25	\$ 258,067	\$ 7,558
Receipts:							
Taxes	-	-	-	-	-	591,922	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	688,677	-	-	-	-	4,978	-
Charges for services	157,104	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	25,455	-
Total receipts	845,781	-	-	-	-	622,355	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	191,259	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	542,634	-	-	-	-	604,362	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	733,893	-	-	-	-	604,362	-
Excess (deficiency) of receipts over disbursements	111,888	-	-	-	-	17,993	-
Cash and investments - ending	\$ 770,552	\$ 1,091	\$ 2,863	\$ 173	\$ 25	\$ 276,060	\$ 7,558

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

	CUM. CAP II (RATE-EMS)	CUMULATIVE FIRE	GENERAL IMPROVEMENT FD.	CUMULATIVE CAPITAL IMP.	POLICE PENSION	FIRE PENSION	CAGIT/LOIT PUBLIC SAFETY
Cash and investments - beginning	\$ 94,967	\$ 182,477	\$ 8,976	\$ 17,000	\$ 593,990	\$ 159,557	\$ 703,310
Receipts:							
Taxes	-	55,551	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	5,587	-	106,454	538,132	71,542	693,074
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	50	95,093	5,968	-	-	-	308
Total receipts	50	156,231	5,968	106,454	538,132	71,542	693,382
Disbursements:							
Personal services	-	-	-	-	350	-	334,332
Supplies	-	-	-	-	-	-	-
Other services and charges	-	63,510	-	3,924	493,949	62,308	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	11,119	7,063	-	-	-	28,155
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	74,629	7,063	3,924	494,299	62,308	362,487
Excess (deficiency) of receipts over disbursements	50	81,602	(1,095)	102,530	43,833	9,234	330,895
Cash and investments - ending	<u>\$ 95,017</u>	<u>\$ 264,079</u>	<u>\$ 7,881</u>	<u>\$ 119,530</u>	<u>\$ 637,823</u>	<u>\$ 168,791</u>	<u>\$ 1,034,205</u>

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

	CUMULATIVE SEWER	PUBLIC WORKS DONATION FD	NON REV BUILDER TEST FEES	NON-REV- ECONOMIC DEV.	CP REDEV DEBT SERV RES	ST ANTHONY TIF BOND FUND	TOURISM FUND
Cash and investments - beginning	\$ 107,735	\$ 1,041	\$ 64,295	\$ 34,055	\$ 586,599	\$ 444,949	\$ 4,726
Receipts:							
Taxes	-	-	-	-	-	-	4,725
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	2,097	8,800	2,900	-	-	1,960
Total receipts	-	2,097	8,800	2,900	-	-	6,685
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	59	942	1,878	400	-	-	5,460
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	444,945	-
Total disbursements	59	942	1,878	400	-	444,945	5,460
Excess (deficiency) of receipts over disbursements	(59)	1,155	6,922	2,500	-	(444,945)	1,225
Cash and investments - ending	\$ 107,676	\$ 2,196	\$ 71,217	\$ 36,555	\$ 586,599	\$ 4	\$ 5,951

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

	G.O. BOND DEBT SERVICE	C.P. REDEVELOPMENT FUND	COURT SUPPLEMENTAL CTAR-1	FIREFIGHTER'S GRANT FUND	RECYCLING & SOLID WASTE	G.O. BOND PROCEEDS FUND	SPORTSPLEX DEV & CONSTR
Cash and investments - beginning	\$ -	\$ 233,301	\$ 119,351	\$ 825	\$ 199,686	\$ 159,412	\$ 1,194,438
Receipts:							
Taxes	260,063	2,095,350	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	2,187	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	1,137,573	454,056	-	237,808	-	761,652
Total receipts	<u>262,250</u>	<u>3,232,923</u>	<u>454,056</u>	<u>-</u>	<u>237,808</u>	<u>-</u>	<u>761,652</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	261,096	2,077,787	-	-	331,338	8,140	1,924,561
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	433,221	-	-	-	-
Total disbursements	<u>261,096</u>	<u>2,077,787</u>	<u>433,221</u>	<u>-</u>	<u>331,338</u>	<u>8,140</u>	<u>1,924,561</u>
Excess (deficiency) of receipts over disbursements	<u>1,154</u>	<u>1,155,136</u>	<u>20,835</u>	<u>-</u>	<u>(93,530)</u>	<u>(8,140)</u>	<u>(1,162,909)</u>
Cash and investments - ending	<u>\$ 1,154</u>	<u>\$ 1,388,437</u>	<u>\$ 140,186</u>	<u>\$ 825</u>	<u>\$ 106,156</u>	<u>\$ 151,272</u>	<u>\$ 31,529</u>

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

	PYWH-PERF	SAUERMAN WOODS RES. DONA.	PYWH-SPECIAL INSURANCE	MISC. REFUNDS ESCROW	PYWH-FIRE PENSION II	HIGH MEADOWS ESCROW FUND	NON-REV. SPEC. EVENTS FD.
Cash and investments - beginning	\$ 15	\$ 1,250	\$ 95	\$ 669	\$ 299	\$ 8,517	\$ 8,254
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	28,353
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	5,563	-	-	-
Total receipts	-	-	-	5,563	-	-	28,353
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	5,337	-	1,937	29,577
Total disbursements	-	-	-	5,337	-	1,937	29,577
Excess (deficiency) of receipts over disbursements	-	-	-	226	-	(1,937)	(1,224)
Cash and investments - ending	\$ 15	\$ 1,250	\$ 95	\$ 895	\$ 299	\$ 6,580	\$ 7,030

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

	STATE INCOME TAX	POL. PEN - IND. GROSS	SENIOR DISC (HIDTA) FUND	DON-C.P. BEAUTIFICATION	FIRE PEN. - IND. GROSS	PYWH-POLICE PENSION II	ADULT PROBATION SERV. FD.
Cash and investments - beginning	\$ 42,551	\$ 1,948	\$ 120,435	\$ 855	\$ 263	\$ 363	\$ 20,867
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	100,000	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	546,953	25,025	-	-	2,465	-	19,566
Total receipts	546,953	25,025	100,000	-	2,465	-	19,566
Disbursements:							
Personal services	-	-	-	-	-	-	27,549
Supplies	-	-	-	-	-	-	1,256
Other services and charges	-	-	-	-	2,544	-	700
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	544,021	24,769	98,004	-	-	-	-
Total disbursements	544,021	24,769	98,004	-	2,544	-	29,505
Excess (deficiency) of receipts over disbursements	2,932	256	1,996	-	(79)	-	(9,939)
Cash and investments - ending	\$ 45,483	\$ 2,204	\$ 122,431	\$ 855	\$ 184	\$ 363	\$ 10,928

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

	DOG SUPPLY/MAINT DONATION	ESCROW-EDC	PYWH-COL. LIFE & ACCIDENT	GREENVIEW RECOVERY AGREE.	NON-REV RENTAL HOUSING	CEMETERY NON-REV. FUND	PYWH- MUNICIPAL INS.
Cash and investments - beginning	\$ 15,208	\$ 1,489	\$ 349	\$ 9,600	\$ 35,348	\$ 52,485	\$ 433
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	16,800	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	7,735	-	59	-	211	-	39
Total receipts	7,735	-	59	-	211	16,800	39
Disbursements:							
Personal services	-	-	-	-	16,903	-	-
Supplies	-	-	-	-	2	-	-
Other services and charges	3,739	-	-	-	-	20,575	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	29
Total disbursements	3,739	-	-	-	16,905	20,575	29
Excess (deficiency) of receipts over disbursements	3,996	-	59	-	(16,694)	(3,775)	10
Cash and investments - ending	\$ 19,204	\$ 1,489	\$ 408	\$ 9,600	\$ 18,654	\$ 48,710	\$ 443

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

	PARKS/ PLAYGROUNDS ESCROW	MISC. SALES TAX	COUNTY COURT COSTS ESC.	PRINC & INTEREST-TIF BOND	NON-REV VEH/EQUIP PURCH	COURT RECORD PERPETUATION	PREPAID LEGAL ESCROW
Cash and investments - beginning	\$ 42,800	\$ 616	\$ 2,113	\$ 596,748	\$ 263,205	\$ 33,811	\$ 139
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	16,644	-	-	3,321	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	23,089	-	-	228,772	-	781
Total receipts	-	23,089	16,644	-	228,772	3,321	781
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	2,902	-
Debt service - principal and interest	-	-	-	519,558	-	-	-
Capital outlay	-	-	-	-	117,515	4,630	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	23,594	16,442	-	-	-	784
Total disbursements	-	23,594	16,442	519,558	117,515	7,532	784
Excess (deficiency) of receipts over disbursements	-	(505)	202	(519,558)	111,257	(4,211)	(3)
Cash and investments - ending	\$ 42,800	\$ 111	\$ 2,315	\$ 77,190	\$ 374,462	\$ 29,600	\$ 136

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

	NON REV. PARK GIFT FUND	DARE FUND DONATIONS	FIRE DEPT. DONATIONS	NON REV. POLICE FED SEIZ.	NON-REV SPRTSPLX LEASE	MAYOR'S ROUNDTABLE ESCROW	POLICE DONATIONS ESCROW
Cash and investments - beginning	\$ 3,793	\$ 25,492	\$ 17,495	\$ 100,915	\$ 22,400	\$ 1	\$ 36,978
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	68,327	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	25,854	51,971	-	8,150	-	19,145
Total receipts	-	25,854	51,971	68,327	8,150	-	19,145
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	490	25,582	65,114	37,161	-	-	29,508
Total disbursements	490	25,582	65,114	37,161	-	-	29,508
Excess (deficiency) of receipts over disbursements	(490)	272	(13,143)	31,166	8,150	-	(10,363)
Cash and investments - ending	\$ 3,303	\$ 25,764	\$ 4,352	\$ 132,081	\$ 30,550	\$ 1	\$ 26,615

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

	NON REV. HAZ MATERIALS	TANK IMP. ESCROW	PYWH-VISION INS.	PYWH-AFLAC	PYWH-AMER. BANKERS INS.	UNUM/CIGNA VOL INS ESCROW	EMP/RETIREE NON-REV INS.
Cash and investments - beginning	\$ 4,902	\$ 144	\$ 1,055	\$ 12,161	\$ 158	\$ 1,523	\$ 155,639
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	9,106	87,831	-	17,277	5,046,627
Total receipts	-	-	9,106	87,831	-	17,277	5,046,627
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	59	-	9,183	87,299	-	17,363	5,198,635
Total disbursements	59	-	9,183	87,299	-	17,363	5,198,635
Excess (deficiency) of receipts over disbursements	(59)	-	(77)	532	-	(86)	(152,008)
Cash and investments - ending	<u>\$ 4,843</u>	<u>\$ 144</u>	<u>\$ 978</u>	<u>\$ 12,693</u>	<u>\$ 158</u>	<u>\$ 1,437</u>	<u>\$ 3,631</u>

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

	CIVIL DEFENSE DONATIONS	L.C.DRUG FREE ALLIANCE GR	4TH FRIDAY ARTS GRANT	LAKE CO. HIDTA PROGRAM	ESCROW- PERPET.BLDG. IMP.FD	GRANT- L.C.DRUNK DRIV.TASK	HOMESTEAD RESTOR. DON.
Cash and investments - beginning	\$ 13,811	\$ -	\$ 1	\$ 229	\$ 98,230	\$ 186	\$ 100
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,900	3,590	-	3,659,359	258,365	-	-
Total receipts	2,900	3,590	-	3,659,359	258,365	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5,111	3,590	-	3,612,997	250,620	-	-
Total disbursements	5,111	3,590	-	3,612,997	250,620	-	-
Excess (deficiency) of receipts over disbursements	(2,211)	-	-	46,362	7,745	-	-
Cash and investments - ending	\$ 11,600	\$ -	\$ 1	\$ 46,591	\$ 105,975	\$ 186	\$ 100

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

	LOIT SPECIAL DISTRIBUTION	CASH- STORMWATER O&M	CASH- STORMWATER DEBT SER	CASH- WASTEWATER O&M FUND	CASH- WW IMPROVEMT OTHER	Wastewater SRF 2015 Trust	CASH ON HAND-WW PETTY
Cash and investments - beginning	\$ -	\$ 506,755	\$ -	\$ 950,000	\$ 2,397,530	\$ -	\$ 800
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	744,033	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	917,245	-	6,172,257	-	-	-
Penalties	-	14,146	-	90,446	-	-	-
Other receipts	-	299	244,540	276,443	134,064	2,434,281	-
Total receipts	744,033	931,690	244,540	6,539,146	134,064	2,434,281	-
Disbursements:							
Personal services	-	285,609	-	1,760,698	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	744,026	54,076	-	696,536	-	-	-
Debt service - principal and interest	-	-	244,540	74,175	-	-	-
Capital outlay	-	42,422	-	381,825	200,991	2,434,281	-
Utility operating expenses	-	250,635	-	3,406,848	-	-	-
Other disbursements	-	244,540	-	219,064	1,083,768	-	-
Total disbursements	744,026	877,282	244,540	6,539,146	1,284,759	2,434,281	-
Excess (deficiency) of receipts over disbursements	7	54,408	-	-	(1,150,695)	-	-
Cash and investments - ending	\$ 7	\$ 561,163	\$ -	\$ 950,000	\$ 1,246,835	\$ -	\$ 800

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

	CASH-WW B&I SINKING FUND	CASH-WW IMPROVE REPLACE	CASH-WW DEBT SERV RES	CASH WW UTIL CONSTR ACCT	CASH- WATER O&M FUND	CASH-WATER HYDRANT DEP	CASH-WTR DEPR/IMPR FUND
Cash and investments - beginning	\$ 64,521	\$ 352	\$ 847,335	\$ 85,333	\$ 950,000	\$ 9,550	\$ 10,675,463
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	8,032,900	-	-
Penalties	-	-	-	-	44,718	-	-
Other receipts	851,555	-	232,212	-	446,547	749	6,836,491
Total receipts	851,555	-	232,212	-	8,524,165	749	6,836,491
Disbursements:							
Personal services	-	-	-	-	1,559,553	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	700,264	-	-
Debt service - principal and interest	766,045	-	-	-	-	-	-
Capital outlay	-	-	-	-	269,854	-	711,654
Utility operating expenses	-	-	-	-	5,108,003	-	-
Other disbursements	-	-	-	-	886,491	-	6,934,109
Total disbursements	766,045	-	-	-	8,524,165	-	7,645,763
Excess (deficiency) of receipts over disbursements	85,510	-	232,212	-	-	749	(809,272)
Cash and investments - ending	\$ 150,031	\$ 352	\$ 1,079,547	\$ 85,333	\$ 950,000	\$ 10,299	\$ 9,866,191

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

	Cash WW Util Construction Acct	CASH ON HAND-WATER PETTY	CASH-WATER B&I SINKING	CASH-WATER DEBT SERV RES	CASH-WTR NEW CONS DEP	CASH-2014 BOND PROCEEDS	Totals
Cash and investments - beginning	\$ 5,776	\$ 600	\$ 439,957	\$ 628,581	\$ 16,439	\$ 265,151	\$ 27,865,994
Receipts:							
Taxes	-	-	-	-	-	-	12,458,729
Licenses and permits	-	-	-	-	-	-	963,382
Intergovernmental receipts	-	-	-	-	-	-	5,629,993
Charges for services	-	-	-	-	-	-	4,270,186
Fines and forfeits	-	-	-	-	-	-	96,385
Utility fees	-	-	-	-	-	-	15,122,402
Penalties	-	-	-	-	-	-	149,310
Other receipts	-	-	934,110	-	-	227	31,885,525
Total receipts	-	-	934,110	-	-	227	70,575,912
Disbursements:							
Personal services	-	-	-	-	-	-	15,181,912
Supplies	-	-	-	-	-	-	796,905
Other services and charges	-	-	-	-	-	-	12,658,217
Debt service - principal and interest	-	-	925,473	-	-	-	2,529,791
Capital outlay	-	-	-	-	-	249,890	6,067,438
Utility operating expenses	-	-	-	-	-	15,227	8,780,713
Other disbursements	-	-	-	-	550	-	26,403,983
Total disbursements	-	-	925,473	-	550	265,117	72,418,959
Excess (deficiency) of receipts over disbursements	-	-	8,637	-	(550)	(264,890)	(1,843,047)
Cash and investments - ending	\$ 5,776	\$ 600	\$ 448,594	\$ 628,581	\$ 15,889	\$ 261	\$ 26,022,947

CITY OF CROWN POINT
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Storm Water	\$ 2,381	\$ 98,710
Wastewater	301,002	551,219
Water	291,480	694,711
Governmental activities	<u>50,557</u>	<u>1,156,971</u>
Totals	<u>\$ 645,420</u>	<u>\$ 2,501,611</u>

CITY OF CROWN POINT
SCHEDULE OF LEASES AND DEBT
December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: JP Morgan Chase Bank	Fire Truck Lease	\$ 108,019	09/24/2015	03/24/2028
Total of annual lease payments		<u>\$ 108,019</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2010 G.O Bond-Building and Land Improvements	\$ 790,000	\$ 275,230
General obligation bonds	2008 Gen Obligation Bond-Road Improvements	980,000	168,922
Revenue bonds	2007 TIF Redevelopment Bond-Property Purchase	1,920,000	320,100
Revenue bonds	2015 TIF Redevelopment Bond - Construction of SportsPlex	4,880,000	344,208
Revenue bonds	2014 Redevelopment Bond-Mainstreet Project	<u>1,670,000</u>	<u>167,000</u>
Total governmental activities		<u>10,240,000</u>	<u>1,275,460</u>
Storm Water:			
Revenue bonds	2010 Sewage Works Revenue Bond-Sewage & Stormwater Improvements	<u>2,625,000</u>	<u>245,760</u>
Wastewater:			
Revenue bonds	2016 Sewage Works Refunding Revenue Bond-Refund 2006 Issue	2,370,000	271,475
Lines of credit	2013 SRF Loan/Line of Credit-Wastewater & Stormwater Improvements	1,290,000	95,254
Lines of credit	2015 SRF Loan/Line of Credit - Wastewater & Stormwater Improvements	4,540,000	300,800
Lines of credit	2011 SRF Loan/Line of Credit-Wastewater & Stormwater Improvements	<u>1,500,000</u>	<u>136,190</u>
Total Wastewater		<u>9,700,000</u>	<u>803,719</u>
Water:			
Revenue bonds	2012 Waterworks Refunding Revenue Bonds of 2012 - Refund 2002 Issue	1,292,000	207,800
Revenue bonds	2014 Waterworks Revenue Bond - Acquisition/Improvement of Public Works Building	2,430,000	227,100
Revenue bonds	2007 Waterworks Revenue Bond - Refund 1998 Bond	<u>935,000</u>	<u>492,900</u>
Total Water		<u>4,657,000</u>	<u>927,800</u>
Totals		<u>\$ 27,222,000</u>	<u>\$ 3,252,739</u>

CITY OF CROWN POINT
 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	\$ 4,928,219
Infrastructure	24,455,734
Buildings	4,948,162
Improvements other than buildings	8,835,892
Machinery, equipment, and vehicles	11,671,921
Total governmental activities	54,839,928
Storm Water:	
Infrastructure	16,628
Machinery, equipment, and vehicles	6,000
Total Storm Water	22,628
Wastewater:	
Land	6,671,742
Infrastructure	31,982,585
Buildings	120,502
Improvements other than buildings	1,179,696
Machinery, equipment, and vehicles	3,793,141
Construction in progress	301,139
Total Wastewater	44,048,805
Water:	
Land	237,959
Infrastructure	18,508,882
Buildings	5,274,512
Machinery, equipment, and vehicles	2,001,917
Construction in progress	613,840
Total Water	26,637,110
Total capital assets	\$ 125,548,471

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CITY OF CROWN POINT, LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the City of Crown Point's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with 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 each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

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


Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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

October 31, 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 CROWN POINT
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 Justice</u>					
Bulletproof Vest Partnership Program	Direct Grant	16.607	IN0450200	\$ -	\$ 3,740
Equitable Sharing Program	Direct Grant	16.922	FY2016	-	34,381
Total - Department of Justice				-	38,121
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster	Indiana Department of Transportation				
Highway Planning and Construction		20.205			
Construction Inspection For The Construction Of The Summit St. Trailhead			DES 1005926	-	83,533
North Street/109th Street From Indiana to Broadway			DES 1172428	-	29,465
93rd Ave Intersection Improvements At Chase St.			DES 1173426	-	32,778
Summit & Merrillville Road Intersection Modernization			DES 1173708	-	284,269
Congestion Mitigation And Air Quality (CMAQ) E-85 Fuel			DES 1297254	-	29,517
North Street Vision Plan (109th Project)			DES 1400574	-	34,069
125th Avenue Grant Street Intersection Improvement Design			DES 1401030	-	119,638
Total - Highway Planning and Construction Cluster				-	613,269
Total - Department of Transportation				-	613,269
<u>Executive Office of the President</u>					
High Intensity Drug Trafficking Program					
HIDTA	Direct Grant	95.001	G14LC0003A	-	38,788
HIDTA			G15LC0003A	-	2,535,450
HIDTA			G16LC0003A	-	984,429
Total - High Intensity Drug Trafficking Program				-	3,558,667
Total - Executive Office of the President				-	3,558,667
Total federal awards expended				\$ -	\$ 4,210,057

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

CITY OF CROWN POINT
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 CROWN POINT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
95.001	Highway Planning and Construction Cluster High Intensity Drug Trafficking Program	Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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

FINDING 2016-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a partial repeat of Finding 2015-001 from the immediate prior year.

Condition

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

CITY OF CROWN POINT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Receipts

1. The City did not have controls in place to ensure that all collections were properly receipted or tracked, or that adjustments were properly approved. No one reviewed detail cash register tapes and/or handwritten receipts and utility billing stubs to ensure that all transaction numbers were accounted for on the register tapes, receipts, and utility billing stubs. Multiple employees used the same cash register to enter transactions. Voids or errors in entering collections into the cash register were corrected by the same employee who entered the transaction without oversight or review. Voided receipts were not retained or provided for audit. The registers used by the City did not have the capability to separately identify which employee entered a transaction.
2. Park receipts were written and deposited by a single individual without documentation of control.

Customer Account Adjustments

The City had not established controls for adjustments posted to utility customer accounts.

Reporting

The Utilities' records were maintained on the accrual basis. An employee prepared an excel spreadsheet to compile the Utility disbursement information on the cash basis to prepare the Annual Report and the financial statement. The City had not established controls to detect errors.

Context

The lack of internal controls was a systemic problem throughout the audit period.

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. . . .

CITY OF CROWN POINT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . .

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. . . ."

Cause

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

Effect

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

Recommendation

We recommended that the City establish a system of internal controls to ensure that financial transactions are properly recorded and reviewed for accuracy, and that reporting is accurate.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENTS

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



Kristie L. Dressel
Clerk-Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The examiner for Indiana State Board Of Accounts (hereinafter, "SBOA") requested, on August 29, 2017, that this office respond to audit findings for the year 2015 for the Clerk-Treasurer's office. It should be noted that the current Clerk-Treasurer did not assume office until January 1, 2016. The current Clerk-Treasurer signed a response to the Audit findings in July of 2016, at the request of then Auditor for State Board Of Accounts.

Nevertheless, this letter constitutes and may be considered a corrected and expanded response to the SBOA findings in issue for year 2015, with further comments relating to proposed findings from the special audit recently completed, in the order in which they appeared, to-wit:

Finding 2015-001 – Financial Transactions and Reporting

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Kristie L. Dressel
Contact Phone Number: (219)662-3235 Ext 401

Status of Audit Finding:

1. Lack of Segregation of Duties: The City had not separated incompatible activities related to the recording of receipts in the accounting system and accounting for Utility activity for reporting purposes.
 - A. One individual recorded the receipts in the accounting system. Controls had not been implemented to verify the accuracy and allocation of the receipts recorded.

ACTION TAKEN: Internal Control Implemented: On a daily basis, as each "daily" (utility) batch is posted, all of the utility balances are checked to assure match with the balances that were posted by the receivables department. A check mark is made and initialed by each amount and the report from the receivables department is attached to the back each "daily" report. This report is filed in the revenue book. Also, at the end of the month before the books are closed a different employee verifies all postings are correct and posted to the correct revenue appropriation. Thereafter, the employee who entered the revenue and the employee verifying the postings each initial the report indicating accuracy. Procedures will be implemented in Sept 2017.

- B. The Utilities' records were maintained on the accrual basis. Several employees prepared an excel spreadsheet to compile the Utility information on the cash basis to prepare the annual report which was used to generate the financial statement. An oversight, review, or approval process had not been established to detect errors.

ACTION TAKEN: Internal Control Implemented. Upon review of the 2015 SBOA audit findings, it was noticed that the above-noted spreadsheet was not being maintained. Guidelines thought to be compliant with the State Board of Accounts requirements were implemented. In May of 2017 it was realized that some of the controls were not effective and that there were some discrepancies. As a result, the State Board of Accounts was requested to perform a special audit. This office is implementing more effective internal controls as the consequence of that special audit. The target date for such implementation is September 30, 2017.

2. Vendor Disbursements: The Accounts Payable Vouchers (APV's) were entered into the computerized ledger and recorded in the appropriate fund. The Clerk-Treasurer's Office had a procedure in place to verify that the APV's were recorded properly, however, there was no documentation of the process.

ACTION TAKEN: Internal Control Implemented: As each batch is entered into the system, three reports are printed. The first report is listed in Alpha order/date order, the second report is in claim number/batch order and the third report is a grand total of all postings for the current month (APV's, Manuals and Payroll). The first and second report are then compared to assure identical totals. Next, using the second report, the person making entries assures accuracy and marks all entries on the report as checked. Next, using an Excel spreadsheet with a monthly accrual, each claim amount is entered in an associated fund, and the second report totals are verified a second time to assure that each claim and corresponding computer entry match. As each amount is reviewed, it is marked off. Finally, the grand total on the spreadsheet and the grand total of the third report are compared in order to assure they balance. All reports are organized chronologically by batch/month/council period, and boxed for storage in the Bookkeeping Office. Procedures were corrected in early 2016.

3. Payroll: The Clerk-Treasurer's Office had a process to verify that payroll information was correctly entered in the ledger and was properly allocated to the correct fund and department; however, there was no documentation of the process.

ACTION TAKEN: Internal Control Implementation. The Payroll Clerk first reviews all timecards and enters each into the computer by department grid. Next, another employee reviews the printout of the entered timecards and separately reviews them as a double check for accuracy and correct entry. The employee then reviews the timecards and the printout, and places her initials on the printout, indicating accuracy. Upon review of this procedure, it became apparent that another control mechanism needed implement for fund entry. Procedures were corrected in early 2016.

4. Monitoring of Controls: An evaluation of the City's system of internal controls had not been conducted. Effective internal controls, over financial reporting, require the City to monitor and assess the quality of the system of internal controls.

ACTION TAKEN: Internal Control Implementation. The Clerk-Treasurer's office has appointed a department head for each department. Each department head is to continuously evaluate her respective department operations to assure compliance with all implemented internal controls. Regarding the receipt and handling of documents, payments, and related financial items, numerous internal controls have been implemented for all aspects of daily work in the Clerk-Treasurer's Office (e.g. , retrieving the morning mail boxes by two employees; a second employee checking each daily deposit/merge; no less than two employees gaining entrance to the vault on any occasion; requiring each employee to have a separate register; removal of all signatures stamps). Additionally, the City is in the process of introducing new financial software to assure the quality and accuracy of financial records and reports. The target date for implementation of software is early 2018.

While testing some of the implemented internal controls that had been put into place in 2016, failure of some was observed, and when discrepancies were noticed, it was realized additional internal controls were needed. This situation lead to the Clerk-Treasurer's request to SBOA for a special audit. Target date for implementation of all additional internal controls is September 30, 2017.



Clerk-Treasurer
City of Crown Point

August 31, 2017



CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Kristie L. Dressel

Contact Phone Number: 219-662-3235

Views of Responsible Official:

Description of Corrective Action Plan:

Internal Controls

1. Receipts and Adjustments. The city did have controls in place to ensure that all collections were properly receipted or tracked, or that adjustments were properly approved. I did have internal controls in place and assigned each department a Department Head. Each Department Head was to review detailed cash register tapes, receipts and utility billing stubs. Each Department Head for Accounts Receivable, Billing and Bookkeeping were to get approval from the Clerk-Treasurer before any voids or errors in entering collections into the cash register. Voided receipts were to be retained or provided for audit. I had put the internal controls in place in August, 2016. We noticed with the 2017 testing of internal controls that the supervisors were not following the internal controls and this was cause for some concern. The reports indicates the absence of compliance procedures for receipt and deposits of collections in the Clerk-Treasurer's Office. In fact, there were written compliance procedures in place at all relevant times which had been enacted by ordinance and discussed with affected employees, and who had been instructed regarding compliance therewith. These compliance procedures were put in place in early 2016 and later in 2016.

In the beginning of 2017 I tested our internal controls and we failed due to the fact that the Department Heads of Accounts Receivable and Billing were not following direction or internal control procedures that were set up.

We noticed receipts and collections were not being receipted in or tracked and adjustments were being authorized that were not approved by the Clerk-Treasurer. The Department Head was not reviewing register tapes or the number sequence out of place. Voids and errors were not being monitored and the Department Heads were not following the written directives. No voided receipts were being copied or kept for record. As I tested internal controls, we noticed a breach in our Accounts Receivable Department. The Department Head retired within a week of the breach of internal controls. In May 2017 I call SBOA to do a special audit because I believed there was a serious situation and money was not being accounted for. Going forward, by end of 2017 - early 2018, new software will be in place and new cash registers will be installed. New procedures will be in place to detect the skipping of numbers. We have also put in place a procedure to ensure none of the receipts will be out of sequence. Each employee is assigned their own cash drawer. Also, any cash register errors or changes are to be approved by two employees or the Department Head.

2. Park Receipts. The Park receipts were brought over by the Park Administrator who verified the amount. Our clerk would receipt it in and re-verify the amount. Going forward from October 31, 2017, a form will be signed and dated by the Park Administrator and two Deputy Clerks verifying the Parks deposit. This record will be held at the Clerk-Treasurer's Office for SBOA audit review.

Adjustments to Utility Accounts.

There was a process and internal controls put in place at the end of 2016. The process was the Department Head of Billing was to have my initials on every adjustment posted to utility customer accounts. As we tested the internal controls set in place, I found these procedures were not being followed by the Department Head and I called for a special audit in May of 2017. We also found that the Department Head for Accounts Receivable had access to adjusting accounts and receipt in money which was not approved by me. The Department Head for Billing resigned within a few weeks of the breach of our

internal controls. We have and had in place a written procedure that all adjustments are to come from the Clerk-Treasurer per ordinance, all adjustments are to be initialed and records are to be kept for each adjustment. Each resident has to provide a written letter stating why they want an adjustment.

Reporting.

Monthly financial statements and year end data are reviewed by the bookkeeping clerk and sent to our financial advisors for review. Going forward, starting September 1, 2017, we will have two clerks from Bookkeeping review the financial statements along with our financial advisor to be in compliance with SBOA.

Anticipated Completion Date: December, 2017

Kirstie L. Dussel

Signature

Clerk-Treasurer

10 - 30 - 17

Date

OTHER REPORTS

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