

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF MOUNT VERNON

POSEY COUNTY, INDIANA

January 1, 2017 to December 31, 2017



FILED
08/16/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cristi L. Sitzman	01-01-16 to 12-31-19
Mayor	G. William Curtis	03-01-16 to 12-31-19
President of the Board of Public Works	G. William Curtis	03-01-16 to 12-31-19
President Pro Tempore of the Common Council	Rebecca Higgins	01-01-17 to 12-31-18
President of the Water Utility Board	Rebecca Higgins	01-01-17 to 12-31-18
Superintendent of Utilities	Chuck Gray	01-01-17 to 12-31-18
Utility Bookkeeper	Deann Blackburn	01-01-17 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF MOUNT VERNON, POSEY COUNTY, INDIANA

This report is supplemental to our audit report of the City of Mount Vernon (City), for the period from January 1, 2017 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Result and Comment, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

August 2, 2018

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CLERK-TREASURER
CITY OF MOUNT VERNON

CLERK-TREASURER
CITY OF MOUNT VERNON
AUDIT RESULT AND COMMENT

FINANCIAL TRANSACTIONS AND REPORTING

On June 29, 2017, the City issued Waterworks Revenue Bonds of 2017 to pay the outstanding principal of the Waterworks Revenue Bond Anticipation Note (BAN) of 2016. The bond proceeds of \$11,580,000 were directly wired by Sterling National Bank (Purchaser) as follows: \$11,315,000 to The Bank of New York Mellon to pay off the BAN, \$182,385 to Hilliard Lyons for placement fee and good faith deposit refund, and \$82,615 to the City. The bond proceeds and the related payments, except for the \$82,615 of remaining proceeds, were not recorded in the City's ledger.

As a result, the related receipts and disbursements totaling \$11,497,385 were not reported on the City's Annual Financial Report, which was used to generate the financial statement presented for audit.

Adjustments to the financial statement were proposed to management in order to reflect the aforementioned receipts and disbursements. The adjustments were approved by and made to the financial statement by the City.

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

CRISTI L. SITZMAN
CLERK-TREASURER
CITY OF MOUNT VERNON
520 MAIN ST - CITY HALL ANNEX
MOUNT VERNON, IN 47620
CSITZMAN@MOUNTVERNON-IN.COM
812-838-3317; 812-838-8701(F)

August 7, 2018

To Whom it May Concern:

This is in response to the Result and Comment of our audit for fiscal year 2017.

The comment was made regarding Financial Transactions and Reporting, pertaining to our 2017 Annual Financial Report, which I wish to address. Per a communication from Jim Cameron with Umbaugh & Associates regarding the Mt. Vernon Waterworks 2017 Revenue Bonds, dated June 29, 2017, Utility Bookkeeper Deann Blackburn was instructed to post the sale of the bonds and the payment of the BANS. Mr. Cameron then instructed Ms. Blackburn how to make the postings, which she did. However, she neglected to get any paperwork regarding the postings to me. Being that I enter all information into the Gateway for the Annual Financial Report, these transactions were never reported/entered into the Gateway.

During our annual audit, State Board of Accounts instructed me to unsubmit our 2017 Annual Financial Report, make the necessary postings reflecting the missing transactions, and resubmit. Which I did. Ms. Blackburn was also instructed to be sure in the future, any transactions, postings, or journal entries made are submitted to me in a timely manner.

Sincerely,



Cristi L. Sitzman
Clerk-Treasurer
City of Mount Vernon

CLERK-TREASURER
CITY OF MOUNT VERNON
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2018, with Cristi L. Sitzman, Clerk-Treasurer; G. William Curtis, Mayor; Larry Williams, Common Council member; Mark Pharr, Common Council member; and Deann Blackburn, Utility Bookkeeper.