

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF CONNERSVILLE
FAYETTE COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED

11/08/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie A. Greeson Rosemary Brown	01-01-12 to 12-31-15 01-01-16 to 12-31-19
Mayor	Leonard E. Urban Harold Gordon	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Leonard E. Urban Harold Gordon	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Fran Chomel Gabe Nobbe	01-01-15 to 12-31-15 01-01-16 to 12-31-18
Utility Office Manager	Karen L. Lore Cindy Lunsford	01-01-15 to 12-31-15 01-01-16 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF CONNERSVILLE, FAYETTE COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2015.

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations 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 2, 2018, 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 solely 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 effectiveness of the City's 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 2, 2018



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AN EQUAL OPPORTUNITY EMPLOYER

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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 CONNERSVILLE, FAYETTE 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 Connerville (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated October 2, 2018, 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 2015-001, 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 Connersville'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 2, 2018

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

Fund	Cash and Investments		Cash and Investments	
	01-01-15	Receipts	Disbursements	12-31-15
GENERAL FUND	\$ 2,622,498	\$ 9,412,024	\$ 8,948,704	\$ 3,085,818
MOTOR VEHICLE HIGHWAY	370,463	1,213,204	1,062,187	521,480
LOCAL ROAD & STREET	147,953	59,096	100,000	107,049
AIRPORT FUND	131,693	140,854	183,817	88,730
PARK NON-REVERTING FUND	60,372	65,574	39,271	86,675
CONTINUING EDUCATION	16,950	11,366	5,424	22,892
PARK FUND	104,369	887,307	690,422	301,254
RAINY DAY FUND	21,656	-	-	21,656
EDIT FUND	51,922	139,617	115,837	75,702
CUMULATIVE CAPITAL IMPR.	92,458	42,909	22,999	112,368
CUMULATIVE CAPITAL DEV	300,469	34,447	51,489	283,427
NON-REVERTING INSURANCE	66,021	71,021	46,532	90,510
POLICE PENSION FUND	613,907	549,066	564,139	598,834
FIRE PENSION FUND	664,216	938,304	953,376	649,144
RIVERBOAT FUND	153,944	79,860	57,352	176,452
BLIGHT ELIMINATION	-	28,000	26,301	1,699
ROBERT BROTHERS TRUSTEE	-	19,467	19,467	-
AFLAC GROUP INSURANCE	-	3,169	3,169	-
IBEW PAC VOLUNTART FUND	-	4	4	-
UNITED WAY	-	85	85	-
CABLE EDUCATION FUND	204,074	199,999	167,182	236,891
REDEVELOPMENT COMMISSION	5,862	-	-	5,862
CEMETERY FUND	13,403	3,558	6,395	10,566
UTILITIES F.T. BANK SAFE	2,699,930	3,926,603	501,753	6,124,780
STATE REVOLVING LOAN	-	85,385	85,385	-
INDIANA HOUSING GRANT	-	342,200	342,200	-
OPERATION SAFE CHILD	108	-	-	108
LANDFILL/ENVIRON REMEDIAT	9,621	325,010	325,665	8,966
AFG GRANT	-	17,951	17,951	-
LAWRENCEBURG GRANT	9,037	-	-	9,037
SAFE SCHOOL ROUTES	1,310	-	-	1,310
TECHNICAL ASSISTANCE	-	9,000	9,000	-
PARK RESTRICTED FUND	41,270	4,950	33,961	12,259
PARK POOL DEBT SERVICE	-	112,812	112,812	-
PARK MILLER BLDG DEBT SER	-	68,300	68,300	-
PK POOL BOND CONSTRUCTION	7,027	-	2,306	4,721
RESTRICTED DONATION FUND	47,016	18,744	36,643	29,117
GENERAL F.T. BANK SAFE	609,966	10,594	325,000	295,560
RUFF DRUG FUND	11,253	675	1,619	10,309
SEMINAR TRAINING FUND	3,658	-	-	3,658
TAX ABATEMENT FUND	1,652	200	19	1,833
JAMES E ROBERTS TRUST	15,495	151	119	15,527
AIRPORT IMPROVEMENT FUND	209,577	1,265,232	1,342,033	132,776
PAYROLL	-	86,658	86,658	-
DIRECT DEPOSIT CLEARING	-	5,262,922	5,262,922	-
FEDERAL TAX	-	818,744	818,688	56
FICA	-	432,711	432,711	-
MEDICARE	-	169,723	169,712	11
IN DEPT OF REVENUE	-	247,770	247,758	12
COUNTY TAX	-	162,356	162,347	9
PERF	17	524,624	524,641	-

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

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
POLICE PENSION	-	60,775	60,775	-
FIRE PENSION	-	67,779	67,779	-
COLONIAL INSURANCE	-	342	342	-
NATCO CREDIT UNION	-	208,946	208,946	-
DEFERRED COMP HARTFORD	-	67,994	67,994	-
UNION DUES	-	14,009	14,009	-
FIRE UNION DUES	-	14,676	14,676	-
FOP UNION DUES	3,406	4,112	6,372	1,146
HEALTH INS KEY BEN	11,021	-	-	11,021
LINCOLN NATIONAL LIFE	-	743	743	-
RWDSU WELFARE FUND	1,328	523,096	524,425	(1)
STANDARD LIFE INSURANCE	171	10,429	10,601	(1)
PRUDENTIAL INSURANCE	-	456	456	-
LINECO	109	453,605	452,977	737
POL & FIRE INS. ASSOC.	-	28,279	28,279	-
UTILITY UNION DUES	-	9,528	9,528	-
SIHO INSURANCE SERVICES	-	29,175	29,175	-
IBEW COPE	-	298	298	-
AFLAC INSURANCE	-	8,750	8,750	-
IACT MEDICAL TRUST	5	2,103,149	2,103,149	5
ASSURANT DENTAL INSURANCE	-	6,462	6,462	-
IACT LIFE INS	-	11,561	11,561	-
HSA-UNION SAVINGS & LOAN	-	24,950	24,950	-
EMPLOYEE DEDUCTIONS	-	12,375	12,375	-
FAYETTE COUNTY CLERK G	-	5,428	5,428	-
WAYNE CO CLERK - G	-	1,450	1,450	-
RUSH COUNTY CLERK	-	2,100	2,100	-
IN STATE CENTRAL CO	-	550	550	-
EMPLOYEE PAYROLL DEDUCT	-	600	600	-
IND DEPT OF CHILD SERVICE	-	56,969	56,969	-
PRUDENTIAL C	-	768	768	-
REVOLVING LOAN US BANK	172,604	44,647	60,949	156,302
AIRPORT ROTARY FUND	66,010	46,197	51,414	60,793
STORM WATER	1,750,261	1,358,535	2,914,329	194,467
WASTEWATER BONY	854,598	270,750	260,262	865,086
WASTEWATER OPERATING	667,824	2,515,200	2,856,072	326,952
WASTEWATER DEPRECIATION	212,313	26,050	156,991	81,372
WASTEWATER CONSTRUCTION	30,554	1,753	32,306	1
WASTEWATER SINKING	121,602	488,148	486,450	123,300
WASTEWATER TRASH	59,187	625,093	630,368	53,912
WASTEWATER DEPOSITS	118,285	62,220	40,865	139,640
WATER OPERATING	1,187,086	2,031,529	2,912,300	306,315
WATER DEPRECIATION	90,067	49,200	9,403	129,864
WATER BOND AND INTEREST	3,140	528,000	528,493	2,647
WATER METER DEPOSITS	112,282	45,480	31,521	126,241
WATER CONSTRUCTION	153,170	500,000	225,772	427,398
Totals	\$ 14,924,190	\$ 40,114,402	\$ 38,904,337	\$ 16,134,255

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

CITY OF CONNERSVILLE
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.

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.

CITY OF CONNERSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CITY OF CONNERSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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 CONNERSVILLE
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 CONNERSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 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.

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.

CITY OF CONNERSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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. Subsequent Event

On July 30, 2018, the City entered into a Guaranteed Energy Savings Contract with PSG Energy Group for \$4,352,076. Lease payments are due semiannually beginning on July 1, 2019.

Note 8. Other Postemployment Benefits

The City provides health insurance 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.

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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 CONNERSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	AIRPORT FUND	PARK NON-REVERTING FUND	CONTINUING EDUCATION	PARK FUND
Cash and investments - beginning	\$ 2,622,498	\$ 370,463	\$ 147,953	\$ 131,693	\$ 60,372	\$ 16,950	\$ 104,369
Receipts:							
Taxes	5,173,055	553,589	-	86,453	-	-	588,253
Intergovernmental receipts	2,027,953	647,382	59,096	4,899	-	-	133,337
Charges for services	1,613,840	9,649	-	30,919	65,574	-	164,658
Fines and forfeits	2,589	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	594,587	2,584	-	18,583	-	11,366	1,059
Total receipts	9,412,024	1,213,204	59,096	140,854	65,574	11,366	887,307
Disbursements:							
Personal services	6,705,832	693,560	-	7,592	-	-	488,400
Supplies	278,970	170,367	-	8,925	39,271	-	75,281
Other services and charges	1,343,972	198,162	100,000	126,734	-	5,424	126,741
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	147,140	-	-	40,566	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	472,790	98	-	-	-	-	-
Total disbursements	8,948,704	1,062,187	100,000	183,817	39,271	5,424	690,422
Excess (deficiency) of receipts over disbursements	463,320	151,017	(40,904)	(42,963)	26,303	5,942	196,885
Cash and investments - ending	\$ 3,085,818	\$ 521,480	\$ 107,049	\$ 88,730	\$ 86,675	\$ 22,892	\$ 301,254

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

	RAINY DAY FUND	EDIT FUND	CUMULATIVE CAPITAL IMPR.	CUMULATIVE CAPITAL DEV	NON-REVERTING INSURANCE	POLICE PENSION FUND	FIRE PENSION FUND
Cash and investments - beginning	\$ 21,656	\$ 51,922	\$ 92,458	\$ 300,469	\$ 66,021	\$ 613,907	\$ 664,216
Receipts:							
Taxes	-	-	-	32,600	-	-	-
Intergovernmental receipts	-	139,617	33,861	1,847	-	549,066	938,304
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	9,048	-	71,021	-	-
Total receipts	-	139,617	42,909	34,447	71,021	549,066	938,304
Disbursements:							
Personal services	-	-	-	-	46,532	3,044	3,551
Supplies	-	-	-	-	-	-	-
Other services and charges	-	3,025	22,999	51,489	-	561,095	949,825
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	112,812	-	-	-	-	-
Total disbursements	-	115,837	22,999	51,489	46,532	564,139	953,376
Excess (deficiency) of receipts over disbursements	-	23,780	19,910	(17,042)	24,489	(15,073)	(15,072)
Cash and investments - ending	\$ 21,656	\$ 75,702	\$ 112,368	\$ 283,427	\$ 90,510	\$ 598,834	\$ 649,144

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

	RIVERBOAT FUND	BLIGHT ELIMINATION	ROBERT BROTHERS TRUSTEE	AFLAC GROUP INSURANCE	IBEW PAC VOLUNTART FUND	UNITED WAY	CABLE EDUCATION FUND
Cash and investments - beginning	\$ 153,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,074
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	79,860	28,000	-	-	-	-	-
Charges for services	-	-	-	-	-	-	199,680
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	19,467	3,169	4	85	319
Total receipts	79,860	28,000	19,467	3,169	4	85	199,999
Disbursements:							
Personal services	-	-	-	-	-	-	129,634
Supplies	2,157	-	-	-	-	-	10,960
Other services and charges	31,064	-	-	-	-	-	17,435
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	24,131	-	-	-	-	-	9,153
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	26,301	19,467	3,169	4	85	-
Total disbursements	57,352	26,301	19,467	3,169	4	85	167,182
Excess (deficiency) of receipts over disbursements	22,508	1,699	-	-	-	-	32,817
Cash and investments - ending	\$ 176,452	\$ 1,699	\$ -	\$ -	\$ -	\$ -	\$ 236,891

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

	REDEVELOPMENT COMMISSION	CEMETERY FUND	UTILITIES F.T. BANK SAFE	STATE REVOLVING LOAN	INDIANA HOUSING GRANT	OPERATION SAFE CHILD	LANDFILL/ENVIRON REMIAT
Cash and investments - beginning	\$ 5,862	\$ 13,403	\$ 2,699,930	\$ -	\$ -	\$ 108	\$ 9,621
Receipts:							
Taxes	-	3,301	-	-	-	-	-
Intergovernmental receipts	-	187	-	-	342,200	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	70	3,926,603	85,385	-	-	325,010
Total receipts	-	3,558	3,926,603	85,385	342,200	-	325,010
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	6,395	-	-	342,200	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	325,665
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	501,753	85,385	-	-	-
Total disbursements	-	6,395	501,753	85,385	342,200	-	325,665
Excess (deficiency) of receipts over disbursements	-	(2,837)	3,424,850	-	-	-	(655)
Cash and investments - ending	\$ 5,862	\$ 10,566	\$ 6,124,780	\$ -	\$ -	\$ 108	\$ 8,966

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

	AFG GRANT	LAWRENCEBURG GRANT	SAFE SCHOOL ROUTES	TECHNICAL ASSISTANCE	PARK RESTRICTED FUND	PARK POOL DEBT SERVICE	PARK MILLER BLDG DEBT SER
Cash and investments - beginning	\$ -	\$ 9,037	\$ 1,310	\$ -	\$ 41,270	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	17,951	-	-	9,000	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	4,950	112,812	68,300
Total receipts	17,951	-	-	9,000	4,950	112,812	68,300
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	1,381	-	-
Other services and charges	17,951	-	-	9,000	32,580	-	-
Debt service - principal and interest	-	-	-	-	-	112,812	68,300
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	17,951	-	-	9,000	33,961	112,812	68,300
Excess (deficiency) of receipts over disbursements	-	-	-	-	(29,011)	-	-
Cash and investments - ending	\$ -	\$ 9,037	\$ 1,310	\$ -	\$ 12,259	\$ -	\$ -

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

	PK POOL BOND CONSTRUCTION	RESTRICTED DONATION FUND	GENERAL F.T. BANK SAFE	RUFF DRUG FUND	SEMINAR TRAINING FUND	TAX ABATEMENT FUND	JAMES E ROBERTS TRUST
Cash and investments - beginning	\$ 7,027	\$ 47,016	\$ 609,966	\$ 11,253	\$ 3,658	\$ 1,652	\$ 15,495
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	420	-	200	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	18,744	10,594	255	-	-	151
Total receipts	-	18,744	10,594	675	-	200	151
Disbursements:							
Personal services	-	-	-	430	-	-	-
Supplies	-	32,873	-	-	-	-	119
Other services and charges	2,010	-	-	1,189	-	19	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	296	3,770	325,000	-	-	-	-
Total disbursements	2,306	36,643	325,000	1,619	-	19	119
Excess (deficiency) of receipts over disbursements	(2,306)	(17,899)	(314,406)	(944)	-	181	32
Cash and investments - ending	\$ 4,721	\$ 29,117	\$ 295,560	\$ 10,309	\$ 3,658	\$ 1,833	\$ 15,527

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

	AIRPORT IMPROVEMENT FUND	PAYROLL	DIRECT DEPOSIT CLEARING	FEDERAL TAX	FICA	MEDICARE	IN DEPT OF REVENUE
Cash and investments - beginning	\$ 209,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	1,265,232	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	86,658	5,262,922	818,744	432,711	169,723	247,770
Total receipts	1,265,232	86,658	5,262,922	818,744	432,711	169,723	247,770
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	74,858	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,267,175	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	86,658	5,262,922	818,688	432,711	169,712	247,758
Total disbursements	1,342,033	86,658	5,262,922	818,688	432,711	169,712	247,758
Excess (deficiency) of receipts over disbursements	(76,801)	-	-	56	-	11	12
Cash and investments - ending	\$ 132,776	\$ -	\$ -	\$ 56	\$ -	\$ 11	\$ 12

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

	COUNTY TAX	PERF	POLICE PENSION	FIRE PENSION	COLONIAL INSURANCE	NATCO CREDIT UNION	DEFERRED COMP HARTFORD
Cash and investments - beginning	\$ -	\$ 17	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	162,356	524,624	60,775	67,779	342	208,946	67,994
Total receipts	162,356	524,624	60,775	67,779	342	208,946	67,994
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	162,347	524,641	60,775	67,779	342	208,946	67,994
Total disbursements	162,347	524,641	60,775	67,779	342	208,946	67,994
Excess (deficiency) of receipts over disbursements	9	(17)	-	-	-	-	-
Cash and investments - ending	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	UNION DUES	FIRE UNION DUES	FOP UNION DUES	HEALTH INS KEY BEN	LINCOLN NATIONAL LIFE	RWDSU WELFARE FUND	STANDARD LIFE INSURANCE
Cash and investments - beginning	\$ -	\$ -	\$ 3,406	\$ 11,021	\$ -	\$ 1,328	\$ 171
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	14,009	14,676	4,112	-	743	523,096	10,429
Total receipts	14,009	14,676	4,112	-	743	523,096	10,429
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	14,009	14,676	6,372	-	743	524,425	10,601
Total disbursements	14,009	14,676	6,372	-	743	524,425	10,601
Excess (deficiency) of receipts over disbursements	-	-	(2,260)	-	-	(1,329)	(172)
Cash and investments - ending	\$ -	\$ -	\$ 1,146	\$ 11,021	\$ -	\$ (1)	\$ (1)

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

	PRUDENTIAL INSURANCE	LINECO	POL & FIRE INS. ASSOC.	UTILITY UNION DUES	SIHO INSURANCE SERVICES	IBEW COPE	AFLAC INSURANCE
Cash and investments - beginning	\$ -	\$ 109	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	456	453,605	28,279	9,528	29,175	298	8,750
Total receipts	456	453,605	28,279	9,528	29,175	298	8,750
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	456	452,977	28,279	9,528	29,175	298	8,750
Total disbursements	456	452,977	28,279	9,528	29,175	298	8,750
Excess (deficiency) of receipts over disbursements	-	628	-	-	-	-	-
Cash and investments - ending	\$ -	\$ 737	\$ -	\$ -	\$ -	\$ -	\$ -

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

	IACT MEDICAL TRUST	ASSURANT DENTAL INSURANCE	IACT LIFE INS	HSA-UNION SAVINGS & LOAN	EMPLOYEE DEDUCTIONS	FAYETTE COUNTY CLERK G	WAYNE CO CLERK - G
Cash and investments - beginning	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,103,149	6,462	11,561	24,950	12,375	5,428	1,450
Total receipts	2,103,149	6,462	11,561	24,950	12,375	5,428	1,450
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,103,149	6,462	11,561	24,950	12,375	5,428	1,450
Total disbursements	2,103,149	6,462	11,561	24,950	12,375	5,428	1,450
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	RUSH COUNTY CLERK	IN STATE CENTRAL CO	EMPLOYEE PAYROLL DEDUCT	IND DEPT OF CHILD SERVICE	PRUDENTIAL C	REVOLVING LOAN US BANK	AIRPORT ROTARY FUND
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,604	\$ 66,010
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	46,197
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,100	550	600	56,969	768	44,647	-
Total receipts	2,100	550	600	56,969	768	44,647	46,197
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	26,960
Other services and charges	-	-	-	-	-	-	9,454
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,100	550	600	56,969	768	60,949	15,000
Total disbursements	2,100	550	600	56,969	768	60,949	51,414
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(16,302)	(5,217)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,302	\$ 60,793

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

	STORM WATER	WASTEWATER BONY	WASTEWATER OPERATING	WASTEWATER DEPRECIATION	WASTEWATER CONSTRUCTION	WASTEWATER SINKING	WASTEWATER TRASH
Cash and investments - beginning	\$ 1,750,261	\$ 854,598	\$ 667,824	\$ 212,313	\$ 30,554	\$ 121,602	\$ 59,187
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	986,676	-	2,427,761	-	-	-	-
Penalties	12,821	-	56,226	-	-	-	-
Other receipts	359,038	270,750	31,213	26,050	1,753	488,148	625,093
Total receipts	1,358,535	270,750	2,515,200	26,050	1,753	488,148	625,093
Disbursements:							
Personal services	63,678	-	698,636	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	5,950	-	47,049	-	-	-	-
Debt service - principal and interest	-	260,262	-	-	-	486,450	-
Capital outlay	1,352	-	208,875	-	-	-	-
Utility operating expenses	880,339	-	809,920	-	-	-	-
Other disbursements	1,963,010	-	1,091,592	156,991	32,306	-	630,368
Total disbursements	2,914,329	260,262	2,856,072	156,991	32,306	486,450	630,368
Excess (deficiency) of receipts over disbursements	(1,555,794)	10,488	(340,872)	(130,941)	(30,553)	1,698	(5,275)
Cash and investments - ending	\$ 194,467	\$ 865,086	\$ 326,952	\$ 81,372	\$ 1	\$ 123,300	\$ 53,912

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

	WASTEWATER DEPOSITS	WATER OPERATING	WATER DEPRECIATION	WATER BOND AND INTEREST	WATER METER DEPOSITS	WATER CONSTRUCTION	Totals
Cash and investments - beginning	\$ 118,285	\$ 1,187,086	\$ 90,067	\$ 3,140	\$ 112,282	\$ 153,170	\$ 14,924,190
Receipts:							
Taxes	-	-	-	-	-	-	6,437,251
Intergovernmental receipts	-	-	-	-	-	-	6,277,792
Charges for services	-	-	-	-	-	-	2,131,137
Fines and forfeits	-	-	-	-	-	-	2,589
Utility fees	-	1,869,082	-	-	-	-	5,283,519
Penalties	-	14,539	-	-	-	-	83,586
Other receipts	62,220	147,908	49,200	528,000	45,480	500,000	19,898,528
Total receipts	62,220	2,031,529	49,200	528,000	45,480	500,000	40,114,402
Disbursements:							
Personal services	-	511,399	-	-	-	-	9,352,288
Supplies	-	-	-	-	-	-	647,264
Other services and charges	-	25,428	-	-	-	-	4,112,048
Debt service - principal and interest	-	-	-	528,493	-	-	1,456,317
Capital outlay	-	15,840	-	-	-	188,285	2,228,182
Utility operating expenses	-	769,512	-	-	-	37,222	2,496,993
Other disbursements	40,865	1,590,121	9,403	-	31,521	265	18,611,245
Total disbursements	40,865	2,912,300	9,403	528,493	31,521	225,772	38,904,337
Excess (deficiency) of receipts over disbursements	21,355	(880,771)	39,797	(493)	13,959	274,228	1,210,065
Cash and investments - ending	\$ 139,640	\$ 306,315	\$ 129,864	\$ 2,647	\$ 126,241	\$ 427,398	\$ 16,134,255

CITY OF CONNERSVILLE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Airport	\$ 592	\$ -
Storm Water	27,905	167,048
Wastewater	2,756	291,126
Water	19,866	259,955
Governmental activities	<u>82,461</u>	<u>48,874</u>
Totals	<u>\$ 133,580</u>	<u>\$ 767,003</u>

CITY OF CONNERSVILLE
SCHEDULE OF LEASES AND DEBT
December 31, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Fifth Third Bank	Purchase of Automated Trash Truck and Toters	\$ 91,331	8/31/2012	11/1/2018
Fifth Third Bank	Purchase of E-One Pumper Fire Truck	47,223	7/1/2013	11/1/2019
USDA Rural Development	Purchase Ambulance	<u>6,987</u>	7/25/2007	7/25/2022
Total governmental activities		<u>145,541</u>		
Total of annual lease payments		<u>\$ 145,541</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2010 Bond to Construct Community Center	\$ 395,000	\$ 66,300
Revenue bonds	2013 Bond to Construct Community Swimming Pool	<u>795,000</u>	<u>112,299</u>
Total governmental activities		<u>1,190,000</u>	<u>178,599</u>
Wastewater:			
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2010	1,385,000	492,050
Revenue bonds	Sewage Works Revenue Bonds of 2009 SRF Series A	<u>2,989,104</u>	<u>276,304</u>
Total Wastewater		<u>4,374,104</u>	<u>768,354</u>
Water:			
Revenue bonds	Waterworks Refunding Revenue Bonds of 2010	925,000	331,743
Revenue bonds	Waterworks Refunding Revenue Bonds of 2013	<u>3,240,000</u>	<u>197,620</u>
Total Water		<u>4,165,000</u>	<u>529,363</u>
Totals		<u>\$ 9,729,104</u>	<u>\$ 1,476,316</u>

CITY OF CONNERSVILLE
SCHEDULE OF CAPITAL ASSETS
December 31, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 784,532
Infrastructure	1,439,322
Buildings	4,075,291
Improvements other than buildings	2,055,991
Machinery, equipment, and vehicles	6,384,738
Construction in progress	<u>199,967</u>
Total governmental activities	<u>14,939,841</u>
Airport:	
Land	2,016,048
Infrastructure	1,524,281
Buildings	222,683
Improvements other than buildings	4,332,820
Machinery, equipment, and vehicles	<u>347,524</u>
Total Airport	<u>8,443,356</u>
Storm Water:	
Land	8,533
Infrastructure	4,691,763
Buildings	25,793
Improvements other than buildings	61,124
Machinery, equipment, and vehicles	<u>199,840</u>
Total Storm Water	<u>4,987,053</u>
Wastewater:	
Land	338,737
Infrastructure	6,070,450
Buildings	5,490,649
Improvements other than buildings	297,030
Machinery, equipment, and vehicles	<u>3,495,327</u>
Total Wastewater	<u>15,692,193</u>
Water:	
Land	58,099
Infrastructure	6,296,286
Buildings	2,798,240
Improvements other than buildings	742,428
Machinery, equipment, and vehicles	<u>3,638,785</u>
Total Water	<u>13,533,838</u>
Total capital assets	<u>\$ 57,596,281</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE CITY OF CONNERSVILLE, FAYETTE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the City of Connersville's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2015. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-003. Our opinion on the major federal program is not modified with respect to these matters.

The City's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002 and 2015-003, that we consider to be material weaknesses.

The City's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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


Paul D. Joyce, CPA
State Examiner

October 2, 2018

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Rural Business Opportunity Grants Technical Assistance Grant	Direct Grant	10.769	FY 2013	\$ -	\$ 9,000
Total - Department of Agriculture				-	9,000
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Housing Grant	Indiana Housing and Community Development Authority	14.228	DR2OR-013-011	-	342,200
Total - Department of Housing and Urban Development				-	342,200
<u>Department of Justice</u>					
Edward Byrne Memorial Justice Assistance Grant Program Ruff Drug	Indiana Criminal Justice Institute	16.738	D3-14-8651	-	420
Bullet Proof Vest Partnership Program Bullet Proof Vests	Direct Grant	16.607	FY 2014	-	1,986
Total - Department of Justice				-	2,406
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Grand Avenue Project 20th to 24th Street Grand Avenue Project 24th to 30th Street	Indiana Department of Transportation	20.205	DES # 0500889 DES # 1400751	- -	131,250 172,375
Total - Highway Planning and Construction				-	303,625
Total - Highway Planning and Construction Cluster				-	303,625
Highway Safety Cluster State and Community Highway Safety Operation Pull Over Blitz 81 Operation Pull Over Year Long Blitz Operation Pull Over Blitz 82 Operation Pull Over Blitz 83	Indiana Criminal Justice Institute	20.600	D3-15-8917 D3-15-8917 D3-15-8917 D3-15-8917	- - - -	490 630 1,400 4,039
Total - State and Community Highway Safety				-	6,559
Total - Highway Safety Cluster				-	6,559
Airport Improvement Program Airport Improvement Program	Direct Grant	20.106	3-18-0013-018 3-18-0013-021 3-18-0013-022	- - -	34,154 1,138,583 27,197
Total - Airport Improvement Program				-	1,199,934
Total - Department of Transportation				-	1,510,118
<u>Environmental Protection Agency</u>					
Capitalization Grants for Clean Water State Revolving Funds Visteon Remediation	Indiana Finance Authority	66.458	WW10152101	-	27,515
Total - Environmental Protection Agency				-	27,515
<u>Department of Homeland Security</u>					
Assistance to Firefighters Grant Fire Act Grant	Direct Grant	97.044	EMW-2014-FO-01896	-	17,951
Total - Department of Homeland Security				-	17,951
Total federal awards expended				\$ -	\$ 1,909,190

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

CITY OF CONNERSVILLE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

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

Note 2. *Summary of Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in 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 CONNERSVILLE
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 program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
20.106	Airport Improvement Program	Unmodified

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2015-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

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

Lack of Segregation of Duties: The City had not separated incompatible activities related to cash and investments, receipts, payroll disbursements, financial transactions and reporting, and the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

CITY OF CONNERSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cash and Investments

The Clerk-Treasurer was responsible for performing the monthly bank reconciliation without a proper system of oversight or review.

Receipts

One employee wrote receipts, posted receipts, prepared bank deposits, and had access to the system to make adjustments without a proper system of oversight, review, or approval.

Payroll Disbursements

One employee entered payroll information into the accounting system without an oversight, review, or approval process to ensure the accuracy of the information entered.

Reporting of Financial Transactions

The Clerk-Treasurer uploaded financial information from the City's accounting software to the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source for the Annual Financial Report and the financial statement. There was no oversight, review, or approval process to ensure the accuracy of the information prior to submission.

Preparation of the SEFA

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the SEFA. The City had not established effective internal controls over the federal award information entered into Gateway, which was the source of the City's SEFA. The Clerk-Treasurer was solely responsible for entering federal award information into Gateway without a control in place to prevent, or detect and correct, errors prior to submission.

Context

The lack of controls was a systemic issue, which occurred 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 CONNERSVILLE
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. . . ."

Cause

Management of the City had not established a proper system of internal control that segregated key functions.

Effect

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

Recommendation

We recommended that the City establish a system of internal controls related to financial transactions and reporting.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-002

Subject: Airport Improvement Program - Special Tests and Provisions - Wage Rate Requirements

Federal Agency: Department of Transportation

Federal Program: Airport Improvement Program

CFDA Number: 20.106

Federal Award Numbers and Years (or Other Identifying Numbers): 3-18-0013-018,
3-18-0013-021,
3-18-0013-022

Pass-Through Entity: Direct Grant

Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the City to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement. The City hired an engineering firm to oversee compliance with the wage rate requirements; however, the City had not implemented procedures that would have ensured that the engineering firm adequately verified compliance.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

CITY OF CONNERSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls which would have ensured that the City complied with the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the City at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls related to the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

Views of Responsible Officials

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

CITY OF CONNERSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-003

Subject: Airport Improvement Program - Cash Management
Federal Agency: Department of Transportation
Federal Program: Airport Improvement Program
CFDA Number: 20.106
Federal Award Numbers and Years (or Other Identifying Numbers): 3-18-0013-018,
3-18-0013-021,
3-18-0013-022

Pass-Through Entity: Direct Grant
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement.

The City relied on their contracted grant administrator to prepare requests for federal funding. The Federal Aviation Administration (FAA) directly deposited grant funds into the City's bank account based on the requests. The City had no controls in place to verify that payments were made to vendors within a reasonable amount of time after the deposits. Payment to a vendor for one funding request was made 82 days after the deposit to the City's bank account was made by the FAA.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

CITY OF CONNERSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

49 CFR 18.21(b) states: "*Basic standard.* Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205."

2 CFR 200.305(b) states in part: "For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Cash Management compliance requirement.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, enabled noncompliance with the grant agreement and the Cash Management compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls to ensure compliance with the grant agreement and the Cash Management compliance requirement.

Views of Responsible Officials

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

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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 CONNERSVILLE

CITY CLERK-TREASURER
ROSEMARY BROWN
500 N. CENTRAL AVENUE
CONNERSVILLE, IN 47331

Phone: 765-825-1271
Fax: 765-827-0858

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Rosemary Brown
Contact Phone Number: 765-825-1271

We concur with the finding.

Description of Corrective Action Plan:

The City of Connersville passed Ordinance 6302, an ordinance regarding Internal Control Standards pursuant to IC 5-11-1-27 on March 7, 2016.

Cash and Investments: The accounts receivable clerk reconciles the monthly bank statement with the Clerk Treasurer reviewing.

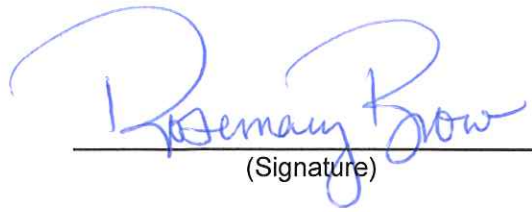
Receipts: All personnel in the Clerk Treasurer's office write receipts, the accounts receivable clerk does write the majority and prepares bank deposit daily. The deposit is reviewed daily mainly by the Clerk Treasurer, if not available by another deputy.

Payroll Disbursements: The department heads turn their payroll in the payroll clerk. The payroll clerk verifies all departments' payroll when entered into the payroll system. The Clerk Treasurer will review. The Board of Works approves the payroll docket.

Reporting Financial Transactions: The Clerk Treasurer uploads financial information into Gateway from our financial software. One of the deputies will review information.

Preparation of the Schedule of Expenditures of Federal Awards: The accounts receivable clerk has created a file to document all grant receipts. This will be used to double check ledger and annual report.

Anticipated Completion Date: 9/29/18



(Signature)

City Clerk Treasurer
(Title)

10/2/2018
(Date)



CITY OF CONNERSVILLE

CITY CLERK-TREASURER
ROSEMARY BROWN
500 N. CENTRAL AVENUE
CONNERSVILLE, IN 47331

Phone: 765-825-1271
Fax: 765-827-0858

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Rosemary Brown
Contact Phone Number: 765-825-1271

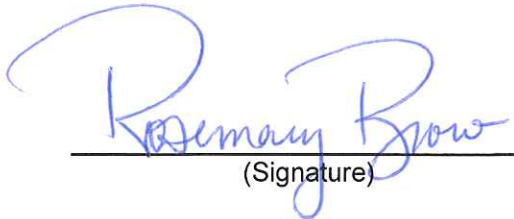
We concur with the finding.

Description of Corrective Action Plan:

The City of Connersville passed Ordinance 6302, an ordinance regarding Internal Control Standards pursuant to IC 5-11-1-27 on March 7, 2016.

The engineering firm is under contract to collect and monitor the wages of the project. They will send the payroll to the Clerk Treasurer's office to verify.

Anticipated Completion Date: 10/1/18



(Signature)

City Clerk Treasurer
(Title)

10/2/18
(Date)



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Fax: 765-827-0858

CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action: Rosemary Brown
Contact Phone Number: 765-825-1271

We concur with the finding.

Description of Corrective Action Plan:

The City of Connersville passed Ordinance 6302, an ordinance regarding Internal Control Standards pursuant to IC 5-11-1-27 on March 7, 2016.

The contracted grant administrator is under contract to prepare requests for federal funding. The issue that was identified by the delay in payment of 82 days was a specific instance and the delay in payment was due to contractor non-compliance with the contract language which was not identified until after the request had been submitted to the FAA. Payment was intentionally held until the contractor was in full compliance.

If this unique situation were to arise again a credit of the funds will be issued until the contractor becomes fully compliant.

Anticipated Completion Date: 10/1/18

(Signature)

City Clerk Treasurer
(Title)

10/2/18
(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/>.