

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF CRAWFORDSVILLE
MONTGOMERY COUNTY, INDIANA

January 1, 2017 to December 31, 2017



FILED
12/06/2018

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--|------------------|----------------------|
| Clerk-Treasurer | Terri Gadd | 01-01-16 to 12-31-19 |
| Mayor | Todd Barton | 01-01-16 to 12-31-19 |
| President Pro Tempore of the Common Council | Andrew Biddle | 01-01-16 to 12-31-18 |
| Utility Office Superintendent | Phillip R. Goode | 01-01-16 to 12-31-18 |



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF CRAWFORDSVILLE, MONTGOMERY COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Crawfordsville (City), which comprises the financial position and results of operations for the year ended December 31, 2017, 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, 2017.

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, 2017, 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 November 7, 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

November 7, 2018



STATE OF INDIANA
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 CRAWFORDSVILLE, MONTGOMERY 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 Crawfordsville (City), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement, and have issued our report thereon dated November 7, 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 items 2017-001 and 2017-002, that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002.

City of Crawfordsville'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

November 7, 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 CRAWFORDSVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

| Fund | Cash and Investments 01-01-17 | Receipts | Disbursements | Cash and Investments 12-31-17 |
|-------------------------------------|-------------------------------------|---------------|---------------|-------------------------------------|
| General | \$ 5,559,710 | \$ 11,058,762 | \$ 11,006,082 | \$ 5,612,390 |
| Street | 1,311,958 | 1,662,643 | 1,668,831 | 1,305,770 |
| Local Road And Street | 245,064 | 71,652 | 200,000 | 116,716 |
| Aviation | 57,683 | 205,703 | 195,042 | 68,344 |
| Law Enf Recording Video Copy | - | 1,200 | - | 1,200 |
| Park Nonreverting Operating | 115,523 | 190,246 | 196,279 | 109,490 |
| Trash Service | 30,176 | 240,527 | 250,649 | 20,054 |
| Civil Defense | 202,851 | - | 69,323 | 133,528 |
| Law Enforcement Continuing Ed | 94,404 | 9,117 | 10,416 | 93,105 |
| Riverboat | 747,077 | 94,279 | 455,500 | 385,856 |
| Parks And Recreation | 1,047,441 | 951,519 | 1,122,844 | 876,116 |
| CEL&P Electric | 400 | 200 | 400 | 200 |
| Rainy Day | 468,837 | - | - | 468,837 |
| LOIT Special Distribution | 530,672 | 687,745 | 1,218,417 | - |
| Police/Drug Seizure Fund | 1,969 | - | - | 1,969 |
| Cumulative Capl Imprv Cigarette Tax | 256,339 | 46,600 | 180,252 | 122,687 |
| Cumulative Capital Development | 1,486,097 | 545,408 | 1,264,374 | 767,131 |
| Park Nonreverting Capital | 5,338 | - | - | 5,338 |
| Sunshine Van Fund | 147,466 | 117,303 | 159,969 | 104,800 |
| Police Equipment (Not Debt Service) | 40,448 | 4,559 | 33,126 | 11,881 |
| Fire Equipment (Not Debt Service) | 9,148 | 100 | 448 | 8,800 |
| Cumulative Building | 150 | - | - | 150 |
| Cumulative Cap Imprv (Special Fire) | 1,168,974 | 180,547 | - | 1,349,521 |
| Central Garage | (27,072) | 195,994 | 194,833 | (25,911) |
| Police Pension | 299,739 | 475,398 | 440,469 | 334,668 |
| Fire Pension | 566,026 | 432,281 | 446,201 | 552,106 |
| Sugar Creek Nature Park | 668 | - | - | 668 |
| Civil Defense Donations | 100 | - | - | 100 |
| Police Copy Fee Fund | 5,371 | 763 | 3,865 | 2,269 |
| Firearms Training Fund | 23,243 | 4,770 | 4,083 | 23,930 |
| Ivy Tech Bond & Int | 274,000 | 256,417 | 352,500 | 177,917 |
| Commerce Park TIF | 2,060 | - | - | 2,060 |
| Aviation Fuel Non-Rev | 21,612 | 89,166 | 94,276 | 16,502 |
| Aviation Aircraft Rental | 4,858 | 27,903 | 19,143 | 13,618 |
| Aviation Flight Instruct | 704 | 5,393 | 5,708 | 389 |
| Aviation Aircraft Maintenance | 334 | 82,444 | 78,672 | 4,106 |
| Mayor's Promotion Fund | 36 | 10,320 | 225 | 10,131 |
| 2015 Bond Project Proceeds | 198,771 | - | 20,050 | 178,721 |
| 2015 Bond Proj Debt Reserve | 74,250 | - | - | 74,250 |
| Community Paramedic Grant | 9,021 | 298,385 | 295,179 | 12,227 |
| Power Plant TIF | 1,060 | 99,273 | - | 100,333 |
| Plan Dept Escrow Fund | 42,000 | - | - | 42,000 |
| Storm Water Fees | 280 | 1,280 | 280 | 1,280 |
| Metronet TIF Fund | - | 140,648 | 92,619 | 48,029 |

CITY OF CRAWFORDSVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

| Fund | Cash and Investments 01-01-17 | Receipts | Disbursements | Cash and Investments 12-31-17 |
|-----------------------------------|-------------------------------------|----------------------|----------------------|-------------------------------------|
| Fusion 54 N/R | - | 90,842 | 47,044 | 43,798 |
| Local RD & Bridge Match | - | 687,745 | 687,745 | - |
| IHCDA GRANT | - | 50,000 | - | 50,000 |
| Washington/Pike Place Parks | - | 480,378 | 480,378 | - |
| Rental Registraton Fee | - | 2,680 | 45 | 2,635 |
| Fire Station II Bond | - | 188,661 | - | 188,661 |
| Ambulance/Ems Nonreverting | 588,810 | 345,333 | 302,913 | 631,230 |
| Golf Course | (69,330) | 5,538 | - | (63,792) |
| Civil Defense Copier Fund | 36,950 | 3,200 | 1,650 | 38,500 |
| Communication Center | 18,694 | - | - | 18,694 |
| Park & Rec Muffy | 32,560 | 25,000 | 13,234 | 44,326 |
| Park & Rec Title III | 3,126 | 12,614 | 16,016 | (276) |
| Police/Child Victim | 1,808 | - | - | 1,808 |
| Rehabilitation | 82,932 | 23,247 | 77,362 | 28,817 |
| Wheel Tax Fund | 245,880 | 138,716 | 200,000 | 184,596 |
| Udag | 12,828 | 19,074 | - | 31,902 |
| Aviation Grant Fund | 7,472 | 886,294 | 742,184 | 151,582 |
| Golf Course Improvement Fund | 1,359 | - | 1,359 | - |
| Commerce Park Operating | 52,791 | 21,453 | 6,872 | 67,372 |
| Commerce Park Bond & Int Fund | 549,054 | 443,443 | - | 992,497 |
| Kroger Pace Dairy Bond & Int | 532,362 | 87,802 | 30,821 | 589,343 |
| Cville Historic Dist/Cap Impr | 77,275 | 13,222 | 7,000 | 83,497 |
| Aviation Hanger Rent | 33,845 | 56,498 | 73,318 | 17,025 |
| Downtown Sidwlk & Street sc | 92 | - | - | 92 |
| Sidewalk Maint/Improvement | 38,399 | 9,576 | - | 47,975 |
| Cville Sq Allocation Fund | 4,566,019 | 860,126 | 1,690,232 | 3,735,913 |
| Payroll Fund | 262,436 | 13,798,228 | 13,986,362 | 74,302 |
| Drainage Permits | 15 | - | - | 15 |
| CEL&P General MM | 3,866,325 | 37,008,165 | 38,168,993 | 2,705,497 |
| CEL&P Deprec MM | 616,482 | 962,143 | - | 1,578,625 |
| CEL&P Gen Operating | 48,649 | 7,046,797 | 7,055,670 | 39,776 |
| CEL&P Meter Deposit | 277,283 | 153,838 | 130,110 | 301,011 |
| Stormwater O/M | 611,305 | 610,869 | 697,537 | 524,637 |
| SRF WW Crawfordsville DRS | 12,930 | 156,316 | - | 169,246 |
| SRF WW Crawfordsville B & I | 21,512 | 257,388 | 4,635 | 274,265 |
| Wastewater Utility-Construction | - | 7,895,914 | 7,895,914 | - |
| Wastewater Utility-Operating | 2,273,120 | 2,886,799 | 2,403,343 | 2,756,576 |
| Wastewater Util-Bond And Interest | - | 256,326 | 256,326 | - |
| Wastewater Utility-Debt Reserve | - | 155,160 | 155,160 | - |
| Totals | <u>\$ 29,827,769</u> | <u>\$ 93,827,930</u> | <u>\$ 95,212,278</u> | <u>\$ 28,443,421</u> |

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

CITY OF CRAWFORDSVILLE
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

Licenses and permits. Amounts received from businesses, occupations, or nonbusinesses 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 CRAWFORDSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Utility fees. Amounts received from charges for current services.

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

E. Disbursements

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

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

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

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

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

CITY OF CRAWFORDSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Utility operating expenses. Amounts disbursed for operating the utilities.

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

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.

CITY OF CRAWFORDSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. The Central Garage and Golf Course funds had cash deficits as of December 31, 2017. These were a result of expenditures exceeding revenues. The Park & Rec Title III fund had a deficit as of December 31, 2017. This is a result of a grant reimbursement for which the reimbursement of the expenditures was not received by December 31, 2017.

Note 8. Holding Corporation

The City has entered into a capital lease with Crawfordsville Fire Station Two Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing the fire station for lease to the City. The lessor has been determined to be a related-party of 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 CRAWFORDSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

| | General | Street | Local Road And Street | Aviation | Law Enf Recording Video Copy | Park Nonreverting Operating |
|---|--------------|--------------|--------------------------------|-----------|--|-----------------------------------|
| Cash and investments - beginning | \$ 5,559,710 | \$ 1,311,958 | \$ 245,064 | \$ 57,683 | \$ - | \$ 115,523 |
| Receipts: | | | | | | |
| Taxes | 8,439,881 | 908,753 | - | 160,892 | - | - |
| Licenses and permits | 50,597 | 75 | - | - | - | - |
| Intergovernmental receipts | 858,613 | 652,740 | 71,652 | 8,949 | - | - |
| Charges for services | 1,320,879 | 90,394 | - | 35,560 | 1,200 | 190,246 |
| Fines and forfeits | 10,237 | 3,034 | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | 378,555 | 7,647 | - | 302 | - | - |
| Total receipts | 11,058,762 | 1,662,643 | 71,652 | 205,703 | 1,200 | 190,246 |
| Disbursements: | | | | | | |
| Personal services | 8,223,971 | 1,094,619 | - | 119,212 | - | 104,674 |
| Supplies | 263,287 | 209,311 | - | 7,113 | - | - |
| Other services and charges | 1,974,295 | 261,024 | 200,000 | 68,717 | - | 90,329 |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | 185,125 | 103,832 | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 359,404 | 45 | - | - | - | 1,276 |
| Total disbursements | 11,006,082 | 1,668,831 | 200,000 | 195,042 | - | 196,279 |
| Excess (deficiency) of receipts over disbursements | 52,680 | (6,188) | (128,348) | 10,661 | 1,200 | (6,033) |
| Cash and investments - ending | \$ 5,612,390 | \$ 1,305,770 | \$ 116,716 | \$ 68,344 | \$ 1,200 | \$ 109,490 |

CITY OF CRAWFORDSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

| | Trash Service | Civil Defense | Law Enforcement Continuing Ed | Riverboat | Parks And Recreation | CEL&P Electric |
|---|------------------|------------------|--|------------|----------------------------|-------------------|
| Cash and investments - beginning | \$ 30,176 | \$ 202,851 | \$ 94,404 | \$ 747,077 | \$ 1,047,441 | \$ 400 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | 838,754 | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | 94,279 | 46,641 | - |
| Charges for services | 240,527 | - | 3,480 | - | 37,378 | 200 |
| Fines and forfeits | - | - | 5,637 | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | - | - | - | - | 28,746 | - |
| Total receipts | 240,527 | - | 9,117 | 94,279 | 951,519 | 200 |
| Disbursements: | | | | | | |
| Personal services | 125,779 | - | 5,000 | - | 560,029 | - |
| Supplies | 22,594 | - | - | - | 68,266 | - |
| Other services and charges | 99,662 | 68,758 | - | 4,500 | 199,918 | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | 2,614 | 565 | 5,416 | 451,000 | 89,649 | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | 204,982 | 400 |
| Total disbursements | 250,649 | 69,323 | 10,416 | 455,500 | 1,122,844 | 400 |
| Excess (deficiency) of receipts over disbursements | (10,122) | (69,323) | (1,299) | (361,221) | (171,325) | (200) |
| Cash and investments - ending | \$ 20,054 | \$ 133,528 | \$ 93,105 | \$ 385,856 | \$ 876,116 | \$ 200 |

CITY OF CRAWFORDSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

| | Rainy Day | LOIT Special Distribution | Police/Drug Seizure Fund | Cumulative Capl Imprv Cigarette Tax | Cumulative Capital Development | Park Nonreverting Capital |
|---|--------------|---------------------------------|--------------------------------|---|--------------------------------------|---------------------------------|
| Cash and investments - beginning | \$ 468,837 | \$ 530,672 | \$ 1,969 | \$ 256,339 | \$ 1,486,097 | \$ 5,338 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | 256,985 | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | 687,745 | - | 38,704 | 14,283 | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | - | - | - | 7,896 | 274,140 | - |
| Total receipts | - | 687,745 | - | 46,600 | 545,408 | - |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | - | 530,672 | - | 128,485 | 634,669 | - |
| Debt service - principal and interest | - | - | - | - | 629,705 | - |
| Capital outlay | - | - | - | 51,767 | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | 687,745 | - | - | - | - |
| Total disbursements | - | 1,218,417 | - | 180,252 | 1,264,374 | - |
| Excess (deficiency) of receipts over disbursements | - | (530,672) | - | (133,652) | (718,966) | - |
| Cash and investments - ending | \$ 468,837 | \$ - | \$ 1,969 | \$ 122,687 | \$ 767,131 | \$ 5,338 |

CITY OF CRAWFORDSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

| | Sunshine Van Fund | Police Equipment (Not Debt Service) | Fire Equipment (Not Debt Service) | Cumulative Building | Cumulative Cap Imprv (Special Fire) | Central Garage |
|---|-------------------------|---|---|------------------------|---|-------------------|
| Cash and investments - beginning | \$ 147,466 | \$ 40,448 | \$ 9,148 | \$ 150 | \$ 1,168,974 | \$ (27,072) |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | 171,035 | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | 9,512 | - |
| Charges for services | 44,899 | - | - | - | - | 195,994 |
| Fines and forfeits | - | 249 | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | 72,404 | 4,310 | 100 | - | - | - |
| Total receipts | 117,303 | 4,559 | 100 | - | 180,547 | 195,994 |
| Disbursements: | | | | | | |
| Personal services | 128,078 | - | - | - | - | 143,256 |
| Supplies | 897 | - | - | - | - | 48,489 |
| Other services and charges | 20,494 | 800 | - | - | - | 39 |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | 10,500 | 32,326 | - | - | - | 3,049 |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | 448 | - | - | - |
| Total disbursements | 159,969 | 33,126 | 448 | - | - | 194,833 |
| Excess (deficiency) of receipts over disbursements | (42,666) | (28,567) | (348) | - | 180,547 | 1,161 |
| Cash and investments - ending | \$ 104,800 | \$ 11,881 | \$ 8,800 | \$ 150 | \$ 1,349,521 | \$ (25,911) |

CITY OF CRAWFORDSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

| | Police Pension | Fire Pension | Sugar Creek Nature Park | Civil Defense Donations | Police Copy Fee Fund | Firearms Training Fund |
|---|-------------------|-----------------|----------------------------------|-------------------------------|-------------------------------|------------------------------|
| Cash and investments - beginning | \$ 299,739 | \$ 566,026 | \$ 668 | \$ 100 | \$ 5,371 | \$ 23,243 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | 4,770 |
| Intergovernmental receipts | 475,059 | 431,656 | - | - | - | - |
| Charges for services | - | - | - | - | 763 | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | 339 | 625 | - | - | - | - |
| Total receipts | 475,398 | 432,281 | - | - | 763 | 4,770 |
| Disbursements: | | | | | | |
| Personal services | 438,995 | 433,809 | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | 1,331 | 12,249 | - | - | 3,865 | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 143 | 143 | - | - | - | 4,083 |
| Total disbursements | 440,469 | 446,201 | - | - | 3,865 | 4,083 |
| Excess (deficiency) of receipts over disbursements | 34,929 | (13,920) | - | - | (3,102) | 687 |
| Cash and investments - ending | \$ 334,668 | \$ 552,106 | \$ 668 | \$ 100 | \$ 2,269 | \$ 23,930 |

CITY OF CRAWFORDSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

| | Ivy Tech Bond & Int | Commerce Park TIF | Aviation Fuel Non-Rev | Aviation Aircraft Rental | Aviation Flight Instruct | Aviation Aircraft Maintenance |
|--|---------------------------------|-------------------------|-----------------------------|--------------------------------|--------------------------------|-------------------------------------|
| Cash and investments - beginning | \$ 274,000 | \$ 2,060 | \$ 21,612 | \$ 4,858 | \$ 704 | \$ 334 |
| Receipts: | | | | | | |
| Taxes | - | - | 3,176 | 1,813 | - | 882 |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | 256,417 | - | - | - | - | - |
| Charges for services | - | - | 79,963 | 26,090 | 5,393 | 81,562 |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | - | - | 6,027 | - | - | - |
| Total receipts | 256,417 | - | 89,166 | 27,903 | 5,393 | 82,444 |
| Disbursements: | | | | | | |
| Personal services | - | - | 229 | - | 5,708 | 43,893 |
| Supplies | - | - | 61,360 | 79 | - | - |
| Other services and charges | - | - | 10,249 | 13,985 | - | 27,304 |
| Debt service - principal and interest | 352,500 | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | 22,438 | 5,079 | - | 7,475 |
| Total disbursements | 352,500 | - | 94,276 | 19,143 | 5,708 | 78,672 |
| Excess (deficiency) of receipts over disbursements | (96,083) | - | (5,110) | 8,760 | (315) | 3,772 |
| Cash and investments - ending | \$ 177,917 | \$ 2,060 | \$ 16,502 | \$ 13,618 | \$ 389 | \$ 4,106 |

CITY OF CRAWFORDSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

| | Mayor's Promotion Fund | 2015 Bond Project Proceeds | 2015 Bond Proj Debt Reserve | Community Paramedic Grant | Power Plant TIF | Plan Dept Escrow Fund |
|---|------------------------------|-------------------------------------|---|---------------------------------|-----------------------|--------------------------------|
| Cash and investments - beginning | \$ 36 | \$ 198,771 | \$ 74,250 | \$ 9,021 | \$ 1,060 | \$ 42,000 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | 99,273 | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | 10,320 | - | - | 298,385 | - | - |
| Total receipts | 10,320 | - | - | 298,385 | 99,273 | - |
| Disbursements: | | | | | | |
| Personal services | - | - | - | 94,236 | - | - |
| Supplies | - | - | - | 1,264 | - | - |
| Other services and charges | 225 | 750 | - | 3,942 | - | - |
| Debt service - principal and interest | - | 19,300 | - | - | - | - |
| Capital outlay | - | - | - | 195,737 | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - |
| Total disbursements | 225 | 20,050 | - | 295,179 | - | - |
| Excess (deficiency) of receipts over disbursements | 10,095 | (20,050) | - | 3,206 | 99,273 | - |
| Cash and investments - ending | \$ 10,131 | \$ 178,721 | \$ 74,250 | \$ 12,227 | \$ 100,333 | \$ 42,000 |

CITY OF CRAWFORDSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

| | Storm Water Fees | Metronet TIF Fund | Fusion 54 N/R | Local RD & Bridge Match | IHCDA GRANT | Washington/Pike Place Parks |
|---|------------------------|-------------------------|---------------------|-------------------------------------|----------------|-----------------------------------|
| Cash and investments - beginning | \$ 280 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | |
| Taxes | - | 140,648 | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | 480,000 |
| Charges for services | 1,280 | - | 90,842 | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | - | - | - | 687,745 | 50,000 | 378 |
| Total receipts | 1,280 | 140,648 | 90,842 | 687,745 | 50,000 | 480,378 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | 379 | - | - | - |
| Other services and charges | - | - | 46,665 | 687,745 | - | - |
| Debt service - principal and interest | - | 92,619 | - | - | - | - |
| Capital outlay | - | - | - | - | - | 480,378 |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 280 | - | - | - | - | - |
| Total disbursements | 280 | 92,619 | 47,044 | 687,745 | - | 480,378 |
| Excess (deficiency) of receipts over disbursements | 1,000 | 48,029 | 43,798 | - | 50,000 | - |
| Cash and investments - ending | \$ 1,280 | \$ 48,029 | \$ 43,798 | \$ - | \$ 50,000 | \$ - |

CITY OF CRAWFORDSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

| | Rental Registrar Fee | Fire Station II Bond | Ambulance/Ems Nonreverting | Golf Course | Civil Defense Copier Fund | Communication Center |
|---|----------------------------|-------------------------------|-------------------------------|----------------|------------------------------------|-------------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ 588,810 | \$ (69,330) | \$ 36,950 | \$ 18,694 |
| Receipts: | | | | | | |
| Taxes | - | 179,534 | - | - | - | - |
| Licenses and permits | 2,680 | - | - | - | - | - |
| Intergovernmental receipts | - | 9,127 | - | - | - | - |
| Charges for services | - | - | 1,500 | 4,030 | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | - | - | 343,833 | 1,508 | 3,200 | - |
| Total receipts | 2,680 | 188,661 | 345,333 | 5,538 | 3,200 | - |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | 6,054 | - | 1,386 | - |
| Other services and charges | - | - | 62,758 | - | 264 | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | 234,101 | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 45 | - | - | - | - | - |
| Total disbursements | 45 | - | 302,913 | - | 1,650 | - |
| Excess (deficiency) of receipts over disbursements | 2,635 | 188,661 | 42,420 | 5,538 | 1,550 | - |
| Cash and investments - ending | \$ 2,635 | \$ 188,661 | \$ 631,230 | \$ (63,792) | \$ 38,500 | \$ 18,694 |

CITY OF CRAWFORDSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

| | Park & Rec Muffy | Park & Rec Title III | Police/Child Victim | Rehabilitation | Wheel Tax Fund | Udag |
|---|---------------------------|----------------------------------|------------------------|----------------|----------------------|-----------|
| Cash and investments - beginning | \$ 32,560 | \$ 3,126 | \$ 1,808 | \$ 82,932 | \$ 245,880 | \$ 12,828 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | 138,716 | - |
| Charges for services | - | 12,614 | - | 3,120 | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | 25,000 | - | - | 20,127 | - | 19,074 |
| Total receipts | 25,000 | 12,614 | - | 23,247 | 138,716 | 19,074 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | - | - | - | 77,339 | - | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | 200,000 | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 13,234 | 16,016 | - | 23 | - | - |
| Total disbursements | 13,234 | 16,016 | - | 77,362 | 200,000 | - |
| Excess (deficiency) of receipts over disbursements | 11,766 | (3,402) | - | (54,115) | (61,284) | 19,074 |
| Cash and investments - ending | \$ 44,326 | \$ (276) | \$ 1,808 | \$ 28,817 | \$ 184,596 | \$ 31,902 |

CITY OF CRAWFORDSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

| | Aviation Grant Fund | Golf Course Improvement Fund | Commerce Park Operating | Commerce Park Bond & Int Fund | Kroger Pace Dairy Bond & Int | Cville Historic Dist/Cap Impr |
|---|---------------------------|---------------------------------------|-------------------------------|---|--|--|
| Cash and investments - beginning | \$ 7,472 | \$ 1,359 | \$ 52,791 | \$ 549,054 | \$ 532,362 | \$ 77,275 |
| Receipts: | | | | | | |
| Taxes | 843,864 | - | - | 443,443 | 87,802 | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - |
| Charges for services | - | - | 21,453 | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | 42,430 | - | - | - | - | 13,222 |
| Total receipts | 886,294 | - | 21,453 | 443,443 | 87,802 | 13,222 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | - | - | 6,872 | - | - | - |
| Debt service - principal and interest | - | - | - | - | 30,821 | - |
| Capital outlay | 674,884 | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 67,300 | 1,359 | - | - | - | 7,000 |
| Total disbursements | 742,184 | 1,359 | 6,872 | - | 30,821 | 7,000 |
| Excess (deficiency) of receipts over disbursements | 144,110 | (1,359) | 14,581 | 443,443 | 56,981 | 6,222 |
| Cash and investments - ending | \$ 151,582 | \$ - | \$ 67,372 | \$ 992,497 | \$ 589,343 | \$ 83,497 |

CITY OF CRAWFORDSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

| | Aviation Hanger Rent | Downtown Sidwlc & Street sc | Sidewalk Maint/Improvement | Cville Sq Allocation Fund | Payroll Fund | Drainage Permits |
|---|----------------------------|---|-------------------------------|------------------------------------|-----------------|---------------------|
| Cash and investments - beginning | \$ 33,845 | \$ 92 | \$ 38,399 | \$ 4,566,019 | \$ 262,436 | \$ 15 |
| Receipts: | | | | | | |
| Taxes | - | - | - | 853,950 | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - |
| Charges for services | 56,498 | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | - | - | 9,576 | 6,176 | 13,798,228 | - |
| Total receipts | 56,498 | - | 9,576 | 860,126 | 13,798,228 | - |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | 13,986,362 | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | 30,548 | - | - | 201,191 | - | - |
| Debt service - principal and interest | - | - | - | 414,235 | - | - |
| Capital outlay | - | - | - | 1,074,428 | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 42,770 | - | - | 378 | - | - |
| Total disbursements | 73,318 | - | - | 1,690,232 | 13,986,362 | - |
| Excess (deficiency) of receipts over disbursements | (16,820) | - | 9,576 | (830,106) | (188,134) | - |
| Cash and investments - ending | \$ 17,025 | \$ 92 | \$ 47,975 | \$ 3,735,913 | \$ 74,302 | \$ 15 |

CITY OF CRAWFORDSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

| | CEL&P General MM | CEL&P Deprec MM | CEL&P Gen Operating | CEL&P Meter Deposit | Stormwater O/M | SRF WW Crawfordsville DRS |
|--|------------------------|-----------------------|---------------------------|---------------------------|-------------------|---------------------------------|
| Cash and investments - beginning | \$ 3,866,325 | \$ 616,482 | \$ 48,649 | \$ 277,283 | \$ 611,305 | \$ 12,930 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | 152,774 | 596,513 | - |
| Other receipts | 37,008,165 | 962,143 | 7,046,797 | 1,064 | 14,356 | 156,316 |
| Total receipts | 37,008,165 | 962,143 | 7,046,797 | 153,838 | 610,869 | 156,316 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | 59,103 | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | 3,417 | - |
| Debt service - principal and interest | - | - | - | - | 27,416 | - |
| Capital outlay | - | - | - | - | 155 | - |
| Utility operating expenses | - | - | - | - | 605,842 | - |
| Other disbursements | 38,168,993 | - | 7,055,670 | 130,110 | 1,604 | - |
| Total disbursements | 38,168,993 | - | 7,055,670 | 130,110 | 697,537 | - |
| Excess (deficiency) of receipts over disbursements | (1,160,828) | 962,143 | (8,873) | 23,728 | (86,668) | 156,316 |
| Cash and investments - ending | \$ 2,705,497 | \$ 1,578,625 | \$ 39,776 | \$ 301,011 | \$ 524,637 | \$ 169,246 |

CITY OF CRAWFORDSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

| | SRF WW Crawfordsville B & I | Wastewater Utility-Construction | Wastewater Utility-Operating | Wastewater Util-Bond And Interest | Wastewater Utility-Debt Reserve | Totals |
|--|-----------------------------------|------------------------------------|---------------------------------|--|---------------------------------------|---------------|
| Cash and investments - beginning | \$ 21,512 | \$ - | \$ 2,273,120 | \$ - | \$ - | \$ 29,827,769 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | 13,430,685 |
| Licenses and permits | - | - | - | - | - | 58,122 |
| Intergovernmental receipts | - | - | - | - | - | 4,274,093 |
| Charges for services | - | - | - | - | - | 2,545,865 |
| Fines and forfeits | - | - | - | - | - | 19,157 |
| Utility fees | - | - | 2,704,816 | - | - | 3,454,103 |
| Other receipts | 257,388 | 7,895,914 | 181,983 | 256,326 | 155,160 | 70,045,905 |
| Total receipts | 257,388 | 7,895,914 | 2,886,799 | 256,326 | 155,160 | 93,827,930 |
| Disbursements: | | | | | | |
| Personal services | - | - | 596,372 | - | - | 26,163,325 |
| Supplies | - | - | - | - | - | 690,479 |
| Other services and charges | - | - | - | - | - | 5,473,061 |
| Debt service - principal and interest | - | - | - | - | - | 1,566,596 |
| Capital outlay | - | - | 97,390 | - | - | 3,892,916 |
| Utility operating expenses | - | - | 1,198,194 | - | - | 1,804,036 |
| Other disbursements | 4,635 | 7,895,914 | 511,387 | 256,326 | 155,160 | 55,621,865 |
| Total disbursements | 4,635 | 7,895,914 | 2,403,343 | 256,326 | 155,160 | 95,212,278 |
| Excess (deficiency) of receipts over disbursements | 252,753 | - | 483,456 | - | - | (1,384,348) |
| Cash and investments - ending | \$ 274,265 | \$ - | \$ 2,756,576 | \$ - | \$ - | \$ 28,443,421 |

CITY OF CRAWFORDSVILLE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2017

| <u>Government or Enterprise</u> | <u>Accounts Payable</u> | <u>Accounts Receivable</u> |
|---------------------------------|-----------------------------|--------------------------------|
| Electric | \$ - | \$ 1,126,509 |
| Storm Water | - | 29,584 |
| Wastewater | - | <u>154,923</u> |
| Totals | <u>\$ -</u> | <u>\$ 1,311,016</u> |

CITY OF CRAWFORDSVILLE
SCHEDULE OF LEASES AND DEBT
December 31, 2017

| Lessor | Purpose | Annual Lease Payment | Lease Beginning Date | Lease Ending Date |
|--|--------------------------|----------------------------|----------------------------|-------------------------|
| Governmental activities: | | | | |
| TCF Equipment Finance | Golf Cart Lease | \$ 2,692 | 10/20/2015 | 9/20/2019 |
| TCF Equipment Finance | Street Sweeper | 36,817 | 7/17/2013 | 7/17/2019 |
| Crawfordsville Fire Station Two Building Corporation | Fire Station | <u>325,500</u> | 1/1/2018 | 1/1/2036 |
| Total Governmental activities | | <u>365,009</u> | | |
| STORMWATER: | | | | |
| TCF Equipment Finance | Stormwater Camera System | <u>27,416</u> | 8/1/2014 | 8/1/2018 |
| Total of Annual Lease Payments | | <u>\$ 392,425</u> | | |

| Type | Description of Debt Purpose | Ending Principal Balance | Principal and Interest Due Within One Year |
|-------------------------------|--|--------------------------------|---|
| Governmental activities: | | | |
| Revenue bonds | 2015 Redvelopment Bond | \$ 935,000 | \$ 71,750 |
| Revenue Bonds | Ivy Tech Lease Bonds | 2,968,000 | 352,000 |
| Revenue bonds | Commerce Park TIF Bond | 2,562,000 | 309,002 |
| Notes and loans payable | Fire Department 2016 Chevey Tahoe GM Financial | 24,964 | 13,131 |
| Notes and loans payable | Fire Department 2017 Ford F250 Ford Motor Credit | 24,080 | 9,000 |
| Notes and loans payable | Golf Course Eq John Deere | 140,561 | 38,319 |
| Notes and loans payable | Aviation Terminal Mortgage | 400,253 | 30,548 |
| Notes and loans payable | Aviation UDAG Loan | <u>6,358</u> | <u>6,358</u> |
| Total governmental activities | | <u>7,061,216</u> | <u>830,108</u> |
| Wastewater: | | | |
| Notes and loans payable | Waste Water SRF Loan | <u>12,725,000</u> | <u>77,606</u> |
| Totals | | <u>\$ 19,786,216</u> | <u>\$ 907,714</u> |

CITY OF CRAWFORDSVILLE
SCHEDULE OF CAPITAL ASSETS
December 31, 2017

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 | \$ 5,056,359 |
| Infrastructure | 64,269,907 |
| Buildings | 14,860,083 |
| Improvements other than buildings | 9,023,168 |
| Machinery, equipment, and vehicles | <u>7,578,934</u> |
| Total governmental activities | <u>100,788,451</u> |
| Electric: | |
| Land | 398,256 |
| Infrastructure | 21,758,416 |
| Buildings | 302,646 |
| Improvements other than buildings | 5,277,433 |
| Machinery, equipment, and vehicles | 15,690,647 |
| Construction in progress | <u>925,691</u> |
| Total Electric | <u>44,353,089</u> |
| Storm Water: | |
| Machinery, equipment, and vehicles | <u>353,843</u> |
| Wastewater: | |
| Land | 106,819 |
| Infrastructure | 5,976,683 |
| Buildings | 13,839,797 |
| Machinery, equipment, and vehicles | 1,440,316 |
| Construction in progress | <u>1,005,554</u> |
| Total Wastewater | <u>22,369,169</u> |
| Total capital assets | <u>\$ 167,864,552</u> |

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CITY OF CRAWFORDSVILLE, MONTGOMERY COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the City of Crawfordsville'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, 2017. 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, 2017.

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

(Continued)


Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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


Paul D. Joyce, CPA
State Examiner

November 7, 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 CRAWFORDSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

| 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 Housing and Urban Development</u> | | | | | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Pike Place and Downtown Trail | Indiana Office of Community and Rural Affairs | 14.228 | 21450 | \$ - | \$ 480,000 |
| Total - Department of Housing and Urban Development | | | | - | 480,000 |
| <u>Department of Transportation</u> | | | | | |
| Highway Planning and Construction Cluster | | | | | |
| Highway Planning and Construction | Indiana Department of Transportation | 20.205 | | | |
| Concord Road | | | DES# 1400794 | - | 85,715 |
| Sugar Creek Trail | | | DES# 1383414 | - | 7,896 |
| Downtown Trail Loop | | | DES# 1600605 | - | 91,536 |
| Total - Highway Planning and Construction | | | | - | 185,147 |
| Total - Highway Planning and Construction Cluster | | | | - | 185,147 |
| Airport Improvement Program | Direct Grant | 20.106 | | | |
| Aviation Taxiway Lights | | | 3-18-0015-015-2016 | - | 514,277 |
| Waston Property Purchase | | | 3-18-0015-016-2017 | - | 150,000 |
| Extend Runway 4/22: Construction | | | 3-18-0015-013-2014 | - | 147,962 |
| Total - Airport Improvement Program | | | | - | 812,239 |
| National Priority Safety Programs | Indiana Criminal Justice Institute | 20.616 | | | |
| Rural Demonstration Project | | | D3-17-11728 | - | 1,310 |
| Summer Impaired Driving Enforcement Project | | | D3-17-11738 | - | 3,791 |
| Total - National Priority Safety Programs | | | | - | 5,101 |
| Total - Department of Transportation | | | | - | 1,002,487 |
| <u>Department of Health and Human Services</u> | | | | | |
| Assistance Programs for Chronic Disease Prevention and Control Community Paramedic | Indiana State Department of Health | 93.945 | 15203 | - | 195,118 |
| Total - Department of Health and Human Services | | | | - | 195,118 |
| Total federal awards expended | | | | \$ - | \$ 1,677,605 |

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

CITY OF CRAWFORDSVILLE
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, 2017. 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 CRAWFORDSVILLE
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 deficiency identified? | none reported |
| Noncompliance material to financial statement noted? | yes |

Federal Awards:

| | |
|---|---------------|
| Internal control over major program: | |
| Material weakness identified? | no |
| Significant deficiency identified? | none reported |
| Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? | no |

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

| CFDA Number | Name of Federal Program or Cluster | Opinion Issued |
|----------------|------------------------------------|-------------------|
| 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 2017-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Condition

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The City had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the City's SEFA. One employee prepared the federal award information entered into Gateway without a control in place to prevent, or detect and correct, errors prior to submission.

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

Context

The SEFA presented for audit contained the following errors:

1. Although the City had no subrecipients, amounts passed through to subrecipients of \$2,370,347 were reported in error.
2. The State Community Crossing grant expenditures of \$692,745 were erroneously classified as federal expenditures.
3. Although the Airport Improvement Program had no noncash assistance, \$84,045 in noncash assistance was erroneously reported.
4. Three federal grants were omitted in the amount of \$11,140.
5. The Airport Improvement Program expenditures were overstated by \$31,624.

Audit adjustments were proposed, approved by the City, and made to the SEFA.

Criteria

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

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

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

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; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

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

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the City's management establish controls related to the preparation of the SEFA.

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

Views of Responsible Officials

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

FINDING 2017-002

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit report regarding receipts and disbursements. The prior audit finding number was 2016-001.

Condition

There were several deficiencies in the internal control system of the City related to financial transactions and reporting. There was a lack of adequate segregation of duties, as the City had not separated incompatible activities related to receipts, disbursements, and financial transactions and cash and investments.

Electric Utility Receipts

An Electric Utility employee prepared a daily collection report from the Electric Utility software system, which was provided to the City. The City employee compared the daily collection report to the depository; however, documentation of the review was not provided. The City did not receive any reports from the Electric Utility software system to support the daily collections recorded.

Electric Utility Vendor Disbursements

Checks, check registers, and claims were prepared at the Electric Utility. The checks were sent to the City for the Clerk-Treasurer's review and signature; however, documentation of the review was not provided.

City Vendor Disbursements

One employee compared a transaction listing to the accounts payable vouchers; however, documentation of the review was not provided.

City Financial Transactions and Cash and Investments

Beginning cash and investment balances, receipts, disbursements, and ending cash and investment balances of the State Revolving Funds (SRF) were presented in the Statement of Receipts, Disbursements, and Cash and Investment Balances (Financial Statement), but were not included in the City's records for the year ending December 31, 2017, as follows:

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

| Fund | Cash and Investments | Receipts | Disbursements | Cash and Investments |
|---------------------------------|-------------------------|---------------------|---------------------|-------------------------|
| SRF WW Crawfordsville DRS | \$ 12,930 | \$ 156,316 | \$ - | \$ 169,246 |
| SRF WW Crawfordsville B & I | 21,512 | 257,388 | 4,635 | 274,265 |
| Wastewater Utility-Construction | - | 7,895,914 | 7,895,914 | - |
| Totals | <u>\$ 34,442</u> | <u>\$ 8,309,618</u> | <u>\$ 7,900,549</u> | <u>\$ 443,511</u> |

Additionally, the City had not included the above-mentioned accounts in its depository reconciliation at December 31, 2017.

Context

The lack of controls and noncompliance were systemic issues, 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. . . .

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; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.510(a) states:

"*Financial statements*. The auditee must prepare financial statements that reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited. The financial statements must be for the same organizational unit and

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

fiscal year that is chosen to meet the requirements of this part. However, non-Federal entity-wide financial statements may also include departments, agencies, and other organizational units that have separate audits in accordance with § 200.514 Scope of audit, paragraph (a) and prepare separate financial statements."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with Indiana Code 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Cause

Management had not established a proper system of internal control. An evaluation of the City's system of internal control had not been conducted.

Effect

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

Recommendation

We recommended that the City's management establish a system of internal controls, including segregation of duties, related to financial transactions and reporting over receipts, disbursements, financial transactions, and cash and investments.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENTS

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

CITY OF
CRAWFORDSVILLE
P.O. Box 329
Crawfordsville, IN 47933

Terri J. Gadd, IAMC
Clerk Treasurer

City Building
(765) 364-5150

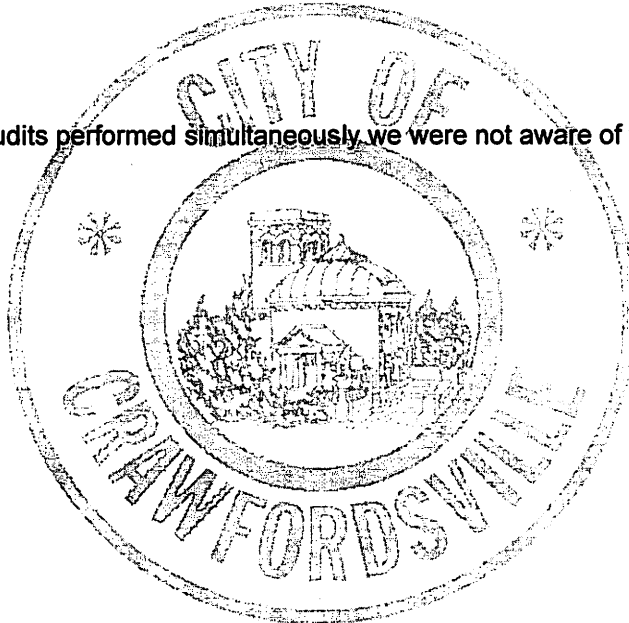
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A
Contact Person Responsible for Corrective Action: Terri Gadd
Contact Phone Number: 765 364-5150

Status of Audit Finding:

Due to 2016 and 2017 audits performed simultaneously, we were not aware of the issue, and have not corrected the finding.



Terri Gadd
(Signature)

Clerk Treasurer
(Title)

Oct 29, 2018
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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Clerk Treasurer

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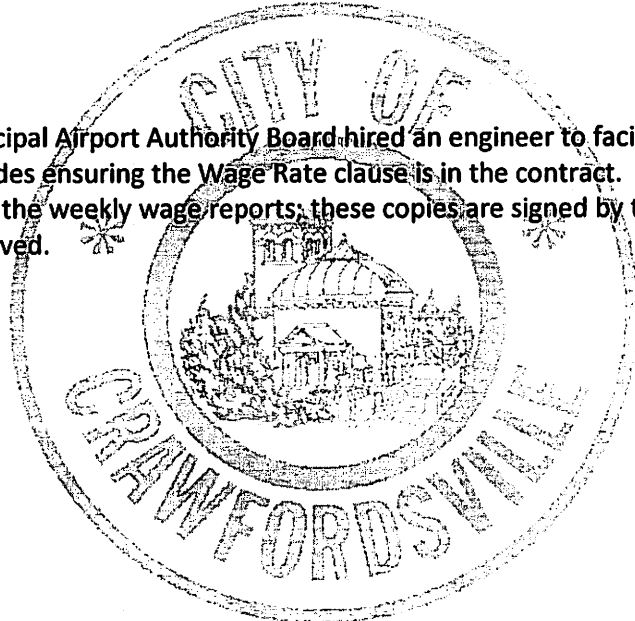
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-002

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Transportation
Contact Person Responsible for Corrective Action: Terri Gadd
Contact Phone Number: 765 364-5150

Status of Audit Finding:

The Crawfordsville Municipal Airport Authority Board hired an engineer to facilitate compliance with this requirement which includes ensuring the Wage Rate clause is in the contract. The airport authority board received copies of the weekly wage reports; these copies are signed by the Engineer and the BOAC President as approved.



Terri Gadd
(Signature)

Clerk Treasurer
(Title)

Oct 29, 2018
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133,

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CORRECTIVE ACTION PLAN

FINDING 2017-001

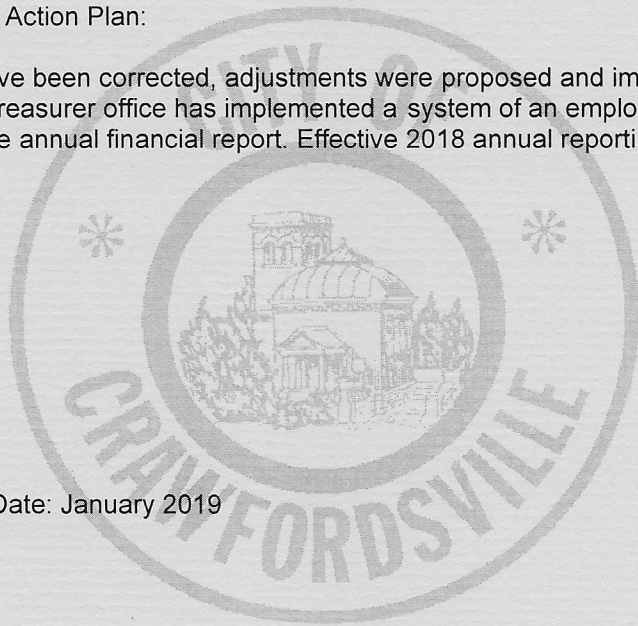
Contact Person Responsible for Corrective Action: Terri Gadd
Contact Phone Number: 765 364-5150

Views of Responsible Official: Management agrees with the findings

Description of Corrective Action Plan:

Context – Items 1 – 5 have been corrected, adjustments were proposed and implemented. Going forward the clerk treasurer office has implemented a system of an employee reviewing and checking data entry of the annual financial report. Effective 2018 annual reporting.

Anticipated Completion Date: January 2019



Terri Gadd
(Signature)

Clerk Treasurer
(Title)

Nov 1, 2018
(Date)

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CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Corrective Action: Terri Gadd
Contact Phone Number: 765 364-5150

Views of Responsible Official:

Description of Corrective Action Plan: Management agrees with the findings

Electric Utility Receipts

Clerk Treasurer office will work with electric department to include a system generated daily collections summary report to the daily collections report submitted to the clerk treasurer office.

Electric Utility Vendor Disbursements

Clerk Treasurer Office will work with electric department to provide a summary sheet listing check number, vendor, and check amount. Summary sheet will include a signature block for who prepared and who reviewed, and date, copy of summary will be filed with clerk treasurer office, and a copy returned to electric department.

City Vendor Disbursements

Clerk Treasurer Office staff will review and acknowledge accounts payable voucher transaction report.

City Financial Transactions and Cash and Investments

Clerk Treasurer Office corrected 2016 and 2017 annual report to reflect additional funds SRFWW Crawfordsville DRS, SRFWW Crawfordsville B&I and Wastewater Utility – Construction, the funds will be added to the 2018 ledger, and reported beginning cash, receipts, disbursements and ending cash will be reported in the annual report.

Anticipated Completion Date: November 2018

Terri Gadd

(Signature)

Clerk Treasurer

(Title)

Nov 1, 2018

(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/>.