

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF RUSHVILLE  
RUSH COUNTY, INDIANA

January 1, 2016 to December 31, 2016



**FILED**  
03/22/2019



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
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 <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	10
Notes to Financial Statement .....	11-17
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	20-32
Schedule of Payables and Receivables .....	33
Schedule of Leases and Debt .....	34
Schedule of Capital Assets.....	35
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance .....	38-40
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	42
Notes to Schedule of Expenditures of Federal Awards .....	43
Schedule of Findings and Questioned Costs .....	44-50
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	52
Corrective Action Plan .....	53-60
Other Reports.....	61

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ann Copley	01-01-16 to 12-31-19
Mayor	Michael Pavey	01-01-16 to 12-31-19
President of the Board of Public Works	Michael Pavey	01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Robert M. Bridges Craig Smith	01-01-16 to 12-31-17 01-01-18 to 12-31-18
Utility Office Manager	Gina Jenkins	01-01-16 to 12-31-18



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF RUSHVILLE, RUSH COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the City of Rushville (City), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (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, 2016.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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

*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 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

December 20, 2018



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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 RUSHVILLE, RUSH 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 Rushville (City), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated December 20, 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 2016-001 and 2016-002, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**City of Rushville'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

December 20, 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 RUSHVILLE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
General	\$ 1,626,213	\$ 4,789,346	\$ 4,966,568	\$ 1,448,991
Mvh	177,531	549,800	627,455	99,876
Local Roads & Street	26,245	19,568	23,672	22,141
Park & Rec Nonreverting	13,928	41,338	29,021	26,245
EMS Non Reverting	20,835	124,103	120,759	24,179
Abandon Vehicles	1,000	-	365	635
Lece	9,386	7,598	5,681	11,303
Unsafe Building	78,782	129,750	95,122	113,410
Rainy Day	333,657	75,742	50,948	358,451
K-9	8,514	10,531	12,778	6,267
LOIT Special Distribution	-	727,975	-	727,975
Tif #1	584,064	584,802	285,663	883,203
Cum Cap Development	80,136	62,661	65,263	77,534
Cedit	279,334	327,165	106,738	499,761
Cum Cap Improvement	49,949	16,197	-	66,146
TIF #4	1,095	387	-	1,482
Police Pension	305,395	185,846	174,657	316,584
Fire Pension	258,307	98,485	99,191	257,601
Public Safety	-	51,666	-	51,666
Child Restraint Grant	340	-	-	340
RFD NR	964	9,901	6,416	4,449
DARE NR	549	-	205	344
Asset Forfeiture	31,672	36	26,249	5,459
Debt Service	43,002	189,389	119,819	112,572
Rushville Historic Fund	275	225	-	500
RBEG Grant	7,863	8,938	-	16,801
Senior Citizens Grant Project	-	3,350	3,350	-
Animal Shelter Non-Reverting Fund	47,958	20,083	2,080	65,961
NIP Matching Funds	-	259,246	175,109	84,137
TIF #2	3,185	1,239	150	4,274
TIF #3	31	620	-	651
Blight Elimination Program	-	107,692	107,692	-
Rail Crossing Grant	31,841	80	-	31,921
Downtown Enhancement Grant	564	-	-	564
APC/BZA Non-Reverting Fund	-	68,945	13,716	55,229
Rushview Drainage Grant	-	175,368	175,366	2
Riverside Pavilion Grant	-	20,011	20,011	-
Cherry Street LPA Grant	-	365,692	357,643	8,049
Brownfield EPA Grant	-	95,459	95,459	-
Cash Change	75	-	-	75
Donations	63,276	43,715	70,541	36,450
Rova Shelter Project	2,161	-	-	2,161
Build Indiana Community Center	94,775	167	94,942	-
Ojp Vest Grant	995	1,270	1,690	575
Operation Pullover Grant	56	7,056	7,056	56
Electric Liquidation	315,119	141,060	119,512	336,667
Community Improvement Redevelopment	22,049	59	-	22,108
21St Century	36,792	2,588	18,812	20,568
Intat Storm Sewer	317	-	-	317
Idfa Ametech	21,596	-	-	21,596
Brownfield Petro Grant Ss	19,669	-	-	19,669
Sanitation Nonreverting	13,144	29,267	26,602	15,809
Booker T Washington Nonreverting	13,222	17,133	10,794	19,561
Forfeiture	5,601	9,713	3,204	12,110
Federal Deposit	2	52	54	-
Fiber Optic Fund	85,141	33,059	60,224	57,976
Criminal Invest Fund Nr	1,885	-	-	1,885
Fire & Police Pension Trust	226,217	523	-	226,740
Payroll	64,859	2,853,656	2,859,261	59,254
Utility Payroll	2,635	479,487	477,265	4,857
Bond Cash Acct BNY	-	340,413	340,413	-
Wastewater Utility Cash Drawer	63	-	-	63
Wastewater Utility Petty Cash	625	-	-	625
Debt Service Reserve BNY	311,911	119,559	-	431,470
WWT Retainage Account	348,988	80	349,068	-
SRF Sinking Fund BNY	167,188	334,411	193,671	307,928
2016 SRF Bond Cash Account	-	362,800	362,800	-
Wastewater Revenue	231,772	1,585,168	1,569,237	247,703
Wastewater Depreciation	731,860	482,878	632,818	581,920
Wastewater Construction	644	-	-	644
Wastewater Sinking	26,352	52,118	43,994	34,476
Transit Operation	650	162,888	163,142	396
Water Operating	157,593	1,032,323	989,875	200,041
Water Debt Service Reserve	154,272	-	-	154,272
Water Depreciation	262,374	60,000	72,953	249,421
Water Meter Deposit	172,458	29,165	24,725	176,898
Water Sinking	22,256	230,776	231,064	21,968
Totals	\$ 7,601,207	\$ 17,540,618	\$ 16,490,863	\$ 8,650,962

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

CITY OF RUSHVILLE  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

*Funding Policy and Annual Pension Cost*

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

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

CITY OF RUSHVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*Plan Description*

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

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

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

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

*Funding Policy*

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

**Note 7. Subsequent Events**

On April 26, 2017, the City entered into the Bond Anticipation Notes, Series 2017 in the amount of \$715,000. The proceeds of this note were used to finance a portion of the Overlook project, program management fee, and cost of issuance.

On April 26, 2017, the City entered into the Redevelopment District Bond Anticipation Notes, Series 2017 in the amount of \$1,080,000. The proceeds of this note were used to finance a portion of the Downtown, Neighborhood, Flat Rock, and Morgan Street projects.

On April 26, 2017, the City entered into the Park District Bond Anticipation Notes, Series 2017 in the amount of \$1,080,000. The proceeds of this note were used to finance a portion of the Overlook project, program management fee, and cost of issuance.

On March 5, 2018, the City entered into the Lease Rental Revenue Bonds, Series 2018 in the amount of \$3,175,000. The proceeds of this note were used to finance the renovation and equipping of the City Center.

CITY OF RUSHVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. Other Postemployment Benefits**

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

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#### OTHER INFORMATION - UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the City's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the City. It is presented as intended by the City.

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

	General	Mvh	Local Roads & Street	Park & Rec Nonreverting	EMS Non Reverting	Abandon Vehicles
Cash and investments - beginning	\$ 1,626,213	\$ 177,531	\$ 26,245	\$ 13,928	\$ 20,835	\$ 1,000
Receipts:						
Taxes	2,777,209	217,187	-	-	-	-
Licenses and permits	36,672	300	-	-	-	-
Intergovernmental receipts	1,694,971	328,126	19,521	-	-	-
Charges for services	82,658	3,403	-	39,026	124,054	-
Fines and forfeits	4,716	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	193,120	784	47	2,312	49	-
Total receipts	4,789,346	549,800	19,568	41,338	124,103	-
Disbursements:						
Personal services	3,294,302	317,217	-	5,391	11,041	-
Supplies	231,853	118,913	-	10,158	14,814	-
Other services and charges	1,177,452	171,325	23,672	3,890	51,078	365
Debt service - principal and interest	15,950	-	-	-	43,432	-
Capital outlay	119,495	20,000	-	3,319	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	127,516	-	-	6,263	394	-
Total disbursements	4,966,568	627,455	23,672	29,021	120,759	365
Excess (deficiency) of receipts over disbursements	(177,222)	(77,655)	(4,104)	12,317	3,344	(365)
Cash and investments - ending	\$ 1,448,991	\$ 99,876	\$ 22,141	\$ 26,245	\$ 24,179	\$ 635

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

	Lece	Unsafe Building	Rainy Day	K-9	LOIT Special Distribution	Tif #1
Cash and investments - beginning	\$ 9,386	\$ 78,782	\$ 333,657	\$ 8,514	\$ -	\$ 584,064
Receipts:						
Taxes	-	-	-	-	-	408,124
Licenses and permits	4,390	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	726,997	-
Charges for services	2,196	-	-	-	-	-
Fines and forfeits	976	14,944	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	36	114,806	75,742	10,531	978	176,678
Total receipts	7,598	129,750	75,742	10,531	727,975	584,802
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	1,740	741	-	12,278	-	-
Other services and charges	3,941	94,382	50,948	500	-	154,255
Debt service - principal and interest	-	-	-	-	-	131,408
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	(1)	-	-	-	-
Total disbursements	5,681	95,122	50,948	12,778	-	285,663
Excess (deficiency) of receipts over disbursements	1,917	34,628	24,794	(2,247)	727,975	299,139
Cash and investments - ending	\$ 11,303	\$ 113,410	\$ 358,451	\$ 6,267	\$ 727,975	\$ 883,203

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

	Cum Cap Development	Credit	Cum Cap Improvement	TIF #4	Police Pension	Fire Pension
Cash and investments - beginning	\$ 80,136	\$ 279,334	\$ 49,949	\$ 1,095	\$ 305,395	\$ 258,307
Receipts:						
Taxes	56,559	-	-	383	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	5,670	325,597	16,161	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	432	1,568	36	4	185,846	98,485
Total receipts	62,661	327,165	16,197	387	185,846	98,485
Disbursements:						
Personal services	-	-	-	-	174,557	99,091
Supplies	-	-	-	-	-	-
Other services and charges	26,021	106,738	-	-	100	100
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	25,535	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	13,707	-	-	-	-	-
Total disbursements	65,263	106,738	-	-	174,657	99,191
Excess (deficiency) of receipts over disbursements	(2,602)	220,427	16,197	387	11,189	(706)
Cash and investments - ending	\$ 77,534	\$ 499,761	\$ 66,146	\$ 1,482	\$ 316,584	\$ 257,601

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

	Public Safety	Child Restraint Grant	RFD NR	DARE NR	Asset Forfeiture	Debt Service
Cash and investments - beginning	\$ -	\$ 340	\$ 964	\$ 549	\$ 31,672	\$ 43,002
Receipts:						
Taxes	-	-	-	-	-	148,869
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	51,633	-	-	-	-	10,484
Charges for services	-	-	8,619	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	33	-	1,282	-	36	30,036
Total receipts	51,666	-	9,901	-	36	189,389
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	5,817	205	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	89,819
Capital outlay	-	-	-	-	26,249	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	599	-	-	30,000
Total disbursements	-	-	6,416	205	26,249	119,819
Excess (deficiency) of receipts over disbursements	51,666	-	3,485	(205)	(26,213)	69,570
Cash and investments - ending	\$ 51,666	\$ 340	\$ 4,449	\$ 344	\$ 5,459	\$ 112,572

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

	Rushville Historic Fund	RBEG Grant	Senior Citizens Grant Project	Animal Shelter Non-Reverting Fund	NIP Matching Funds	TIF #2
Cash and investments - beginning	\$ 275	\$ 7,863	\$ -	\$ 47,958	\$ -	\$ 3,185
Receipts:						
Taxes	-	-	-	-	-	1,226
Licenses and permits	225	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	259,017	-
Charges for services	-	-	-	20,000	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	8,938	3,350	83	229	13
Total receipts	225	8,938	3,350	20,083	259,246	1,239
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	539	-	-
Other services and charges	-	-	-	1,541	175,109	150
Debt service - principal and interest	-	-	3,350	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	3,350	2,080	175,109	150
Excess (deficiency) of receipts over disbursements	225	8,938	-	18,003	84,137	1,089
Cash and investments - ending	\$ 500	\$ 16,801	\$ -	\$ 65,961	\$ 84,137	\$ 4,274

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

	TIF #3	Blight Elimination Program	Rail Crossing Grant	Downtown Enhancement Grant	APC/BZA Non-Reverting Fund	Rushview Drainage Grant
Cash and investments - beginning	\$ 31	\$ -	\$ 31,841	\$ 564	\$ -	\$ -
Receipts:						
Taxes	620	-	-	-	-	-
Licenses and permits	-	-	-	-	29,377	-
Intergovernmental receipts	-	107,692	-	-	-	175,366
Charges for services	-	-	-	-	39,526	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	80	-	42	2
Total receipts	620	107,692	80	-	68,945	175,368
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	5,588	-
Other services and charges	-	78,031	-	-	7,328	175,366
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	29,661	-	-	800	-
Total disbursements	-	107,692	-	-	13,716	175,366
Excess (deficiency) of receipts over disbursements	620	-	80	-	55,229	2
Cash and investments - ending	\$ 651	\$ -	\$ 31,921	\$ 564	\$ 55,229	\$ 2

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

	Riverside Pavilion Grant	Cherry Street LPA Grant	Brownfield EPA Grant	Cash Change	Donations	Rcva Shelter Project
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 75	\$ 63,276	\$ 2,161
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	20,000	336,234	95,459	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	11	29,458	-	-	43,715	-
Total receipts	20,011	365,692	95,459	-	43,715	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	70,541	-
Other services and charges	-	357,643	95,459	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	20,011	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	20,011	357,643	95,459	-	70,541	-
Excess (deficiency) of receipts over disbursements	-	8,049	-	-	(26,826)	-
Cash and investments - ending	\$ -	\$ 8,049	\$ -	\$ 75	\$ 36,450	\$ 2,161

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

	Build Indiana Community Center	Ojp Vest Grant	Operation Pullover Grant	Electric Liquidation	Community Improvement Redevelopment	21St Century
Cash and investments - beginning	\$ 94,775	\$ 995	\$ 56	\$ 315,119	\$ 22,049	\$ 36,792
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	1,270	7,056	-	-	-
Charges for services	-	-	-	-	-	2,500
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	167	-	-	141,060	59	88
Total receipts	167	1,270	7,056	141,060	59	2,588
Disbursements:						
Personal services	-	-	7,056	-	-	-
Supplies	-	1,690	-	-	-	12,804
Other services and charges	94,942	-	-	-	-	6,008
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	119,512	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	94,942	1,690	7,056	119,512	-	18,812
Excess (deficiency) of receipts over disbursements	(94,775)	(420)	-	21,548	59	(16,224)
Cash and investments - ending	\$ -	\$ 575	\$ 56	\$ 336,667	\$ 22,108	\$ 20,568

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

	Intat Storm Sewer	Idfa Ametiech	Brownfield Petro Grant Ss	Sanitation Nonreverting	Booker T Washington Nonreverting	Forfeiture
Cash and investments - beginning	\$ 317	\$ 21,596	\$ 19,669	\$ 13,144	\$ 13,222	\$ 5,601
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	200	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	28,319	10,400	-
Fines and forfeits	-	-	-	-	-	9,694
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	748	6,733	19
Total receipts	-	-	-	29,267	17,133	9,713
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	6,801	804
Other services and charges	-	-	-	26,602	3,993	2,400
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	26,602	10,794	3,204
Excess (deficiency) of receipts over disbursements	-	-	-	2,665	6,339	6,509
Cash and investments - ending	\$ 317	\$ 21,596	\$ 19,669	\$ 15,809	\$ 19,561	\$ 12,110

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

	Federal Deposit	Fiber Optic Fund	Criminal Invest Fund Nr	Fire & Police Pension Trust	Payroll	Utility Payroll
Cash and investments - beginning	\$ 2	\$ 85,141	\$ 1,885	\$ 226,217	\$ 64,859	\$ 2,635
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	3,000	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	52	30,059	-	523	2,853,656	479,487
Total receipts	52	33,059	-	523	2,853,656	479,487
Disbursements:						
Personal services	-	-	-	-	1,984,500	477,265
Supplies	54	-	-	-	77	-
Other services and charges	-	60,224	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	874,684	-
Total disbursements	54	60,224	-	-	2,859,261	477,265
Excess (deficiency) of receipts over disbursements	(2)	(27,165)	-	523	(5,605)	2,222
Cash and investments - ending	\$ -	\$ 57,976	\$ 1,885	\$ 226,740	\$ 59,254	\$ 4,857

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

	Bond Cash Acct BNY	Wastewater Utility Cash Drawer	Wastewater Utility Petty Cash	Debt Service Reserve BNY	WWT Retainage Account	SRF Sinking Fund BNY
Cash and investments - beginning	\$ -	\$ 63	\$ 625	\$ 311,911	\$ 348,988	\$ 167,188
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	340,413	-	-	119,559	80	334,411
Total receipts	340,413	-	-	119,559	80	334,411
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	104,022
Capital outlay	-	-	-	-	-	-
Utility operating expenses	340,413	-	-	-	349,068	-
Other disbursements	-	-	-	-	-	89,649
Total disbursements	340,413	-	-	-	349,068	193,671
Excess (deficiency) of receipts over disbursements	-	-	-	119,559	(348,988)	140,740
Cash and investments - ending	\$ -	\$ 63	\$ 625	\$ 431,470	\$ -	\$ 307,928

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

	2016 SRF Bond Cash Account	Wastewater Revenue	Wastewater Depreciation	Wastewater Construction	Wastewater Sinking	Transit Operation
Cash and investments - beginning	\$ -	\$ 231,772	\$ 731,860	\$ 644	\$ 26,352	\$ 650
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	1,584,296	-	-	-	-
Other receipts	362,800	872	482,878	-	52,118	162,888
Total receipts	362,800	1,585,168	482,878	-	52,118	162,888
Disbursements:						
Personal services	-	306,271	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	122,928	-	-	-	-
Debt service - principal and interest	-	-	-	-	43,994	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	362,800	463,858	632,818	-	-	-
Other disbursements	-	676,180	-	-	-	163,142
Total disbursements	362,800	1,569,237	632,818	-	43,994	163,142
Excess (deficiency) of receipts over disbursements	-	15,931	(149,940)	-	8,124	(254)
Cash and investments - ending	\$ -	\$ 247,703	\$ 581,920	\$ 644	\$ 34,476	\$ 396

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

	Water Operating	Water Debt Service Reserve	Water Depreciation	Water Meter Deposit	Water Sinking	Totals
Cash and investments - beginning	\$ 157,593	\$ 154,272	\$ 262,374	\$ 172,458	\$ 22,256	\$ 7,601,207
Receipts:						
Taxes	-	-	-	-	-	3,610,177
Licenses and permits	-	-	-	-	-	71,164
Intergovernmental receipts	-	-	-	-	-	4,181,254
Charges for services	-	-	-	-	-	363,701
Fines and forfeits	-	-	-	-	-	30,330
Utility fees	1,031,569	-	-	29,165	-	2,645,030
Other receipts	754	-	60,000	-	230,776	6,638,962
Total receipts	1,032,323	-	60,000	29,165	230,776	17,540,618
Disbursements:						
Personal services	191,274	-	-	-	-	6,867,965
Supplies	-	-	-	-	-	495,417
Other services and charges	75,201	-	-	-	-	3,147,692
Debt service - principal and interest	-	-	-	-	231,064	663,039
Capital outlay	-	-	-	-	-	334,121
Utility operating expenses	250,637	-	72,953	24,725	-	2,497,272
Other disbursements	472,763	-	-	-	-	2,485,357
Total disbursements	989,875	-	72,953	24,725	231,064	16,490,863
Excess (deficiency) of receipts over disbursements	42,448	-	(12,953)	4,440	(288)	1,049,755
Cash and investments - ending	\$ 200,041	\$ 154,272	\$ 249,421	\$ 176,898	\$ 21,968	\$ 8,650,962

CITY OF RUSHVILLE  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2016

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 41,274	\$ 159,747
Water	9,831	88,398
Governmental activities	<u>3,933</u>	<u>-</u>
Totals	<u>\$ 55,038</u>	<u>\$ 248,145</u>

CITY OF RUSHVILLE  
SCHEDULE OF LEASES AND DEBT  
December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Community State Bank	Purchase cots for ambulances	\$ 6,423	02/18/2014	02/01/2019
Republic First National Corporation	Purchase ambulances	<u>37,032</u>	09/15/2014	09/15/2017
Total of annual lease payments		<u>\$ 43,455</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Purchase Equipment	\$ 415,000	\$ 102,219
Notes and loans payable	Purchase Excavator	30,550	15,950
Notes and loans payable	Dump Truck Purchase	21,051	21,614
Notes and loans payable	Electric Liquidation Loan to NIP	<u>1,312,784</u>	<u>481,459</u>
Total governmental activities		<u>1,779,385</u>	<u>621,242</u>
Wastewater:			
Revenue bonds	Improvements and Additions	4,630,000	49,000
Revenue bonds	Repairs & Construction	856,200	51,772
Revenue bonds	Repairs & Construction	<u>5,285,000</u>	<u>353,361</u>
Total Wastewater		<u>10,771,200</u>	<u>454,133</u>
Water:			
Revenue bonds	Construction of Water Tower	440,000	189,702
Revenue bonds	Construction/Annexation	<u>680,000</u>	<u>41,906</u>
Total Water		<u>1,120,000</u>	<u>231,608</u>
Totals		<u>\$ 13,670,585</u>	<u>\$ 1,306,983</u>

CITY OF RUSHVILLE  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2016

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

	Ending Balance
Governmental activities:	
Land	\$ 6,205,899
Infrastructure	16,543,616
Buildings	5,051,880
Improvements other than buildings	1,918,770
Machinery, equipment, and vehicles	<u>7,693,218</u>
Total governmental activities	<u>37,413,383</u>
Wastewater:	
Land	173,600
Infrastructure	632,818
Buildings	10,446,712
Machinery, equipment, and vehicles	201,258
Construction in progress	<u>535,742</u>
Total Wastewater	<u>11,990,130</u>
Water:	
Land	3,805,754
Infrastructure	2,449,510
Buildings	3,805,754
Improvements other than buildings	72,953
Machinery, equipment, and vehicles	656,630
Construction in progress	<u>183,909</u>
Total Water	<u>10,974,510</u>
Total capital assets	<u>\$ 60,378,023</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CITY OF RUSHVILLE, RUSH COUNTY, INDIANA

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

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

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-004. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**

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


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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003 and 2016-004, that we consider to be material weaknesses.

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

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

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

December 20, 2018

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 RUSHVILLE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Commerce</u>					
Economic Development Cluster Investments for Public Works and Economic Development Facilities NIP Project	Direct grant	11.300	06-01-05739	\$ -	\$ 259,246
Total - Economic Development Cluster				-	259,246
Total - Department of Commerce				-	259,246
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Rushview Drainage Grant	Office of Community and Rural Affairs	14.228	DR2-09-280	-	175,368
Total - Department of Housing and Urban Development				-	175,368
<u>Department of Justice</u>					
Bulletproof Vest Partnership Program OJP Vest Grant	Direct grant	16.607		-	1,270
Total - Department of Justice				-	1,270
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Cherry Street LPA Grant	Indiana Department of Transportation	20.205	DES 1400772	-	336,234
Total - Highway Planning and Construction Cluster				-	336,234
Highway Safety Cluster State and Community Highway Safety Operation Pullover	Indiana Criminal Justice Institute	20.600		-	7,056
Total - Highway Safety Cluster				-	7,056
Total - Department of Transportation				-	343,290
<u>Environmental Protection Agency</u>					
Brownfield Assessment and Cleanup Cooperative Agreements Brownfield EPA Grant	Direct grant	66.818	00E01535	-	95,459
Total - Environmental Protection Agency				-	95,459
Total federal awards expended				\$ -	\$ 874,633

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

CITY OF RUSHVILLE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

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

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

CITY OF RUSHVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

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

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Economic Development Cluster	Unmodified
Highway Planning and Construction Cluster	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs: \$750,000	
Auditee qualified as low-risk auditee?	no

**Section II - Financial Statement Findings**

**FINDING 2016-001**

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

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

*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). During the audit period, the Clerk-Treasurer was solely responsible for compiling and inputting the federal program information into the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA. There was no control in place to ensure the accuracy of the information prior to submission.

*Context*

The lack of internal controls was a systemic issue 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. . . ."

*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 could have occurred and remained undetected.

*Recommendation*

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

*Views of Responsible Officials*

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

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

***FINDING 2016-002***

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-002.

*Condition*

There were deficiencies in the internal control system of the City related to financial transactions and reporting. The City had not established adequate segregation of duties as it had not separated incompatible activities related to receipts.

The Clerk-Treasurer collected and recorded receipts and prepared and made bank deposits. No control was in place, such as an oversight, review, or approval process.

*Context*

The lack of controls was a systemic issue 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. . . ."

*Cause*

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

*Effect*

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

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

*Recommendation*

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

*Views of Responsible Officials*

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

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

**FINDING 2016-003**

Subject: Investments for Public Works and Economic Development Facilities -  
Special Tests and Provisions - Wage Rate Requirements  
Federal Agency: Department of Commerce  
Federal Program: Investments for Public Works and Economic Development Facilities  
CFDA Number: 11.300  
Federal Award Number and Year (or Other Identifying Number): 06-01-05739  
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-003.

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Wage Rate Requirements.

The City hired a grant administrator to ensure compliance with the wage rate requirements. All compliance procedures were completed by the grant administrator without an oversight, review, or approval process by the City to ensure compliance.

*Context*

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

*Criteria*

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

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

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

*Cause*

Management had not developed a system of internal controls to ensure compliance with the wage rate requirements.

*Effect*

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the wage rate requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2016-004**

Subject: Investments for Public Works and Economic Development  
Facilities - Cash Management and Period of Performance  
Federal Agency: Department of Commerce  
Federal Program: Investments for Public Works and Economic Development Facilities  
CFDA Number: 11.300  
Federal Award Number and Year (or Other Identifying Number): 06-01-05739  
Compliance Requirements: Cash Management, Period of Performance  
Audit Findings: Material Weakness, Other Matters

*Condition*

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

The City had established controls over the cash management and period of performance requirements; however, the internal controls in place did not detect noncompliance. The City was required to pay all claims related to the grant prior to submitting the requests for reimbursement. One claim was not paid prior to the request for reimbursement. The claim was not paid until after the period of performance for the grant had expired.

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

*Context*

The lack of effective controls was a systemic issue throughout the audit period. The noncompliance was isolated to one payment of \$117,310 to one contractor.

*Criteria*

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

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

15 CFR 24.21(d) states:

*"Reimbursement.* Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. Grantees and subgrantees may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The grantee or subgrantee may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the grantee or subgrantee will be based on the grantee's or subgrantee's actual rate of disbursement."

15 CFR 24.23 states:

"(a) *General.* Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

(b) *Liquidation of obligations.* A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee."

*Cause*

The internal control structure in place was not effective and did not detect noncompliance with the compliance requirements listed above.

*Effect*

The failure to establish effective internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements listed above could have resulted in the loss of federal funds to the City.

*Questioned Costs*

There were no questioned costs identified.

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

*Recommendation*

We recommended that the City's management establish controls to ensure compliance and comply with the grant agreement and Cash Management and Period of Performance compliance requirements.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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

**Mike Pavey, Mayor**

765-932-3735

**Ann Copley, Clerk-Treasurer**

765-932-2672



City of  
**Rushville**  
Indiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2015-001** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred:2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Ann L. Copley, Clerk-Treasurer

Contact Phone Number: 765-932-2672

Status of Audit Finding: Audit did not take place until 2017. Corrective action began immediately.

**FINDING 2015-002** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred:2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:N/A

Contact Person Responsible for Corrective Action: Ann L. Copley, Clerk-Treasurer

Contact Phone Number: 765-932-2672

Status of Audit Finding: Immediate corrective action was taken

**FINDING 2015-003** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred:2015

Federal Grantor Agency: Department of Commerce

Contact Person Responsible for Corrective Action: Ann L. Copley, Clerk-Treasurer

Contact Phone Number: 765-932-2672

Status of Audit Finding: Immediate corrective action was taken.

\_\_\_\_\_  
Ann L. Copley

\_\_\_\_\_  
Clerk-Treasurer

\_\_\_\_\_  
November 28, 2018

**Mike Pavey, Mayor**  
765-932-3735

**Ann Copley, Clerk-Treasurer**  
765-932-2672



City of  
**Rushville**  
Indiana

## CORRECTIVE ACTION PLAN

**FINDING 2016-001** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Ann L. Copley, Clerk-Treasurer  
Contact Phone Number: 765-932-2672

Views of Responsible Official: I concur with the finding.

Description of Corrective Action Plan: A system has been implemented for the Deputy Clerk to review the SEFA report prior to filing to detect any errors.

Anticipated Completion Date: January 2017

**FINDING 2016-002** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Ann L. Copley, Clerk-Treasurer  
Contact Phone Number:

Views of Responsible Official: I concur with the finding.

Description of Corrective Action Plan: Beginning in 2017 Council began reviewing and approving monthly bank reconciliation. Receipts are prepared by all 3 employees of the Clerk's office. One person will prepare the deposits, another person takes daily deposits to the bank, and the 3<sup>rd</sup> person reviews the deposit for accuracy.

Anticipated Completion Date: January 2017

**FINDING 2016-003** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Ann L. Copley, Clerk-Treasurer  
Contact Phone Number: 765-932-2672

Views of Responsible Official: I concur with the finding.

Description of Corrective Action Plan: We have implemented a check list for internal controls.

Anticipated Completion Date: 2017

**FINDING 2016-004** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Ann L. Copley, Clerk-Treasurer  
Contact Phone Number: 765-932-2672

Views of Responsible Official: I concur with the finding.

Description of Corrective Action Plan: 10% of an invoice was not paid during the period before the grant had expired. This was overlooked by my office, but was also overlooked by our grant administrator. This was not discovered until the audit took place this year. I contacted the company and asked them to check their records to see if there was any payment outstanding on their records. I was informed that there was 10% of one invoice that was not paid. I immediately mailed a check to the company. They have contacted me and reported that they did receive the check.

Anticipated Completion Date: November 28, 2018



(Signature)

Clerk-Treasurer  
(Title)

December 20, 2018  
(Date)

**Federal Grants: Internal Controls Checklist**

Federal Agency: \_\_\_\_\_  
Federal Program: \_\_\_\_\_  
CFDA Number: \_\_\_\_\_  
Project Title: \_\_\_\_\_  
Project Number: \_\_\_\_\_  
Award Date: \_\_\_\_\_  
Expiration Date: \_\_\_\_\_  
Grant Amount: \$ \_\_\_\_\_

The following checklist is to be used by the Department Heads or their Designee as a guide to aide in meeting the Internal Controls requirements and to establish, maintain, and support a system of internal controls. The checklist will assist in the creation of a control environment that encourages compliance with the municipality's and Federal Agency's policies and procedures. Initial step upon grant award includes reviewing the grant award and grant agreement documents to assure the grant regulations are met.

**1. Post Grant Award, meet with Clerk-Treasurer.**

**A. Prepare back-up grant/information file for Clerk Treasurer:**

File to include copies of:

- Federal Grants Internal Controls Checklist
- Application
- Award Notification
- Grant Agreement
- All grant correspondence: Financial documentation (quotes, bids, contracts, claims, reimbursement requests, receipts and disbursements), reports, etc., post award.

**B. Establish a grant budget control ledger to be utilized for the grant period and updated no less than monthly. Financial information includes:**

- Authorized grant amount
- Obligation of funds (contracts issued)
- Requests for grant funds
- Receipts of grant funding
- Expenditures of grant funding
- Unobligated balances

Records to be retained as stated in the grant agreement. Time is generally 5 years after State Board of Accounts audit.

\_\_\_\_\_  
Applicant (City Department Head)

\_\_\_\_\_  
Clerk Treasurer's Office

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## Federal Grants: Internal Controls Checklist

2. What method of procurement is required for acquiring professional services, materials/supplies, equipment, or construction services? Following are state guidelines, grant agreement may provide more stringent:

- Under \$75,000, may be considered Small Purchases (federal wage determination if grant funding requires).
- Between \$75,000 and \$150,000, Sealed Bid (federal wage determination if grant funding requires).
- \$150,000 and over, Sealed Bid (prevailing wage if local funding or federal wage determination if grant funding requires).

3. Will professional services being procured be paid by grant funding or required local matching funds?

- Paid by Grant Funds. See Procurement Procedures delineated in 4. Below.
- Paid by Local Funds. If no grant requirements, may select firm to provide services.

---

4. Procurement Procedures – Professional Services to be paid from grant funding:

### Competitive Proposals

A. Request for Proposals i.e. for Grant Administration, Financial Consultants, etc.

- \_\_\_\_\_ Prepare Request for Proposals (RFP)
- \_\_\_\_\_ Publish the RFP and solicit responses (including minority businesses).
- \_\_\_\_\_ Establish an evaluation committee
- \_\_\_\_\_ Open RFP responses at a public meeting
- \_\_\_\_\_ Short list vendors
- \_\_\_\_\_ Conduct interviews
- \_\_\_\_\_ Make vendor selection
- \_\_\_\_\_ Verify eligibility to work on federally funded projects in the **System for Award Management** ([www.sam.gov](http://www.sam.gov)). Print, sign and date results for file.
- \_\_\_\_\_ Notify successful and unsuccessful Proposers/vendors
- \_\_\_\_\_ Contract Award and execution (if grant criteria is met)

B. Request for Qualifications i.e. Architectural/Engineering Services

- \_\_\_\_\_ Prepare Request for Qualifications (RFQ)
- \_\_\_\_\_ Publish the RFQ and solicit responses (including minority businesses).
- \_\_\_\_\_ Establish an evaluation committee
- \_\_\_\_\_ Open RFQ responses
- \_\_\_\_\_ Short list vendors
- \_\_\_\_\_ Conduct interviews
- \_\_\_\_\_ Make vendor selection
- \_\_\_\_\_ Verify eligibility to work on federally funded projects in the **System for Award Management** ([www.sam.gov](http://www.sam.gov)). Print, sign and date results for file.
- \_\_\_\_\_ Notify successful and unsuccessful Proposers/vendors
- \_\_\_\_\_ Contract Award and execution (if grant criteria is met)

\_\_\_\_\_  
Applicant (City Department Head)

\_\_\_\_\_  
Clerk Treasurer's Office

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**Federal Grants: Internal Controls Checklist**

**5. Procurement Procedures – Materials, Equipment and Construction Services**

Is this a construction project require use of prevailing wage or Davis Bacon Act?

**Yes – Davis Bacon Act**

- \_\_\_\_\_ Federal Language and information to Architect/Engineer
- \_\_\_\_\_ Obtain Wage Determination \_\_\_\_\_ Modifications \_\_\_\_\_
- \_\_\_\_\_ Follow procurement procedures under A. or B. below
- \_\_\_\_\_ Verify wage determination on Bid Opening & Complete Wage Determination

Wage Determination \_\_\_\_\_ Modifications \_\_\_\_\_

**Yes – Prevailing Wage** – follow Indiana State required process then procurement procedures under A. or B below.

**No** – follow procurement procedures under A. or B below.

**A. Procurement Procedures - Small Purchases or Quotes**

- \_\_\_\_\_ Determine threshold based on estimated dollar amount
- \_\_\_\_\_ Prepare Solicitation for materials, equipment or construction services
- \_\_\_\_\_ Contact via email, letter or fax minimum of three vendors
- \_\_\_\_\_ Allow minimum of 7 days for responses
- \_\_\_\_\_ Document responses
- \_\_\_\_\_ Make vendor selection
- \_\_\_\_\_ Verify eligibility to work on federally funded projects in the **System for Award Management** ([www.sam.gov](http://www.sam.gov)). Print, sign and date results for file.
- \_\_\_\_\_ Award contract at public meeting

**B. Procurement Procedures – Competitive Sealed Bid – Construction/Equipment**

- \_\_\_\_\_ Prepare invitation for bid (based on specifications and technical drawings)
- \_\_\_\_\_ Publish invitation for bid (IFB) as required (minimum 14 day requirement)
- \_\_\_\_\_ Include solicitation of minority, women and/or disadvantaged business enterprises
- \_\_\_\_\_ Receive bids at a public meeting
- \_\_\_\_\_ Bids must be opened and read aloud at a public meeting as advertised
- \_\_\_\_\_ Prepare bid tabulation and recommendation (by Engineer/Architect if applicable)
- \_\_\_\_\_ Retain copy of minutes of bid opening, sign in sheet
- \_\_\_\_\_ Recommendation of lowest, responsive, responsible bidder.
- \_\_\_\_\_ Verify eligibility to work on federally funded projects in the **System for Award Management** ([www.sam.gov](http://www.sam.gov)). Print, sign and date results for file.
- \_\_\_\_\_ Award contract at public meeting if all grant requirements are met.
- \_\_\_\_\_ Execute contract with Contractor and obtain information on any subcontractors for verification of eligibility to work on federally funded projects in the **System for Award Management** ([www.sam.gov](http://www.sam.gov)) as noted above.
- \_\_\_\_\_ Schedule and hold Pre-Construction Conference Contact Contractor, any Subcontractors as needed or if required by grant.

\_\_\_\_\_  
Applicant (City Department Head)

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**Federal Grants: Internal Controls Checklist**

**6. Construction monitoring for prevailing wage and Davis Bacon and Related Acts covered projects.**

- Check Contractor's and Sub's weekly payrolls against prevailing wage or federal wage determination required by the project. Review with Clerk-Treasurer monthly or bi-monthly:

<u>Review Date</u>	<u>Initials*</u>	<u>Review Date</u>	<u>Initials*</u>
<input type="checkbox"/> January 20____	_____	<input type="checkbox"/> July 20____	_____
<input type="checkbox"/> February 20____	_____	<input type="checkbox"/> August 20____	_____
<input type="checkbox"/> March 20____	_____	<input type="checkbox"/> September 20____	_____
<input type="checkbox"/> April 20____	_____	<input type="checkbox"/> October 20____	_____
<input type="checkbox"/> May 20____	_____	<input type="checkbox"/> November 20____	_____
<input type="checkbox"/> June 20____	_____	<input type="checkbox"/> December 20____	_____

\*Initials of reporter and Clerk-Treasurer:

\_\_\_\_\_  
Applicant (City Department Head)

\_\_\_\_\_  
Clerk Treasurer's Office

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**Federal Grants: Internal Controls Checklist**

**7. Financial Management**

Based on the grant budget control ledger established in 1. B., during the grant period, Applicant/Department Head meets with Clerk-Treasurer to reconcile funds requested, receipts and expenditures. Based on grant period or requirements, may be completed either monthly, bi-monthly or quarterly.

<u>Report Date</u>	<u>Initials*</u>	<u>Report Date</u>	<u>Initials*</u>
<input type="checkbox"/> January 20____	_____	<input type="checkbox"/> July 20____	_____
<input type="checkbox"/> February 20____	_____	<input type="checkbox"/> August 20____	_____
<input type="checkbox"/> March 20____	_____	<input type="checkbox"/> September 20____	_____
<input type="checkbox"/> April 20____	_____	<input type="checkbox"/> October 20____	_____
<input type="checkbox"/> May 20____	_____	<input type="checkbox"/> November 20____	_____
<input type="checkbox"/> June 20____	_____	<input type="checkbox"/> December 20____	_____

\*Initials of reporter and Clerk-Treasurer:

\_\_\_\_\_  
Applicant (City Department Head)

\_\_\_\_\_  
Clerk Treasurer's Office

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**Federal Grants: Internal Controls Checklist**

**8. Project Management – Reports**

Are project status or performance reports required  Quarterly;  Semi-Annually;  Annually

Status or Performance Reports for file and Clerk-Treasurer’s back-up/information file.

<u>Report Date</u>	<u>Initials*</u>
<input type="checkbox"/> _____	_____
<input type="checkbox"/> _____	_____
<input type="checkbox"/> _____	_____
<input type="checkbox"/> _____	_____
<input type="checkbox"/> _____	_____
<input type="checkbox"/> _____	_____
<input type="checkbox"/> _____	_____

\*Initials of reporter and Clerk-Treasurer:

**9. Project Management - Grant Close-out**

- \_\_\_\_\_ Final report is filed for project
- \_\_\_\_\_ Will project be monitored by funder?
- \_\_\_\_\_ Monitoring response (if by funder)
- \_\_\_\_\_ SBA Audit
- \_\_\_\_\_ Audit response if issues determined.
- \_\_\_\_\_ Submit Audit to the Federal Audit Clearinghouse  
(<https://harvester.census.gov/facweb/>)

\_\_\_\_\_  
Applicant (City Department Head)

\_\_\_\_\_  
Clerk Treasurer’s Office

\_\_\_\_\_  
Date

\_\_\_\_\_  
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/>.