

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

FINANCIAL STATEMENTS AUDIT REPORT

CITY OF ANGOLA MUNICIPAL UTILITIES

STEBEN COUNTY, INDIANA

January 1, 2015 to December 31, 2017



FILED
06/07/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Debra Twitchell	01-01-12 to 12-31-19
Mayor	Richard M. Hickman	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Richard M. Hickman	01-01-15 to 12-31-18
President Pro Tempore of the Common Council	David Martin	01-01-15 to 12-31-18
Superintendent of Water Utility	Thomas Selman	01-01-15 to 12-31-18
Superintendent of Wastewater Utility	Craig Williams	01-01-15 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF ANGOLA MUNICIPAL UTILITIES, STEUBEN COUNTY, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Angola Municipal Utilities (Utilities), departments of the City of Angola (City), as of and for the years ended December 31, 2015, 2016, and 2017, and the related notes to the financial statements, which collectively comprise the Utilities' basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Utilities, as of December 31, 2015, 2016, and 2017, and the respective changes in financial position and, where applicable, cash flows thereof and for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.


Paul D. Joyce, CPA
State Examiner

May 14, 2018

BASIC FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were prepared by management of the Utilities. The financial statements and notes are presented as intended by the Utilities.

CITY OF ANGOLA MUNICIPAL UTILITIES
STATEMENT OF NET POSITION
December 31, 2015

<u>Assets</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
Current assets:		
Cash and cash equivalents	\$ 195,478	\$ 326,565
Accounts receivable (net of allowance)	4,068	11,015
Accounts receivable - other	967	44
Inventories	<u>55,982</u>	<u>50,671</u>
Total current assets	<u>256,495</u>	<u>388,295</u>
Noncurrent assets:		
Restricted cash, cash equivalents and investments:		
Improvement cash and investments	946,919	1,191,711
Bond and interest cash and investments	601,955	717,981
Construction cash and investments	1,047,210	803,119
Customer deposits	<u>51,375</u>	<u>-</u>
Total restricted assets	<u>2,647,459</u>	<u>2,712,811</u>
Capital assets:		
Land, improvements to land and construction in progress	648,413	140,462
Other capital assets (net of accumulated depreciation)	<u>8,461,831</u>	<u>15,632,173</u>
Total capital assets	<u>9,110,244</u>	<u>15,772,635</u>
Total noncurrent assets	<u>11,757,703</u>	<u>18,485,446</u>
Total assets	<u>12,014,198</u>	<u>18,873,741</u>
Deferred outflows of resources	<u>37,036</u>	<u>153,183</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	58,153	24,797
Accrued wages payable	22,575	24,873
Taxes payable	7,536	-
Compensated absences	18,097	15,204
Current liabilities payable from restricted assets:		
Customer deposits	51,375	-
Revenue bonds payable	305,000	225,000
Loans payable	-	87,500
Accrued interest payable	<u>51,104</u>	<u>-</u>
Total current liabilities	<u>513,840</u>	<u>377,374</u>
Noncurrent liabilities:		
Revenue bonds payable (net of unamortized discounts)	3,917,582	2,508,550
Loans payable	-	2,362,500
Compensated absences	<u>9,446</u>	<u>4,047</u>
Total noncurrent liabilities	<u>3,927,028</u>	<u>4,875,097</u>
Total liabilities	<u>4,440,868</u>	<u>5,252,471</u>
Deferred inflows of resources	<u>44,658</u>	<u>-</u>
<u>Net position</u>		
Net investment in capital assets	4,880,040	10,742,268
Restricted for:		
Debt service	601,955	717,981
Construction and improvements	1,994,129	1,994,830
Customer deposits	51,375	-
Unrestricted	<u>38,209</u>	<u>319,374</u>
Total net position	<u>\$ 7,565,708</u>	<u>\$ 13,774,453</u>

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

CITY OF ANGOLA MUNICIPAL UTILITIES
STATEMENT OF NET POSITION
December 31, 2016

<u>Assets</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
Current assets:		
Cash and cash equivalents	\$ 306,103	\$ 358,609
Accounts receivable (net of allowance)	4,466	14,230
Accounts receivable - other	2,183	98
Inventories	<u>51,334</u>	<u>44,410</u>
Total current assets	<u>364,086</u>	<u>417,347</u>
Noncurrent assets:		
Restricted cash, cash equivalents and investments:		
Improvement cash and investments	1,278,474	1,181,885
Bond and interest cash and investments	499,941	719,478
Construction cash and investments	762,260	515,968
Customer deposits	<u>50,685</u>	<u>-</u>
Total restricted assets	<u>2,591,360</u>	<u>2,417,331</u>
Capital assets:		
Land, improvements to land and construction in progress	339,891	419,796
Other capital assets (net of accumulated depreciation)	<u>8,811,258</u>	<u>15,142,678</u>
Total capital assets	<u>9,151,149</u>	<u>15,562,474</u>
Total noncurrent assets	<u>11,742,509</u>	<u>17,979,805</u>
Total assets	<u>12,106,595</u>	<u>18,397,152</u>
Deferred outflows of resources	<u>31,411</u>	<u>134,035</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	38,014	30,240
Accrued wages payable	25,104	29,021
Taxes payable	7,733	-
Compensated absences	22,562	14,463
Current liabilities payable from restricted assets:		
Customer deposits	50,685	-
Revenue bonds payable	360,000	225,000
Loans payable	-	87,500
Accrued interest payable	<u>37,116</u>	<u>-</u>
Total current liabilities	<u>541,214</u>	<u>386,224</u>
Noncurrent liabilities:		
Revenue bonds payable (net of unamortized discounts)	3,556,453	2,068,106
Loans payable	-	2,187,500
Compensated absences	<u>5,587</u>	<u>4,422</u>
Total noncurrent liabilities	<u>3,562,040</u>	<u>4,260,028</u>
Total liabilities	<u>4,103,254</u>	<u>4,646,252</u>
Deferred inflows of resources	<u>42,425</u>	<u>-</u>
<u>Net position</u>		
Net investment in capital assets	5,223,682	11,128,403
Restricted for:		
Debt service	499,941	719,478
Construction and improvements	2,040,734	1,697,853
Customer deposits	50,685	-
Unrestricted	<u>177,285</u>	<u>339,201</u>
Total net position	<u>\$ 7,992,327</u>	<u>\$ 13,884,935</u>

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

CITY OF ANGOLA MUNICIPAL UTILITIES
STATEMENT OF NET POSITION
December 31, 2017

<u>Assets</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
Current assets:		
Cash and cash equivalents	\$ 271,245	\$ 356,607
Accounts receivable (net of allowance)	4,435	16,666
Accounts receivable - other	970	32
Inventories	<u>48,304</u>	<u>61,391</u>
Total current assets	<u>324,954</u>	<u>434,696</u>
Noncurrent assets:		
Restricted cash, cash equivalents and investments:		
Improvement cash and investments	1,561,325	1,251,955
Bond and interest cash and investments	497,368	725,357
Construction cash and investments	429,025	468,032
Customer deposits	<u>55,375</u>	<u>-</u>
Total restricted assets	<u>2,543,093</u>	<u>2,445,344</u>
Capital assets:		
Land, improvements to land and construction in progress	72,024	347,625
Other capital assets (net of accumulated depreciation)	<u>9,188,234</u>	<u>14,919,486</u>
Total capital assets	<u>9,260,258</u>	<u>15,267,111</u>
Total noncurrent assets	<u>11,803,351</u>	<u>17,712,455</u>
Total assets	<u>12,128,305</u>	<u>18,147,151</u>
Deferred outflows of resources	<u>25,786</u>	<u>114,887</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	38,081	43,789
Accrued wages payable	25,800	28,683
Taxes payable	7,518	-
Compensated absences	21,924	15,207
Current liabilities payable from restricted assets:		
Customer deposits	55,375	-
Revenue bonds payable	360,000	240,000
Loans payable	-	87,500
Accrued interest payable	<u>34,548</u>	<u>-</u>
Total current liabilities	<u>543,246</u>	<u>415,179</u>
Noncurrent liabilities:		
Revenue bonds payable (net of unamortized discounts)	3,195,324	1,597,662
Loans payable	-	2,012,500
Compensated absences	<u>4,988</u>	<u>4,559</u>
Total noncurrent liabilities	<u>3,200,312</u>	<u>3,614,721</u>
Total liabilities	<u>3,743,558</u>	<u>4,029,900</u>
Deferred inflows of resources	<u>40,192</u>	<u>-</u>
<u>Net position</u>		
Net investment in capital assets	5,690,528	11,444,336
Restricted for:		
Debt service	497,368	725,357
Construction and improvements	1,990,350	1,719,987
Customer deposits	55,375	-
Unrestricted	<u>136,720</u>	<u>342,458</u>
Total net position	<u>\$ 8,370,341</u>	<u>\$ 14,232,138</u>

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

CITY OF ANGOLA MUNICIPAL UTILITIES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
As Of And For The Year Ended December 31, 2015

	Water Utility	Wastewater Utility
Operating revenues:		
Metered water revenue	\$ 1,396,928	\$ -
Measured revenue:		
Wastewater	-	2,402,612
Stormwater	-	222,884
Fire protection revenue	436,619	-
Penalties	6,897	32,445
Other	195,560	144,969
	<u>2,036,004</u>	<u>2,802,910</u>
 Total operating revenues		
	<u>2,036,004</u>	<u>2,802,910</u>
Operating expenses:		
Source of supply and expense - operations and maintenance	291,309	-
Water treatment expense - operations and maintenance	303,866	-
Transmission and distribution	377,402	-
Utility Receipts Tax	21,040	-
Collection system - operations and maintenance	-	401,965
Pumping - operations and maintenance	-	126,363
Treatment and disposal - operations and maintenance	-	561,466
Customer accounts	81,689	81,178
Administration and general	472,572	360,609
Depreciation	286,491	819,883
Contractual services	-	61,114
	<u>1,834,369</u>	<u>2,412,578</u>
 Total operating expenses		
	<u>1,834,369</u>	<u>2,412,578</u>
 Operating income		
	<u>201,635</u>	<u>390,332</u>
Nonoperating revenues (expenses):		
Interest and investment revenue	3,447	1,677
Bond issue costs	(90,739)	-
Miscellaneous revenue	34,015	-
Gain (loss) on disposal of asset	350	(962)
Amortization of deferred loss	(5,625)	(19,148)
Amortization of bond premium	-	444
Interest expense	(105,830)	(112,245)
	<u>(164,382)</u>	<u>(130,234)</u>
 Total nonoperating revenues (expenses)		
	<u>(164,382)</u>	<u>(130,234)</u>
 Change in net assets		
	<u>37,253</u>	<u>260,098</u>
 Total net position - beginning		
	<u>7,528,455</u>	<u>13,514,355</u>
 Total net position - ending		
	<u>\$ 7,565,708</u>	<u>\$ 13,774,453</u>

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

CITY OF ANGOLA MUNICIPAL UTILITIES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
As Of And For The Year Ended December 31, 2016

	Water Utility	Wastewater Utility
Operating revenues:		
Metered water revenue	\$ 1,447,162	\$ -
Measured revenue:		
Wastewater	-	2,344,780
Stormwater	-	220,862
Fire protection revenue	460,228	-
Penalties	6,623	29,475
Other	<u>203,582</u>	<u>211,500</u>
 Total operating revenues	 <u>2,117,595</u>	 <u>2,806,617</u>
Operating expenses:		
Source of supply and expense - operations and maintenance	217,049	-
Water treatment expense - operations and maintenance	299,478	-
Transmission and distribution	376,810	-
Utility Receipts Tax	21,912	-
Collection system - operations and maintenance	-	307,263
Pumping - operations and maintenance	-	112,468
Treatment and disposal - operations and maintenance	-	593,115
Customer accounts	80,725	82,023
Administration and general	384,228	384,892
Depreciation	279,591	820,404
Contractual services	<u>-</u>	<u>287,917</u>
 Total operating expenses	 <u>1,659,793</u>	 <u>2,588,082</u>
 Operating income	 <u>457,802</u>	 <u>218,535</u>
Nonoperating revenues (expenses):		
Interest and investment revenue	15,299	10,671
Miscellaneous revenue	35,306	-
Gain (loss) on disposal of asset	1,000	(245)
Amortization of deferred gain	2,233	-
Amortization of deferred loss	(5,625)	(19,148)
Amortization of bond premium	1,129	444
Interest expense	<u>(80,525)</u>	<u>(99,775)</u>
 Total nonoperating revenues (expenses)	 <u>(31,183)</u>	 <u>(108,053)</u>
 Change in net assets	 426,619	 110,482
Total net position - beginning	<u>7,565,708</u>	<u>13,774,453</u>
Total net position - ending	<u>\$ 7,992,327</u>	<u>\$ 13,884,935</u>

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

CITY OF ANGOLA MUNICIPAL UTILITIES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
As Of And For The Year Ended December 31, 2017

	Water Utility	Wastewater Utility
Operating revenues:		
Metered water revenue	\$ 1,459,725	\$ -
Measured revenue:		
Wastewater	-	2,370,334
Stormwater	-	227,308
Fire protection revenue	461,236	-
Penalties	5,617	24,402
Other	242,330	235,487
 Total operating revenues	 2,168,908	 2,857,531
 Operating expenses:		
Source of supply and expense - operations and maintenance	139,466	-
Water treatment expense - operations and maintenance	374,751	-
Transmission and distribution	400,183	-
Utility Receipts Tax	21,913	-
Collection system - operations and maintenance	-	316,833
Pumping - operations and maintenance	-	133,613
Treatment and disposal - operations and maintenance	-	636,931
Customer accounts	85,584	86,070
Administration and general	387,019	388,404
Depreciation	353,353	819,214
Contractual services	-	51,129
 Total operating expenses	 1,762,269	 2,432,194
 Operating income	 406,639	 425,337
 Nonoperating revenues (expenses):		
Interest and investment revenue	23,887	24,766
Miscellaneous revenue	34,921	-
Gain (loss) on disposal of asset	4,102	1,560
Amortization of deferred gain	2,233	-
Amortization of deferred loss	(5,625)	(19,148)
Amortization of bond premium	1,129	444
Interest expense	(89,272)	(85,756)
 Total nonoperating revenues (expenses)	 (28,625)	 (78,134)
 Income before contributions	 378,014	 347,203
Capital contributions	-	-
 Change in net assets	 378,014	 347,203
Total net position - beginning	7,992,327	13,884,935
Total net position - ending	\$ 8,370,341	\$ 14,232,138

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

CITY OF ANGOLA MUNICIPAL UTILITIES
STATEMENT OF CASH FLOWS
As Of And For The Year Ended December 31, 2015

	Water Utility	Wastewater Utility
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,087,727	\$ 2,805,468
Payments to suppliers, employees and others	<u>(1,439,270)</u>	<u>(1,651,725)</u>
Net cash provided by operating activities	<u>648,457</u>	<u>1,153,743</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(561,771)	(343,038)
Bond proceeds	2,757,708	-
Bond issue costs	(90,739)	-
Principal paid on capital debt	(1,980,000)	(600,000)
Interest paid on capital debt	<u>(105,830)</u>	<u>(112,245)</u>
Net cash provided (used) by capital and related financing activities	<u>19,368</u>	<u>(1,055,283)</u>
Cash flows from investing activities:		
Interest received	<u>3,447</u>	<u>1,677</u>
Net increase in cash and cash equivalents	671,272	100,137
Cash and cash equivalents, January 1	<u>2,171,665</u>	<u>2,939,239</u>
Cash and cash equivalents, December 31	<u>\$ 2,842,937</u>	<u>\$ 3,039,376</u>
Unrestricted cash and cash equivalents	195,478	326,565
Restricted cash and cash equivalents	<u>2,647,459</u>	<u>2,712,811</u>
Cash and cash equivalents, December 31	<u>\$ 2,842,937</u>	<u>\$ 3,039,376</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 201,635</u>	<u>\$ 390,332</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	286,491	819,883
Other nonoperating income	148,090	-
(Increase) decrease in assets:		
Accounts receivable	69	2,558
Inventories	(5,251)	(24,689)
Increase (decrease) in liabilities:		
Accounts payable	8,568	(36,158)
Accrued wages payable	2,801	(350)
Taxes payable	634	-
Compensated absence payable	4,810	2,167
Customer deposits	<u>610</u>	<u>-</u>
Total adjustments	<u>446,822</u>	<u>763,411</u>
Net cash provided by operating activities	<u>\$ 648,457</u>	<u>\$ 1,153,743</u>

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

CITY OF ANGOLA MUNICIPAL UTILITIES
STATEMENT OF CASH FLOWS
As Of And For The Year Ended December 31, 2016

	Water Utility	Wastewater Utility
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,146,894	\$ 2,822,469
Payments to suppliers, employees and others	<u>(1,402,645)</u>	<u>(1,771,314)</u>
Net cash provided by operating activities	<u>744,249</u>	<u>1,051,155</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(319,497)	(610,488)
Principal paid on capital debt	(305,000)	(615,000)
Interest paid on capital debt	<u>(80,525)</u>	<u>(99,775)</u>
Net cash used by capital and related financing activities	<u>(705,022)</u>	<u>(1,325,263)</u>
Cash flows from investing activities:		
Interest received	<u>15,299</u>	<u>10,672</u>
Net increase (decrease) in cash and cash equivalents	54,526	(263,436)
Cash and cash equivalents, January 1	<u>2,842,937</u>	<u>3,039,376</u>
Cash and cash equivalents, December 31	<u>\$ 2,897,463</u>	<u>\$ 2,775,940</u>
Unrestricted cash and cash equivalents	306,103	358,609
Restricted cash and cash equivalents	<u>2,591,360</u>	<u>2,417,331</u>
Cash and cash equivalents, December 31	<u>\$ 2,897,463</u>	<u>\$ 2,775,940</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 457,802</u>	<u>\$ 218,535</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	279,591	820,404
Other nonoperating income	21,319	-
(Increase) decrease in assets:		
Accounts receivable	(1,614)	(3,271)
Inventories	4,648	6,262
Increase (decrease) in liabilities:		
Accounts payable	(20,139)	5,443
Accrued wages payable	2,529	4,148
Taxes payable	197	-
Compensated absence payable	606	(366)
Customer deposits	<u>(690)</u>	<u>-</u>
Total adjustments	<u>286,447</u>	<u>832,620</u>
Net cash provided by operating activities	<u>\$ 744,249</u>	<u>\$ 1,051,155</u>

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

CITY OF ANGOLA MUNICIPAL UTILITIES
STATEMENT OF CASH FLOWS
As Of And For The Year Ended December 31, 2017

	<u>Water Utility</u>	<u>Wastewater Utility</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,210,986	\$ 2,871,961
Payments to suppliers, employees and others	<u>(1,410,368)</u>	<u>(1,632,670)</u>
Net cash provided by operating activities	<u>800,618</u>	<u>1,239,291</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(458,359)	(522,290)
Principal paid on capital debt	(360,000)	(630,000)
Interest paid on capital debt	<u>(89,272)</u>	<u>(85,756)</u>
Net cash used by capital and related financing activities	<u>(907,631)</u>	<u>(1,238,046)</u>
Cash flows from investing activities:		
Interest received	<u>23,887</u>	<u>24,766</u>
Net increase (decrease) in cash and cash equivalents	(83,126)	26,011
Cash and cash equivalents, January 1	<u>2,897,463</u>	<u>2,775,940</u>
Cash and cash equivalents, December 31	<u>\$ 2,814,338</u>	<u>\$ 2,801,951</u>
Unrestricted cash and cash equivalents	271,245	356,607
Restricted cash and cash equivalents	<u>2,543,093</u>	<u>2,445,344</u>
Cash and cash equivalents, December 31	<u>\$ 2,814,338</u>	<u>\$ 2,801,951</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 406,639</u>	<u>\$ 425,337</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	353,353	819,214
Other nonoperating income	32,351	-
(Increase) decrease in assets:		
Accounts receivable	1,244	(2,370)
Inventories	3,030	(16,982)
Increase (decrease) in liabilities:		
Accounts payable	67	13,549
Accrued wages payable	696	(338)
Taxes payable	(215)	-
Compensated absence payable	(1,237)	881
Customer deposits	<u>4,690</u>	<u>-</u>
Total adjustments	<u>393,979</u>	<u>813,954</u>
Net cash provided by operating activities	<u>\$ 800,618</u>	<u>\$ 1,239,291</u>

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

CITY OF ANGOLA MUNICIPAL UTILITIES
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements reflect only the activity of the City of Angola Municipal Utilities (Utilities) and are not intended to present fairly the position of the City of Angola (City), and the results of its operations and cash flows of its enterprise funds. The Utilities, whose operations are controlled by the City, represents a substantial portion of the City's enterprise funds.

B. Fund Financial Statements

Business-type activity financial statements consist of the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Business-type activities rely to a significant extent on fees and charges for support.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the business-type activity are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

When both restricted and unrestricted resources are available for use, the Utilities' policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

The Utilities' cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the Utilities to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method.

CITY OF ANGOLA MUNICIPAL UTILITIES
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items

3. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in separate funds and/or bank accounts and their use is limited by applicable bond covenants.

The 2015, 2016, and 2017 financial statements report Water Utility restricted net position of \$2,647,459, \$2,591,360 and \$2,543,093, respectively, all of which are restricted by enabling legislation; and Wastewater Utility restricted net position of \$2,712,811, \$2,417,331 and \$2,445,344, respectively, all of which are restricted by enabling legislation.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the financial statements.

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.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	Straight-line	10 to 100 yrs.
Infrastructure	5,000	Straight-line	10 to 100 yrs.
Improvements other than buildings	5,000	Straight-line	10 to 100 yrs.
Machinery and equipment	5,000	Straight-line	5 to 50 yrs.

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Water Utility and Wastewater Utility during the year 2015 was \$105,830 and \$112,245, respectively, the year 2016 was \$80,525 and \$99,775, respectively, and the year 2017 was \$89,272 and \$85,756, respectively. Of these amounts, nothing was included as part of the cost of capital assets under construction.

5. Compensated Absences

- a. Sick Leave - Utility employees earn sick leave at the rate of 1 day per month. Unused sick leave may be accumulated to a maximum of 90 days. Accumulated sick leave is paid to employees upon termination.

CITY OF ANGOLA MUNICIPAL UTILITIES
NOTES TO FINANCIAL STATEMENTS
(Continued)

- b. Vacation Leave - Utility employees earn vacation leave at rates from 5 days to 25 days per year based upon the number of years of service. Vacation leave may not be accumulated beyond the employee's anniversary date. Accumulated vacation leave is paid to employees through cash payments upon termination.
- c. Personal Leave - Utility employees earn personal leave at the rate of 6 days per year. Personal leave does not accumulate from year to year.

Vacation and sick leave is accrued when incurred.

6. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

7. Deferred Inflows/Outflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to future periods. Deferred outflows of resources represent a consumption of net position that applies to future periods.

II. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Utilities do not have a deposit policy for custodial credit risk. At December 31, 2017, the deposit balances were \$2,814,338 and \$2,801,951 for the Water and Wastewater Utilities, respectively.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Capital Assets

Capital asset activity for the years ended December 31, 2015, 2016 and 2017, were as follows:

CITY OF ANGOLA MUNICIPAL UTILITIES
NOTES TO FINANCIAL STATEMENTS
(Continued)

Water Utility	Balance 01-01-15	Increases	Decreases	Balance 12-31-15
Capital assets, not being depreciated:				
Land	\$ 56,533	\$ -	\$ -	\$ 56,533
Construction in progress	62,988	528,892	-	591,880
Total capital assets, not being depreciated	119,521	528,892	-	648,413
Capital assets, being depreciated:				
Buildings	3,586,894	-	-	3,586,894
Infrastructure	6,675,435	-	-	6,675,435
Improvements other than buildings	7,390	-	-	7,390
Machinery and equipment	2,348,424	40,792	-	2,389,216
Totals	12,618,143	40,792	-	12,658,935
Less accumulated depreciation for:				
Buildings	(985,556)	(90,744)	-	(1,076,300)
Infrastructure	(2,110,446)	(116,581)	-	(2,227,027)
Improvements other than buildings	(4,804)	(370)	-	(5,174)
Machinery and equipment	(809,807)	(78,796)	-	(888,603)
Totals	(3,910,613)	(286,491)	-	(4,197,104)
Total capital assets, being depreciated, net	8,707,530	(245,699)	-	8,461,831
Total Water Utility capital assets, net	\$ 8,827,051	\$ 283,193	\$ -	\$ 9,110,244
Water Utility	Balance 01-01-16	Increases	Decreases	Balance 12-31-16
Capital assets, not being depreciated:				
Land	\$ 56,533	\$ -	\$ -	\$ 56,533
Construction in progress	591,880	309,097	617,619	283,358
Total capital assets, not being depreciated	648,413	309,097	617,619	339,891
Capital assets, being depreciated:				
Buildings	3,586,894	-	-	3,586,894
Infrastructure	6,675,435	-	-	6,675,435
Improvements other than buildings	7,390	-	-	7,390
Machinery and equipment	2,389,216	629,018	-	3,018,234
Totals	12,658,935	629,018	-	13,287,953
Less accumulated depreciation for:				
Buildings	(1,076,300)	(90,743)	-	(1,167,043)
Infrastructure	(2,227,027)	(116,582)	-	(2,343,609)
Improvements other than buildings	(5,174)	(370)	-	(5,544)
Machinery and equipment	(888,603)	(71,896)	-	(960,499)
Totals	(4,197,104)	(279,591)	-	(4,476,695)
Total capital assets, being depreciated, net	8,461,831	349,427	-	8,811,258
Total Water Utility capital assets, net	\$ 9,110,244	\$ 658,524	\$ 617,619	\$ 9,151,149

CITY OF ANGOLA MUNICIPAL UTILITIES
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Water Utility</u>	Balance 01-01-17	Increases	Decreases	Balance 12-31-17
Capital assets, not being depreciated:				
Land	\$ 56,533	\$ -	\$ -	\$ 56,533
Construction in progress	<u>283,358</u>	<u>337,596</u>	<u>605,463</u>	<u>15,491</u>
Total capital assets, not being depreciated	<u>339,891</u>	<u>337,596</u>	<u>605,463</u>	<u>72,024</u>
Buildings	3,586,894	14,970	-	3,601,864
Infrastructure	6,675,435	605,463	-	7,280,898
Improvements other than buildings	7,390	-	-	7,390
Machinery and equipment	<u>3,018,234</u>	<u>109,896</u>	<u>44,149</u>	<u>3,083,981</u>
Totals	<u>13,287,953</u>	<u>730,329</u>	<u>44,149</u>	<u>13,974,133</u>
Less accumulated depreciation for:				
Buildings	(1,167,043)	(90,744)	-	(1,257,787)
Infrastructure	(2,343,609)	(114,911)	-	(2,458,520)
Improvements other than buildings	(5,544)	(370)	-	(5,914)
Machinery and equipment	<u>(960,499)</u>	<u>(147,328)</u>	<u>(44,149)</u>	<u>(1,063,678)</u>
Totals	<u>(4,476,695)</u>	<u>(353,353)</u>	<u>(44,149)</u>	<u>(4,785,899)</u>
Total capital assets, being depreciated, net	<u>8,811,258</u>	<u>376,976</u>	<u>-</u>	<u>9,188,234</u>
Total Water Utility capital assets, net	<u>\$ 9,151,149</u>	<u>\$ 714,572</u>	<u>\$ 605,463</u>	<u>\$ 9,260,258</u>
<u>Wastewater Utility</u>	Balance 01-01-15	Increases	Decreases	Balance 12-31-15
Capital assets, not being depreciated:				
Land	\$ 26,626	\$ -	\$ -	\$ 26,626
Construction in progress	<u>51,475</u>	<u>208,220</u>	<u>145,859</u>	<u>113,836</u>
Total capital assets, not being depreciated	<u>78,101</u>	<u>208,220</u>	<u>145,859</u>	<u>140,462</u>
Capital assets, being depreciated:				
Buildings	7,601,274	-	-	7,601,274
Infrastructure	18,976,220	145,859	-	19,122,079
Improvements other than buildings	143,865	-	-	143,865
Machinery and equipment	<u>2,345,475</u>	<u>168,412</u>	<u>34,633</u>	<u>2,479,254</u>
Totals	<u>29,066,834</u>	<u>314,271</u>	<u>34,633</u>	<u>29,346,472</u>
Less accumulated depreciation for:				
Buildings	(2,617,863)	(173,111)	-	(2,790,974)
Infrastructure	(9,190,584)	(508,826)	-	(9,699,410)
Improvements other than buildings	(37,002)	(6,869)	-	(43,871)
Machinery and equipment	<u>(1,049,044)</u>	<u>(131,075)</u>	<u>(75)</u>	<u>(1,180,044)</u>
Totals	<u>(12,894,493)</u>	<u>(819,881)</u>	<u>(75)</u>	<u>(13,714,299)</u>
Total capital assets, being depreciated, net	<u>16,172,341</u>	<u>(505,610)</u>	<u>34,558</u>	<u>15,632,173</u>
Total Wastewater Utility capital assets, net	<u>\$ 16,250,442</u>	<u>\$ (297,390)</u>	<u>\$ 180,417</u>	<u>\$ 15,772,635</u>

CITY OF ANGOLA MUNICIPAL UTILITIES
NOTES TO FINANCIAL STATEMENTS
(Continued)

Wastewater Utility	Balance 01-01-16	Increases	Decreases	Balance 12-31-16
Capital assets, not being depreciated:				
Land	\$ 26,626	\$ -	\$ -	\$ 26,626
Construction in progress	113,836	360,162	80,828	393,170
Total capital assets, not being depreciated	140,462	360,162	80,828	419,796
Capital assets, being depreciated:				
Buildings	7,601,274	12,127	-	7,613,401
Infrastructure	19,122,079	147,750	-	19,269,829
Improvements other than buildings	143,865	55,538	-	199,403
Machinery and equipment	2,479,254	150,383	34,888	2,594,749
Totals	29,346,472	365,798	34,888	29,677,382
Less accumulated depreciation for:				
Buildings	(2,790,974)	(172,834)	-	(2,963,808)
Infrastructure	(9,699,410)	(507,297)	-	(10,206,707)
Improvements other than buildings	(43,871)	(6,869)	-	(50,740)
Machinery and equipment	(1,180,044)	(133,405)	-	(1,313,449)
Totals	(13,714,299)	(820,405)	-	(14,534,704)
Total capital assets, being depreciated, net	15,632,173	(454,607)	34,888	15,142,678
Total Wastewater Utility capital assets, net	\$ 15,772,635	\$ (94,445)	\$ 115,716	\$ 15,562,474
<u>Wastewater Utility</u>				
	Balance 01-01-17	Increases	Decreases	Balance 12-31-17
Capital assets, not being depreciated:				
Land	\$ 26,626	\$ -	\$ -	\$ 26,626
Construction in progress	393,170	353,310	425,481	320,999
Total capital assets, not being depreciated	419,796	353,310	425,481	347,625
Capital assets, being depreciated:				
Buildings	7,613,401	-	-	7,613,401
Infrastructure	19,269,829	473,869	-	19,743,698
Improvements other than buildings	199,403	51,451	-	250,854
Machinery and equipment	2,594,749	106,601	36,025	2,665,325
Totals	29,677,382	631,921	36,025	30,273,278
Less accumulated depreciation for:				
Buildings	(2,963,808)	(171,855)	-	(3,135,663)
Infrastructure	(10,206,707)	(509,255)	-	(10,715,962)
Improvements other than buildings	(50,740)	(9,646)	-	(60,386)
Machinery and equipment	(1,313,449)	(128,457)	(125)	(1,441,781)
Totals	(14,534,704)	(819,213)	(125)	(15,353,792)
Total capital assets, being depreciated, net	15,142,678	(187,292)	35,900	14,919,486
Total Wastewater Utility capital assets, net	\$ 15,562,474	\$ 166,018	\$ 461,381	\$ 15,267,111

Depreciation expense was charged to functions/programs of the Utilities as follows:

	2015	2016	2017
Water	\$ 286,491	\$ 279,591	\$ 353,353
Wastewater	819,883	820,404	819,214
Total depreciation expense	\$ 1,106,374	\$ 1,099,995	\$ 1,172,567

CITY OF ANGOLA MUNICIPAL UTILITIES
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Construction Commitments

Construction work in progress is composed of the following:

Project	2015		2016		2017	
	Expended to December 31,	Committed	Expended to December 31,	Committed	Expended to December 31,	Committed
Water Utility:						
WTP SCADA Upgrade	\$ 313,935	\$ 313,935	\$ -	\$ -	\$ -	\$ -
SWTP Improvements	268,482	268,482	-	-	-	-
Think GIS Software	9,463	9,463	-	-	-	-
Well House #11 & Aerator	-	-	283,358	283,358	-	-
WMTP Clearwell	-	-	-	-	8,280	8,280
HSP Building & Equipment Improvements	-	-	-	-	7,211	7,211
Total Water Utility	\$ 591,880	\$ 591,880	\$ 283,358	\$ 283,358	\$ 15,491	\$ 15,491
Wastewater Utility:						
SE Public Square Stormwater Improvements	\$ 5,099	\$ 5,099	\$ -	\$ -	\$ -	\$ -
WWTP Parking Lot	38,286	38,286	38,284	38,284	-	-
Bar Screen Replacement	31,855	31,855	269,010	269,010	-	-
Think GIS Software	23,888	23,888	-	-	-	-
Waste Hauler Pretreatment Station	14,709	14,709	51,451	51,451	-	-
Blower Building Improvements	-	-	7,547	7,547	26,366	26,366
Hires Lift Station Improvements	-	-	7,503	7,503	283,220	283,220
Manhole Lining and Reconstruction	-	-	19,375	19,375	-	-
Beverly Court Forcemain	-	-	-	-	11,413	11,413
Total Wastewater Utility	\$ 113,837	\$ 113,837	\$ 393,170	\$ 393,170	\$ 320,999	\$ 320,999

D. Long-Term Liabilities

1. Revenue Bonds

The Utilities issue bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at December 31, 2015, 2016, and 2017 are as follows:

Purpose	Interest Rates	Balance at 12/31/15	Less:		Amount
			Unamortized (Premium) Discount		
Water Utility:					
2012 Waterworks refunding revenue bonds	1.5% to 2.5%	\$ 1,395,000	\$ -	\$ 1,395,000	
2015 Waterworks revenue bonds		<u>2,805,000</u>	<u>(22,582)</u>	<u>2,827,582</u>	
Total Water Utility		\$ 4,200,000	\$ (22,582)	\$ 4,222,582	
Wastewater Utility:					
2010 Sewage Works refunding revenue bonds, Series A	2.5% to 4.75%	<u>2,730,000</u>	<u>(3,550)</u>	<u>2,733,550</u>	
Total Wastewater Utility		\$ 2,730,000	\$ (3,550)	\$ 2,733,550	

CITY OF ANGOLA MUNICIPAL UTILITIES
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Balance at 12/31/16	Less: Unamortized (Premium) Discount	Amount
Water Utility:				
2012 Waterworks refunding revenue bonds	1.5% to 2.5%	\$ 1,200,000	\$ -	\$ 1,200,000
2015 Waterworks revenue bonds	2% to 3.5%	<u>2,695,000</u>	<u>(21,453)</u>	<u>2,716,453</u>
Total Water Utility		<u>\$ 3,895,000</u>	<u>\$ (21,453)</u>	<u>\$ 3,916,453</u>
Wastewater Utility:				
2010 Sewage Works refunding revenue bonds, Series A	3.0% to 4.75%	<u>2,290,000</u>	<u>(3,106)</u>	<u>2,293,106</u>
Total Wastewater Utility		<u>\$ 2,290,000</u>	<u>\$ (3,106)</u>	<u>\$ 2,293,106</u>

Purpose	Interest Rates	Balance at 12/31/17	Less: Unamortized (Premium) Discount	Amount
Water Utility:				
2012 Waterworks refunding revenue bonds	1.5% to 2.5%	\$ 995,000	\$ -	\$ 995,000
2015 Waterworks revenue bonds	2% to 3.5%	<u>2,540,000</u>	<u>(20,324)</u>	<u>2,560,324</u>
Total Water Utility		<u>\$ 3,535,000</u>	<u>\$ (20,324)</u>	<u>\$ 3,555,324</u>
Wastewater Utility:				
2010 Sewage Works refunding revenue bonds, Series A	3.25% to 4.75%	<u>1,835,000</u>	<u>(2,662)</u>	<u>1,837,662</u>
Total Wastewater Utility		<u>\$ 1,835,000</u>	<u>\$ (2,662)</u>	<u>\$ 1,837,662</u>

Revenue bonds debt service requirements to maturity are as follows:

	Water Utility		Wastewater Utility	
	Principal	Interest	Principal	Interest
2018	\$ 360,000	\$ 83,096	\$ 240,000	\$ 37,025
2019	365,000	76,511	480,000	61,338
2020	375,000	69,631	495,000	42,850
2021	380,000	62,131	320,000	22,431
2022	290,000	54,081	115,000	12,944
2023-2027	1,045,000	180,463	185,000	8,669
2028-2032	425,000	90,016	-	-
2033-2037	<u>295,000</u>	<u>18,197</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 3,535,000</u>	<u>\$ 634,126</u>	<u>\$ 1,835,000</u>	<u>\$ 185,257</u>

CITY OF ANGOLA MUNICIPAL UTILITIES
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Advance Refunding

On October 14, 2015 the Utilities issued \$1,720,000 in refunding revenue bonds with an average interest rate of 2.80% to advance refund \$1,670,000 of outstanding 2007 revenue bonds with an average interest rate of 4.31%. The net proceeds of \$1,715,831 (after payment of \$26,000 in issuance costs and \$21,831 gain from bond premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 2007 revenue bonds. As a result, these bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position. The refunding resulted in the accounting gain of \$44,658 which has been recognized on the Statement of Net Position as deferred inflow of resources. This amount will be amortized using the straight line method and charged to interest expense over the next twenty years. The Utilities in effect reduced its aggregate debt service payments by \$130,024 over the next twenty years and realized an economic gain (difference between the present values of the old and new debt service payments of \$103,209).

3. Loans Payable

Under the terms of the State Revolving Loan Fund, revenue bonds have been purchased by the Indiana Bond Bank, the proceeds of which are set aside to finance the construction of improvements to the Wastewater Utility. The 2010 SRF Loan is a 0% interest loan. Annual debt service requirements to maturity for the loan, including interest of \$0, are as follows:

	<u>Principal</u>
2018	\$ 87,500
2019	175,000
2020	175,000
2021	175,000
2022	175,000
2023-2027	875,000
2028-2032	<u>437,500</u>
Total	<u><u>\$ 2,100,000</u></u>

4. Changes in Long-Term Liabilities

Long-term liability activity for the years ended December 31, 2015, 2016, and 2017 were as follows:

CITY OF ANGOLA MUNICIPAL UTILITIES
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>2015</u>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water Utility:					
Revenue Bonds Payable	\$ 3,375,000	\$ 2,805,000	\$ 1,980,000	\$ 4,200,000	\$ 305,000
Compensated Absences Payable	<u>22,733</u>	<u>27,543</u>	<u>22,733</u>	<u>27,543</u>	<u>18,097</u>
Total water utility long-term liabilities	<u>3,397,733</u>	<u>2,832,543</u>	<u>2,002,733</u>	<u>4,227,543</u>	<u>323,097</u>
Wastewater Utility:					
Revenue Bonds Payable	3,155,000	-	425,000	2,730,000	225,000
Loans Payable	2,625,000	-	175,000	2,450,000	87,500
Compensated Absences Payable	<u>17,084</u>	<u>19,251</u>	<u>17,084</u>	<u>19,251</u>	<u>15,204</u>
Total wastewater utility long-term liabilities	<u>5,797,084</u>	<u>19,251</u>	<u>617,084</u>	<u>5,199,251</u>	<u>327,704</u>
Total Long-term liabilities	<u>\$ 9,194,817</u>	<u>\$ 2,851,794</u>	<u>\$ 2,619,817</u>	<u>\$ 9,426,794</u>	<u>\$ 650,801</u>
<u>2016</u>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water Utility:					
Revenue Bonds Payable	\$ 4,200,000	\$ -	\$ 305,000	\$ 3,895,000	\$ 360,000
Compensated Absences Payable	<u>27,543</u>	<u>28,149</u>	<u>27,543</u>	<u>28,149</u>	<u>22,562</u>
Total water utility long-term liabilities	<u>4,227,543</u>	<u>28,149</u>	<u>332,543</u>	<u>3,923,149</u>	<u>382,562</u>
Wastewater Utility:					
Revenue Bonds Payable	2,730,000	-	440,000	2,290,000	225,000
Loans Payable	2,450,000	-	175,000	2,275,000	87,500
Compensated Absences Payable	<u>19,251</u>	<u>18,885</u>	<u>19,251</u>	<u>18,885</u>	<u>14,463</u>
Total wastewater utility long-term liabilities	<u>5,199,251</u>	<u>18,885</u>	<u>634,251</u>	<u>4,583,885</u>	<u>326,963</u>
Total Long-term liabilities	<u>\$ 9,426,794</u>	<u>\$ 47,034</u>	<u>\$ 966,794</u>	<u>\$ 8,507,034</u>	<u>\$ 709,525</u>
<u>2017</u>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water Utility:					
Revenue Bonds Payable	\$ 3,895,000	\$ -	\$ 360,000	\$ 3,535,000	\$ 360,000
Compensated Absences Payable	<u>28,149</u>	<u>26,912</u>	<u>28,149</u>	<u>26,912</u>	<u>21,924</u>
Total water utility long-term liabilities	<u>3,923,149</u>	<u>26,912</u>	<u>388,149</u>	<u>3,561,912</u>	<u>381,924</u>
Wastewater Utility:					
Revenue Bonds Payable	2,290,000	-	455,000	1,835,000	240,000
Loans Payable	2,275,000	-	175,000	2,100,000	87,500
Compensated Absences Payable	<u>18,885</u>	<u>19,766</u>	<u>18,885</u>	<u>19,766</u>	<u>15,207</u>
Total wastewater utility long-term liabilities	<u>4,583,885</u>	<u>19,766</u>	<u>648,885</u>	<u>3,954,766</u>	<u>342,707</u>
Total Long-term liabilities	<u>\$ 8,507,034</u>	<u>\$ 46,678</u>	<u>\$ 1,037,034</u>	<u>\$ 7,516,678</u>	<u>\$ 724,631</u>

E. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

CITY OF ANGOLA MUNICIPAL UTILITIES
NOTES TO FINANCIAL STATEMENTS
(Continued)

	2015 Water Utility	2015 Wastewater Utility
Improvement	\$ 946,919	\$ 1,191,711
Bond and interest	601,955	717,981
Construction	1,047,210	803,119
Customer deposits	51,375	-
	<u>\$ 2,647,459</u>	<u>\$ 2,712,811</u>

	2016 Water Utility	2016 Wastewater Utility
Improvement	\$ 1,278,474	\$ 1,181,885
Bond and interest	499,941	719,478
Construction	762,260	515,968
Customer deposits	50,685	-
	<u>\$ 2,591,360</u>	<u>\$ 2,417,331</u>

	2017 Water Utility	2017 Wastewater Utility
Improvement	\$ 1,561,325	\$ 1,251,955
Bond and interest	497,368	725,357
Construction	429,025	468,032
Customer deposits	55,375	-
	<u>\$ 2,543,093</u>	<u>\$ 2,445,344</u>

F. Revenues Pledged

Water Utility Revenues Pledged

The Utility has pledged future operating revenues, net of specific operating expenditures, to repay revenue bonds issued in 2012 and 2015. Proceeds from the bonds provided financing for waterworks improvements. The bonds are payable solely from net operating revenues and are payable through 2035. Annual principal and interest payments are expected to require less than 23 percent of operating revenues.

Wastewater Utility Revenues Pledged

The Utility has pledged future operating revenues, net of specific operating expenditures, to repay revenue bonds and loans issued in 2010. Proceeds from the bonds and loans provided financing for wastewater improvements. The bonds and loans are payable solely from net operating revenues and are payable through 2030. Annual principal and interest payments are expected to require less than 23 percent of operating revenues.

CITY OF ANGOLA MUNICIPAL UTILITIES
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Other Information

A. Risk Management

The Utilities are 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 (excluding postemployment benefits); and natural disasters.

The risks of 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 (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Rate Structure

1. Water Utility

The current rate structure was approved by the Utility on September 15, 2015. The Utility has 3,081 customers.

2. Wastewater Utility

The current rate structure was approved by the Utility on March 1, 2014. The Utility has 3,050 customers.

C. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City, including the Utilities, contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. On July 1, 2013 PERF changed from an agent multiple-employer to a cost-sharing multiple-employer retirement plan. All full-time employees are eligible to participate in the 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 member's contributions, set by state statute at three 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. The report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 876-2707

CITY OF ANGOLA MUNICIPAL UTILITIES
NOTES TO FINANCIAL STATEMENTS
(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.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available. Therefore, the liability for Net Pension Liability (NPL) is considered an obligation of the City as a whole and is not presented as an asset/liability of the proprietary funds.

OTHER REPORTS

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