

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF BICKNELL
KNOX COUNTY, INDIANA

January 1, 2017 to December 31, 2017



FILED
12/13/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rebecca L. McGlone	01-01-16 to 12-31-19
Mayor	Thomas L. Estabrook	01-01-16 to 12-31-19
President of the Board of Public Works	Thomas L. Estabrook	01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Richard R. Byrer	01-01-17 to 12-31-18
Superintendent of Water Utility	Earl E. Horst	01-01-17 to 12-31-18
Superintendent of Wastewater Utility	William E. Soltwedel	01-01-17 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF BICKNELL, KNOX COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Bicknell (City), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2017.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 30, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

October 30, 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 BICKNELL, KNOX 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 Bicknell (City), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement, and have issued our report thereon dated October 30, 2018, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002.

City of Bicknell's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

October 30, 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 BICKNELL
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
GENERAL FUND	\$ 806,004	\$ 922,107	\$ 798,822	\$ 929,289
MOTOR VEHICLE HIGHWAY	116,714	144,786	163,773	97,727
LOCAL ROAD AND STREET	47,247	18,373	22,082	43,538
EDIT	188,278	126,529	148,431	166,376
COMMUNITY WATCH	175	-	175	-
SANITATION STREET	32,664	110,526	98,674	44,516
LOCAL LAW ENF CONT ED	4,964	2,786	5,711	2,039
CLERK'S RECORDS PERPETUATION	2,145	864	196	2,813
RIVERBOAT	33,873	17,268	26,575	24,566
PARKS AND RECREATION	31,498	74,909	61,475	44,932
USER FEE FUND	526	5,266	5,983	(191)
RAINY DAY	24,499	206	1,297	23,408
CUM CAPITAL IMPROVEMENTS	22,035	7,089	5,650	23,474
POLICE PENSION	55,803	24,524	28,358	51,969
GENERAL DONATION	12,566	7,510	9,844	10,232
DUKE ENERGY	2,209	210,774	211,063	1,920
VECTREN ENERGY	-	10,637	10,637	-
SIGN MODERNIZATION GRANT	31	-	31	-
LOIT SPECIAL DISTRIBUTION	109,091	-	109,091	-
FIRE DONATION	32,745	8,468	2,359	38,854
POLICE GRANTS	2,033	1,428	3,461	-
BLIGHT ELIMINATION GRANT	(161,147)	293,168	147,790	(15,769)
LOCAL ROAD AND BRIDGE MATCHING GRANT FUND	-	641,916	71,694	570,222
PPG - PREDEVELOPMENT PLANNING GRANT (WATER)	-	7,500	15,000	(7,500)
PARK RINK	1,415	2,204	1,644	1,975
GOLF CART	1,611	1,325	14	2,922
PARK TRUST	4,879	-	-	4,879
INDUSTRY RENTAL	27,547	24,000	26,296	25,251
PARK DONATION	3,871	3,027	4,462	2,436
DEBT SERVICE - OTHER	1,120	-	-	1,120
STORM WATER GRANT	123,600	795,797	919,397	-
DOWNTOWN REVITAL GRANT	20,682	-	20,682	-
RECYCLING ASST GRANT	10,144	13,000	12,410	10,734
REHAB GRANT	-	12,909	12,909	-
SPECIAL EVENTS	78	550	550	78
JUDICIAL COURT	2,920	823	1,593	2,150
SANI-TIP	77,745	72,112	61,271	88,586
PAYROLL	(1,427)	985,717	984,063	227
WASTEWATER UTILITY OPERATING	121,011	772,118	763,258	129,871
WASTEWATER DEPRECIATION/IMPROV	299,228	460,270	426,213	333,285
WASTEWATER METER DEPOSIT	43,695	8,132	6,885	44,942
WATER UTILITY OPERATING	88,661	631,513	629,411	90,763
WATER METER DEPOSIT	32,714	4,411	4,272	32,853
WATER DEPRECIATION/IMPROV	570,210	255,366	497,569	328,007
ONB-WATER BOND AND INTEREST	7,900	94,803	94,388	8,315
WATER DEBT SERVICE	61,046	-	-	61,046
BICKNELL CITY COURT-ODYSSEY	8,327	22,972	29,739	1,560
STORM WATER UTILITY	61,293	80,361	92,987	48,667
WASTEWATER SRF BOND AND INTEREST	632,585	278,174	272,011	638,748
WASTEWATER SRF DEBT SERVICE RESERVE	279,715	1,869	-	281,584
Totals	<u>\$ 3,844,523</u>	<u>\$ 7,158,087</u>	<u>\$ 6,810,196</u>	<u>\$ 4,192,414</u>

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

CITY OF BICKNELL
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

Licenses and permits. Amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF BICKNELL
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.

Penalties. Amounts received from late payment fees.

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

E. Disbursements

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

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

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

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

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

CITY OF BICKNELL
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 BICKNELL
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 Plan

1977 Police Officers' and Firefighters' Pension and Disability Funds

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

CITY OF BICKNELL
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statements contain some reimbursable Grant funds with deficit cash balances. This is a result of reimbursements for expenditures made by the City not being received by December 31, 2017.

The User Fee fund had a deficit cash balance at December 31, 2017, which was a result of the payment of expenses in excess of receipts during the audit period.

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

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD AND STREET	EDIT	COMMUNITY WATCH	SANITATION STREET
Cash and investments - beginning	\$ 806,004	\$ 116,714	\$ 47,247	\$ 188,278	\$ 175	\$ 32,664
Receipts:						
Taxes	758,405	131,615	-	126,529	-	104,473
Licenses and permits	9,692	-	-	-	-	-
Intergovernmental receipts	54,880	577	18,373	-	-	2,841
Charges for services	-	-	-	-	-	-
Fines and forfeits	5,980	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	93,150	12,594	-	-	-	3,212
Total receipts	922,107	144,786	18,373	126,529	-	110,526
Disbursements:						
Personal services	453,928	99,332	-	-	-	98,674
Supplies	39,274	8,963	22,082	-	-	-
Other services and charges	209,500	33,617	-	148,431	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	85,134	21,861	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	10,986	-	-	-	175	-
Total disbursements	798,822	163,773	22,082	148,431	175	98,674
Excess (deficiency) of receipts over disbursements	123,285	(18,987)	(3,709)	(21,902)	(175)	11,852
Cash and investments - ending	\$ 929,289	\$ 97,727	\$ 43,538	\$ 166,376	\$ -	\$ 44,516

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

	LOCAL LAW ENF CONT ED	CLERK'S RECORDS PERPETUATION	RIVERBOAT	PARKS AND RECREATION	USER FEE FUND	RAINY DAY
Cash and investments - beginning	\$ 4,964	\$ 2,145	\$ 33,873	\$ 31,498	\$ 526	\$ 24,499
Receipts:						
Taxes	-	-	-	71,698	-	-
Licenses and permits	950	-	-	-	-	-
Intergovernmental receipts	-	-	17,268	1,950	-	-
Charges for services	188	-	-	-	-	-
Fines and forfeits	1,028	864	-	-	5,266	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	620	-	-	1,261	-	206
Total receipts	2,786	864	17,268	74,909	5,266	206
Disbursements:						
Personal services	-	-	-	31,842	-	-
Supplies	-	196	-	17,930	-	-
Other services and charges	5,711	-	26,575	11,703	-	1,297
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	5,983	-
Total disbursements	5,711	196	26,575	61,475	5,983	1,297
Excess (deficiency) of receipts over disbursements	(2,925)	668	(9,307)	13,434	(717)	(1,091)
Cash and investments - ending	\$ 2,039	\$ 2,813	\$ 24,566	\$ 44,932	\$ (191)	\$ 23,408

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

	CUM CAPITAL IMPROVEMENTS	POLICE PENSION	GENERAL DONATION	DUKE ENERGY	VECTREN ENERGY	SIGN MODERNIZATION GRANT
Cash and investments - beginning	\$ 22,035	\$ 55,803	\$ 12,566	\$ 2,209	\$ -	\$ 31
Receipts:						
Taxes	-	23,875	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	7,089	649	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	7,510	210,774	10,637	-
Total receipts	7,089	24,524	7,510	210,774	10,637	-
Disbursements:						
Personal services	-	28,258	-	-	-	-
Supplies	-	-	551	-	-	-
Other services and charges	-	100	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	5,650	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	9,293	211,063	10,637	31
Total disbursements	5,650	28,358	9,844	211,063	10,637	31
Excess (deficiency) of receipts over disbursements	1,439	(3,834)	(2,334)	(289)	-	(31)
Cash and investments - ending	\$ 23,474	\$ 51,969	\$ 10,232	\$ 1,920	\$ -	\$ -

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

	LOIT SPECIAL DISTRIBUTION	FIRE DONATION	POLICE GRANTS	BLIGHT ELIMINATION GRANT	LOCAL ROAD AND BRIDGE MATCHING GRANT FUND	PPG - PREDEVELOPMENT PLANNING GRANT (WATER)
Cash and investments - beginning	\$ 109,091	\$ 32,745	\$ 2,033	\$ (161,147)	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	3,000	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	5,468	1,428	293,168	641,916	7,500
Total receipts	-	8,468	1,428	293,168	641,916	7,500
Disbursements:						
Personal services	-	380	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	109,091	1,979	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	3,461	147,790	71,694	15,000
Total disbursements	109,091	2,359	3,461	147,790	71,694	15,000
Excess (deficiency) of receipts over disbursements	(109,091)	6,109	(2,033)	145,378	570,222	(7,500)
Cash and investments - ending	\$ -	\$ 38,854	\$ -	\$ (15,769)	\$ 570,222	\$ (7,500)

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

	PARK RINK	GOLF CART	PARK TRUST	INDUSTRY RENTAL	PARK DONATION	DEBT SERVICE - OTHER
Cash and investments - beginning	\$ 1,415	\$ 1,611	\$ 4,879	\$ 27,547	\$ 3,871	\$ 1,120
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	1,325	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	2,204	-	-	-	170	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	24,000	2,857	-
Total receipts	2,204	1,325	-	24,000	3,027	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	265	14	-	-	-	-
Other services and charges	1,379	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	26,296	4,462	-
Total disbursements	1,644	14	-	26,296	4,462	-
Excess (deficiency) of receipts over disbursements	560	1,311	-	(2,296)	(1,435)	-
Cash and investments - ending	\$ 1,975	\$ 2,922	\$ 4,879	\$ 25,251	\$ 2,436	\$ 1,120

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

	STORM WATER GRANT	DOWNTOWN REVITAL GRANT	RECYCLING ASST GRANT	REHAB GRANT	SPECIAL EVENTS	JUDICIAL COURT
Cash and investments - beginning	\$ 123,600	\$ 20,682	\$ 10,144	\$ -	\$ 78	\$ 2,920
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	823
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	795,797	-	13,000	12,909	550	-
Total receipts	795,797	-	13,000	12,909	550	823
Disbursements:						
Personal services	-	-	12,410	-	-	-
Supplies	-	-	-	-	-	728
Other services and charges	-	-	-	-	550	615
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	919,397	20,682	-	12,909	-	250
Total disbursements	919,397	20,682	12,410	12,909	550	1,593
Excess (deficiency) of receipts over disbursements	(123,600)	(20,682)	590	-	-	(770)
Cash and investments - ending	\$ -	\$ -	\$ 10,734	\$ -	\$ 78	\$ 2,150

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

	SANI-TIP	PAYROLL	WASTEWATER UTILITY OPERATING	WASTEWATER DEPRECIATION/ IMPROV	WASTEWATER METER DEPOSIT
Cash and investments - beginning	\$ 77,745	\$ (1,427)	\$ 121,011	\$ 299,228	\$ 43,695
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	66,605	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	735,899	-	7,850
Penalties	-	-	19,320	-	-
Other receipts	5,507	985,717	16,899	460,270	282
Total receipts	72,112	985,717	772,118	460,270	8,132
Disbursements:					
Personal services	8,282	-	154,769	-	-
Supplies	44,210	-	-	-	-
Other services and charges	8,779	-	29,009	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	6,715	100,002	-
Utility operating expenses	-	-	109,548	23,119	5
Other disbursements	-	984,063	463,217	303,092	6,880
Total disbursements	61,271	984,063	763,258	426,213	6,885
Excess (deficiency) of receipts over disbursements	10,841	1,654	8,860	34,057	1,247
Cash and investments - ending	\$ 88,586	\$ 227	\$ 129,871	\$ 333,285	\$ 44,942

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

	WATER UTILITY OPERATING	WATER METER DEPOSIT	WATER DEPRECIATION/ IMPROV	ONB-WATER BOND AND INTEREST	WATER DEBT SERVICE
Cash and investments - beginning	\$ 88,661	\$ 32,714	\$ 570,210	\$ 7,900	\$ 61,046
Receipts:					
Taxes	33,219	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	571,801	4,281	-	-	-
Penalties	13,641	-	-	-	-
Other receipts	12,852	130	255,366	94,803	-
Total receipts	631,513	4,411	255,366	94,803	-
Disbursements:					
Personal services	129,709	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	24,012	-	-	-	-
Debt service - principal and interest	-	-	-	94,388	-
Capital outlay	-	-	474,394	-	-
Utility operating expenses	69,599	-	-	-	-
Other disbursements	406,091	4,272	23,175	-	-
Total disbursements	629,411	4,272	497,569	94,388	-
Excess (deficiency) of receipts over disbursements	2,102	139	(242,203)	415	-
Cash and investments - ending	\$ 90,763	\$ 32,853	\$ 328,007	\$ 8,315	\$ 61,046

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

	BICKNELL CITY COURT-ODYSSEY	STORM WATER UTILITY	WASTEWATER SRF BOND AND INTEREST	WASTEWATER SRF DEBT SERVICE RESERVE	TOTALS
Cash and investments - beginning	\$ 8,327	\$ 61,293	\$ 632,585	\$ 279,715	\$ 3,844,523
Receipts:					
Taxes	-	-	-	-	1,249,814
Licenses and permits	-	-	-	-	11,967
Intergovernmental receipts	-	-	-	-	103,627
Charges for services	-	-	-	-	72,167
Fines and forfeits	22,972	-	-	-	36,933
Utility fees	-	80,131	-	-	1,399,962
Penalties	-	-	-	-	32,961
Other receipts	-	230	278,174	1,869	4,250,656
Total receipts	22,972	80,361	278,174	1,869	7,158,087
Disbursements:					
Personal services	-	-	-	-	1,017,584
Supplies	-	-	-	-	134,213
Other services and charges	5	-	-	-	612,353
Debt service - principal and interest	-	-	-	-	94,388
Capital outlay	-	38,508	-	-	732,264
Utility operating expenses	-	-	-	-	202,271
Other disbursements	29,734	54,479	272,011	-	4,017,123
Total disbursements	29,739	92,987	272,011	-	6,810,196
Excess (deficiency) of receipts over disbursements	(6,767)	(12,626)	6,163	1,869	347,891
Cash and investments - ending	\$ 1,560	\$ 48,667	\$ 638,748	\$ 281,584	\$ 4,192,414

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

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Wastewater	\$ 22,463	\$ 62,999
Water	20,335	48,769
Court	347	-
Storm Water	7,800	6,666
Governmental activities	<u>59,788</u>	<u>101,764</u>
Totals	<u>\$ 110,733</u>	<u>\$ 220,198</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Ally Financial	2015 Dodge Charger	\$ 8,129	01/12/17	01/12/19
Ally Financial	2017 Dodge Ram Pick Up Truck	<u>10,002</u>	12/29/16	12/29/18
Total governmental activities		<u>18,131</u>		
Wastewater:				
Ally Financial	2017 Dodge Ram Pick up Truck	<u>6,715</u>	03/28/17	03/28/19
Total of annual lease payments		<u>\$ 24,846</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Wastewater:			
Notes and loans payable	2006 SRF	\$ 2,394,194	\$ 271,944
Water:			
Revenue bonds	Waterworks Refunding Revenue Bonds of 2012	190,000	98,183
Notes and loans payable	Water Plant	47,876	11,587
Notes and loans payable	Water Plant	<u>97,038</u>	<u>11,587</u>
Total Water		<u>334,914</u>	<u>121,357</u>
Totals		<u>\$ 2,729,108</u>	<u>\$ 393,301</u>

CITY OF BICKNELL
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2017

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 51,800
Infrastructure	22,840
Buildings	3,051,291
Improvements other than buildings	74,339
Machinery, equipment, and vehicles	<u>1,341,392</u>
Total governmental activities	<u>4,541,662</u>
Wastewater:	
Land	44,563
Buildings	3,510,794
Improvements other than buildings	4,553,778
Machinery, equipment, and vehicles	<u>1,774,953</u>
Total Wastewater	<u>9,884,088</u>
Water:	
Land	105,150
Infrastructure	993
Buildings	935,681
Improvements other than buildings	6,154,771
Machinery, equipment, and vehicles	<u>180,540</u>
Total Water	<u>7,377,135</u>
Storm Water:	
Infrastructure	<u>8,843</u>
Total capital assets	<u>\$ 21,811,728</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE CITY OF BICKNELL, KNOX COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the City of Bicknell's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2017. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

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


Report on Internal Control over Compliance

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

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

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

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


Paul D. Joyce, CPA
State Examiner

October 30, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF BICKNELL
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		14.228			
Storm Water Grant	Indiana Office of Community and Rural Affairs		DR2-09-276	\$ -	\$ 794,500
Owner Occupied Rehab Grant	Indiana Housing and Community Development Authority		HD-014-002	-	12,909
Total - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				-	807,409
Total - Department of Housing and Urban Development				-	807,409
<u>Department of Transportation</u>					
Highway Safety Cluster					
Alcohol Impaired Driving Countermeasures Incentive Grants I Impaired Driving Enforcement Project	Indiana Criminal Justice Institute	20.601	D3-16-10922	-	890
Total - Highway Safety Cluster				-	890
Total - Department of Transportation				-	890
Total federal awards expended				\$ -	\$ 808,299

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

CITY OF BICKNELL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

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

CITY OF BICKNELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Unmodified

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

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

Section II - Financial Statement Findings

FINDING 2017-001

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

Condition

There were deficiencies in the internal control system of the City related to financial transactions and reporting. There was no segregation of duties as the City had not separated incompatible activities related to receipts and reporting.

The Clerk-Treasurer issued city and utility receipts, prepared and made deposits, and posted the receipts to the ledger. There was no indication of a review or approval process to verify that the receipts were accurate and properly recorded in the ledger.

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

The Clerk-Treasurer entered the information into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report (AFR) and the financial statement. There was no indication of a review or approval process over the information prior to submission. The AFR was incomplete and did not include the receipts, disbursements, and cash and investment balances for the Wastewater SRF funds.

Audit adjustments were proposed, approved by the City, and made to the AFR and financial statement.

Context

The lack of adequate 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. . . ."

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

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

Cause

Management of the City had not established a proper system of internal control.

Effect

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

CITY OF BICKNELL
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. We also recommended that the City properly report the activities of all funds on their AFR and financial statement.

Views of Responsible Officials

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

FINDING 2017-002

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

Condition

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

Context

The lack of controls was a systemic problem throughout the audit period. As a result, the SEFA contained the following errors:

1. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii grant was reported incorrectly as part of a cluster. One of the two program titles were incorrect, one of the two identifying numbers was incorrect, and both pass-through entities were incorrect.
2. The Highway Planning and Construction grant was incorrectly included.
3. The Alcohol Impaired Driving Countermeasures Incentive Grants I cluster title was incorrect. The program title, project title, CFDA number, and identifying number were also incorrect.

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

Criteria

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

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

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

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. . . ."

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

2 CFR 200.510(b) states:

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

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

Cause

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

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

Effect

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

Recommendation

We recommended that the City's management establish controls to prevent, or detect and correct, errors on the SEFA.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.



CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Rebecca L. McGlone, Bicknell Clerk-Treasurer
Contact Phone Number: 812-735-4636

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The information entered into Gateway will be verified by a second individual in the office through fund report balances as well as the copy printed in Gateway. The fund report and Gateway copy will be initialed by both individuals to signify agreement.

The City will strive to improve the processing of receipts with a better segregation of duties.

The City has resubmitted the Gateway annual reports to include the Wastewater SRF Funds. We will add both Wastewater SRF funds to the Keystone funds ledger. The SRF funds will be included on all future Gateway annual financial reports.

Anticipated Completion Date: January 1, 2019

Rebecca L. McGlone

(Signature)

CLERK-TREASURER

(Title)

October 30, 2018

(Date)



CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Corrective Action: Rebecca L. McGlone, Bicknell Clerk-Treasurer
Contact Phone Number: 812-735-4636

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The City will strive to improve the reporting of the SEFA by review and approval of a second individual. The SEFA will be printed and initialed by both individuals to signify agreement.

The City has made corrections and resubmitted the 2017 SEFA on Gateway.

Anticipated Completion Date: Effective Immediately.

Rebecca L. McGlone

(Signature)

CLERK-TREASURER

(Title)

October 30, 2018

(Date)

OTHER REPORTS

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