

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF BATESVILLE
RIPLEY COUNTY, INDIANA

January 1, 2016 to December 31, 2016



FILED
02/01/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Paul J. Gates	01-01-16 to 12-31-19
Mayor	Michael A. Bettice	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Michael A. Bettice	01-01-16 to 12-31-19
President of the Common Council	Kevin Chaffee	01-01-16 to 12-31-18
Gas and Water Utility Comptroller	Douglas L. Browne	01-01-16 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF BATESVILLE, RIPLEY COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2016.

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

December 12, 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 BATESVILLE, RIPLEY 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 Batesville (City), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated December 12, 2018, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002, that we consider to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002.

City of Batesville's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

December 12, 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 BATESVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
GENERAL FUND	\$ 438,095	\$ 3,109,542	\$ 2,972,424	\$ 575,213
MVH	123,593	918,454	868,404	173,643
LRS	24,893	28,288	-	53,181
CUM THOROUGHFARE	354	-	-	354
EMS FUND	140,757	379,052	325,786	194,023
ECONOMIC DEV. - MISC. INC	134,235	-	54,800	79,435
OPERATION PULL-OVER	-	20,045	16,466	3,579
LLECE	19,496	10,923	9,748	20,671
CLERK'S RECORD PERP FUND	24,040	1,624	-	25,664
CITY-DEFFERAL PROGRAM	942	-	-	942
RIVERBOAT REVENUE	261,281	38,623	9,788	290,116
PARK AND RECREATION	34,008	190,534	224,328	214
POLICE ED - USER FEES	17,745	340	-	18,085
RAINY DAY FUND	399,838	233,449	-	633,287
CANINE PROGRAM FUND	4,924	-	-	4,924
EDIT TAX FUND	295,457	486,418	516,893	264,982
LOIT-SPECIAL DISTRIBUTION	-	274,347	-	274,347
LEVY EXCESS FUND	21	-	-	21
TIF FUND	96,867	33,974	63,164	67,677
CCIF	80,122	16,618	-	96,740
CCDF	583,039	138,915	142,000	579,954
CUM FIRE EQUIPMENT	203,526	58,638	-	262,164
CASH RESERVE FUND	76,434	-	-	76,434
POLICE PENSION	97,895	70,697	70,135	98,457
CITY COURT MISC FUND	8,856	-	374	8,482
BELTERRA FUNDS	46,691	70,712	48,902	68,501
PUBLIC SAFETY TAX	-	112,301	19,308	92,993
EDIT-CONSTRUCTION FUND	-	450,000	440,863	9,137
UTILITIES CLEARING	16,030	6,550,075	6,510,112	55,993
PAYROLL CLEARING	29,234	4,911,899	4,908,813	32,320
MEMORIAL POOL	22,547	137,977	137,527	22,997
COMMUNITY CROSSING FUNDS	-	1,000,000	103,125	896,875
MICROENTERPRISE ASSISTANC	260	-	-	260
POLICE DONATION FUND	99	-	-	99
BICENTENNIAL FUND	-	20,030	17,269	2,761
SICK LEAVE BANK FUND	22,088	-	-	22,088
FACADE IMP & RENOVATION	2,028	-	2,028	-
SEWAGE-STORMWATER CONSTRUCTION FUND	-	1,350,000	1,325,397	24,603

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

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
BATESVILLE TREE FUND	-	120	-	120
MAYOR'S YOUTH COUNCIL	4,765	798	-	5,563
BASEBALL/SOFTBALL COMPLEX	815	-	728	87
SCHOOL RESOURCE OFFICER	9,925	23,101	23,429	9,597
IVY TECH FUND	12,184	-	-	12,184
MEMORIAL BUILDING FUND	9	-	-	9
CITY GENERAL GRANT FUND	433,460	1,198,279	1,423,169	208,570
RURAL BUSINESS ENT. GRANT	21,036	9,087	-	30,123
DRUG COALITION FUND	1,994	163,389	160,860	4,523
DOG PARK FUND	2,669	120	1,527	1,262
DEBT SERVICE RESERVE FUND	88,308	-	-	88,308
MAINSTREET FUND	850	6,649	6,029	1,470
CAPITALIZED INTEREST RESERVE - WOODMIZER	104,460	-	41,854	62,606
PUBLIC TRUST AGENCY FUND	15,200	-	-	15,200
SEWER INSPECTION FEES	-	30,380	-	30,380
BRUM FUNDS	92,230	-	25,858	66,372
PLAYGROUND EQUIPMENT FUND	566	-	-	566
BUTTERFLY GARDEN	303	-	-	303
COBRA & RETIRED EMP INS	13,292	22,603	31,600	4,295
CITY COURT FUND	581	38,127	38,055	653
SEWAGE M&O	1,413,873	1,986,174	1,920,163	1,479,884
SEWAGE IMPROVEMENT FUND	1,070,070	10,500	378,560	702,010
SEWAGE SINKING	-	684,523	684,523	-
SEWAGE DEBT RESERVE	462,400	-	-	462,400
STORMWATER UTILITY FUND	103,190	237,193	178,053	162,330
WATER UTILITY OPERATING	1,224,859	2,230,372	1,262,534	2,192,697
WATER UTILITY METER DEPOSIT	29,200	13,100	12,700	29,600
WATER UTILITY DEPRECIATION	638,125	999	387,952	251,172
GAS UTILITY MAIN EXTENSIONS	15,571	-	4,786	10,785
GAS UTILITY CASH RESERVE	204,000	204,000	-	408,000
GAS UTILITY OPERATING	547,261	2,311,858	1,990,674	868,445
GAS UTILITY METER DEPOSIT	26,700	12,000	11,700	27,000
GAS UTILITY DEPRECIATION	1,922,776	1,024	130,145	1,793,655
Totals	<u>\$ 11,666,067</u>	<u>\$ 29,797,871</u>	<u>\$ 27,502,553</u>	<u>\$ 13,961,385</u>

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

CITY OF BATESVILLE
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 BATESVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Utility fees. Amounts received from charges for current services.

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

E. Disbursements

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

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

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

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

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

CITY OF BATESVILLE
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 BATESVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

CITY OF BATESVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

Funding Policy

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

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

	GENERAL FUND	MVH	LRS	CUM THOROUGHFARE	EMS FUND	ECONOMIC DEV. - MISC. INC
Cash and investments - beginning	\$ 438,095	\$ 123,593	\$ 24,893	\$ 354	\$ 140,757	\$ 134,235
Receipts:						
Taxes	2,395,481	602,507	-	-	-	-
Licenses and permits	26,495	500	-	-	-	-
Intergovernmental receipts	363,453	275,308	28,288	-	-	-
Charges for services	277,878	-	-	-	379,052	-
Fines and forfeits	4,250	78	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	41,985	40,061	-	-	-	-
Total receipts	<u>3,109,542</u>	<u>918,454</u>	<u>28,288</u>	<u>-</u>	<u>379,052</u>	<u>-</u>
Disbursements:						
Personal services	2,017,134	531,740	-	-	255,687	-
Supplies	133,990	66,611	-	-	24,643	-
Other services and charges	775,492	239,793	-	-	40,321	2,500
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	45,808	30,260	-	-	5,135	52,300
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>2,972,424</u>	<u>868,404</u>	<u>-</u>	<u>-</u>	<u>325,786</u>	<u>54,800</u>
Excess (deficiency) of receipts over disbursements	<u>137,118</u>	<u>50,050</u>	<u>28,288</u>	<u>-</u>	<u>53,266</u>	<u>(54,800)</u>
Cash and investments - ending	<u>\$ 575,213</u>	<u>\$ 173,643</u>	<u>\$ 53,181</u>	<u>\$ 354</u>	<u>\$ 194,023</u>	<u>\$ 79,435</u>

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

	OPERATION PULL-OVER	LLECE	CLERK'S RECORD PERP FUND	CITY-DEFFERAL PROGRAM	RIVERBOAT REVENUE	PARK AND RECREATION
Cash and investments - beginning	\$ -	\$ 19,496	\$ 24,040	\$ 942	\$ 261,281	\$ 34,008
Receipts:						
Taxes	-	-	-	-	-	157,350
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	38,623	12,566
Charges for services	-	-	-	-	-	13,617
Fines and forfeits	-	10,923	1,624	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	20,045	-	-	-	-	7,001
Total receipts	20,045	10,923	1,624	-	38,623	190,534
Disbursements:						
Personal services	-	-	-	-	-	166,422
Supplies	-	-	-	-	-	13,024
Other services and charges	16,466	662	-	-	-	42,944
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	9,086	-	-	9,788	1,938
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	16,466	9,748	-	-	9,788	224,328
Excess (deficiency) of receipts over disbursements	3,579	1,175	1,624	-	28,835	(33,794)
Cash and investments - ending	\$ 3,579	\$ 20,671	\$ 25,664	\$ 942	\$ 290,116	\$ 214

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

	POLICE ED - USER FEES	RAINY DAY FUND	CANINE PROGRAM FUND	EDIT TAX FUND	LOIT-SPECIAL DISTRIBUTION	LEVY EXCESS FUND
Cash and investments - beginning	\$ 17,745	\$ 399,838	\$ 4,924	\$ 295,457	\$ -	\$ 21
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	246,075	274,347	-
Charges for services	-	-	-	43,541	-	-
Fines and forfeits	340	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	233,449	-	196,802	-	-
Total receipts	340	233,449	-	486,418	274,347	-
Disbursements:						
Personal services	-	-	-	77,905	-	-
Supplies	-	-	-	929	-	-
Other services and charges	-	-	-	17,139	-	-
Debt service - principal and interest	-	-	-	409,029	-	-
Capital outlay	-	-	-	995	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	10,896	-	-
Total disbursements	-	-	-	516,893	-	-
Excess (deficiency) of receipts over disbursements	340	233,449	-	(30,475)	274,347	-
Cash and investments - ending	\$ 18,085	\$ 633,287	\$ 4,924	\$ 264,982	\$ 274,347	\$ 21

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

	TIF FUND	CCIF	CCDF	CUM FIRE EQUIPMENT	CASH RESERVE FUND	POLICE PENSION
Cash and investments - beginning	\$ 96,867	\$ 80,122	\$ 583,039	\$ 203,526	\$ 76,434	\$ 97,895
Receipts:						
Taxes	33,974	-	128,641	54,509	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	16,618	10,274	4,129	-	-
Charges for services	-	-	-	-	-	70,697
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>33,974</u>	<u>16,618</u>	<u>138,915</u>	<u>58,638</u>	<u>-</u>	<u>70,697</u>
Disbursements:						
Personal services	-	-	-	-	-	70,135
Supplies	-	-	-	-	-	-
Other services and charges	60,522	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	2,642	-	142,000	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>63,164</u>	<u>-</u>	<u>142,000</u>	<u>-</u>	<u>-</u>	<u>70,135</u>
Excess (deficiency) of receipts over disbursements	<u>(29,190)</u>	<u>16,618</u>	<u>(3,085)</u>	<u>58,638</u>	<u>-</u>	<u>562</u>
Cash and investments - ending	<u>\$ 67,677</u>	<u>\$ 96,740</u>	<u>\$ 579,954</u>	<u>\$ 262,164</u>	<u>\$ 76,434</u>	<u>\$ 98,457</u>

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

	CITY COURT MISC FUND	BELTERRA FUNDS	PUBLIC SAFETY TAX	EDIT- CONSTRUCTION FUND	UTILITIES CLEARING	PAYROLL CLEARING
Cash and investments - beginning	\$ 8,856	\$ 46,691	\$ -	\$ -	\$ 16,030	\$ 29,234
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	65,712	112,301	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	5,000	-	450,000	6,550,075	4,911,899
Total receipts	-	70,712	112,301	450,000	6,550,075	4,911,899
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	19,308	-	-	-
Other services and charges	-	48,902	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	440,863	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	374	-	-	-	6,510,112	4,908,813
Total disbursements	374	48,902	19,308	440,863	6,510,112	4,908,813
Excess (deficiency) of receipts over disbursements	(374)	21,810	92,993	9,137	39,963	3,086
Cash and investments - ending	\$ 8,482	\$ 68,501	\$ 92,993	\$ 9,137	\$ 55,993	\$ 32,320

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

	MEMORIAL POOL	COMMUNITY CROSSING FUNDS	MICROENTERPRISE ASSISTANC	POLICE DONATION FUND	BICENTENNIAL FUND	SICK LEAVE BANK FUND
Cash and investments - beginning	\$ 22,547	\$ -	\$ 260	\$ 99	\$ -	\$ 22,088
Receipts:						
Taxes	71,589	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	5,717	-	-	-	-	-
Charges for services	60,043	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	628	1,000,000	-	-	20,030	-
Total receipts	137,977	1,000,000	-	-	20,030	-
Disbursements:						
Personal services	71,240	-	-	-	-	-
Supplies	36,825	-	-	-	17,269	-
Other services and charges	27,690	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	667	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,105	103,125	-	-	-	-
Total disbursements	137,527	103,125	-	-	17,269	-
Excess (deficiency) of receipts over disbursements	450	896,875	-	-	2,761	-
Cash and investments - ending	\$ 22,997	\$ 896,875	\$ 260	\$ 99	\$ 2,761	\$ 22,088

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

	FACADE IMP & RENOVATION	SEWAGE- STORMWATER CONSTRUCTION FUND	BATESVILLE TREE FUND	MAYOR'S YOUTH COUNCIL	BASEBALL/ SOFTBALL COMPLEX	SCHOOL RESOURCE OFFICER
Cash and investments - beginning	\$ 2,028	\$ -	\$ -	\$ 4,765	\$ 815	\$ 9,925
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	23,101
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,350,000	120	798	-	-
Total receipts	-	1,350,000	120	798	-	23,101
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	1,325,397	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	2,028	-	-	-	728	23,429
Total disbursements	2,028	1,325,397	-	-	728	23,429
Excess (deficiency) of receipts over disbursements	(2,028)	24,603	120	798	(728)	(328)
Cash and investments - ending	\$ -	\$ 24,603	\$ 120	\$ 5,563	\$ 87	\$ 9,597

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

	IVY TECH FUND	MEMORIAL BUILDING FUND	CITY GENERAL GRANT FUND	RURAL BUSINESS ENT. GRANT	DRUG COALITION FUND	DOG PARK FUND
Cash and investments - beginning	\$ 12,184	\$ 9	\$ 433,460	\$ 21,036	\$ 1,994	\$ 2,669
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	63,623	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	1,198,279	9,087	99,766	120
Total receipts	-	-	1,198,279	9,087	163,389	120
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	1,423,169	-	160,860	1,527
Total disbursements	-	-	1,423,169	-	160,860	1,527
Excess (deficiency) of receipts over disbursements	-	-	(224,890)	9,087	2,529	(1,407)
Cash and investments - ending	\$ 12,184	\$ 9	\$ 208,570	\$ 30,123	\$ 4,523	\$ 1,262

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

	DEBT SERVICE RESERVE FUND	MAINSTREET FUND	CAPITALIZED INTEREST RESERVE - WOODMIZER	PUBLIC TRUST AGENCY FUND	SEWER INSPECTION FEES	BRUM FUNDS
Cash and investments - beginning	\$ 88,308	\$ 850	\$ 104,460	\$ 15,200	\$ -	\$ 92,230
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	6,649	-	-	30,380	-
Total receipts	-	6,649	-	-	30,380	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	25,858
Debt service - principal and interest	-	-	41,854	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	6,029	-	-	-	-
Total disbursements	-	6,029	41,854	-	-	25,858
Excess (deficiency) of receipts over disbursements	-	620	(41,854)	-	30,380	(25,858)
Cash and investments - ending	\$ 88,308	\$ 1,470	\$ 62,606	\$ 15,200	\$ 30,380	\$ 66,372

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

	PLAYGROUND EQUIPMENT FUND	BUTTERFLY GARDEN	COBRA & RETIRED EMP INS	CITY COURT FUND	SEWAGE M&O	SEWAGE IMPROVEMENT FUND
Cash and investments - beginning	\$ 566	\$ 303	\$ 13,292	\$ 581	\$ 1,413,873	\$ 1,070,070
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	38,127	-	-
Utility fees	-	-	-	-	1,985,178	10,500
Other receipts	-	-	22,603	-	996	-
Total receipts	-	-	22,603	38,127	1,986,174	10,500
Disbursements:						
Personal services	-	-	-	-	485,703	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	38,055	171,339	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	29,297	83,004
Utility operating expenses	-	-	-	-	549,178	295,556
Other disbursements	-	-	31,600	-	684,646	-
Total disbursements	-	-	31,600	38,055	1,920,163	378,560
Excess (deficiency) of receipts over disbursements	-	-	(8,997)	72	66,011	(368,060)
Cash and investments - ending	\$ 566	\$ 303	\$ 4,295	\$ 653	\$ 1,479,884	\$ 702,010

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

	SEWAGE SINKING	SEWAGE DEBT RESERVE	STORMWATER UTILITY FUND	WATER UTILITY OPERATING	WATER UTILITY METER DEPOSIT	WATER UTILITY DEPRECIATION
Cash and investments - beginning	\$ -	\$ 462,400	\$ 103,190	\$ 1,224,859	\$ 29,200	\$ 638,125
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	134,132	2,177,066	13,100	-
Other receipts	684,523	-	103,061	53,306	-	999
Total receipts	684,523	-	237,193	2,230,372	13,100	999
Disbursements:						
Personal services	-	-	-	281,515	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	20,363	-	-
Debt service - principal and interest	684,523	-	-	-	-	-
Capital outlay	-	-	136,291	-	-	179,402
Utility operating expenses	-	-	41,762	960,656	-	4,550
Other disbursements	-	-	-	-	12,700	204,000
Total disbursements	684,523	-	178,053	1,262,534	12,700	387,952
Excess (deficiency) of receipts over disbursements	-	-	59,140	967,838	400	(386,953)
Cash and investments - ending	\$ -	\$ 462,400	\$ 162,330	\$ 2,192,697	\$ 29,600	\$ 251,172

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

	<u>GAS UTILITY MAIN EXTENSIONS</u>	<u>GAS UTILITY CASH RESERVE</u>	<u>GAS UTILITY OPERATING</u>	<u>GAS UTILITY METER DEPOSIT</u>	<u>GAS UTILITY DEPRECIATION</u>	<u>Totals</u>
Cash and investments - beginning	\$ 15,571	\$ 204,000	\$ 547,261	\$ 26,700	\$ 1,922,776	\$ 11,666,067
Receipts:						
Taxes	-	-	27,930	-	-	3,471,981
Licenses and permits	-	-	-	-	-	26,995
Intergovernmental receipts	-	-	-	-	-	1,517,034
Charges for services	-	-	-	-	-	867,929
Fines and forfeits	-	-	-	-	-	55,342
Utility fees	-	-	2,230,292	12,000	-	6,562,268
Other receipts	-	204,000	53,636	-	1,024	17,296,322
Total receipts	-	204,000	2,311,858	12,000	1,024	29,797,871
Disbursements:						
Personal services	-	-	-	-	-	3,957,481
Supplies	-	-	-	-	-	312,599
Other services and charges	-	-	-	-	-	1,528,046
Debt service - principal and interest	-	-	-	-	-	1,135,406
Capital outlay	-	-	-	-	130,145	2,625,018
Utility operating expenses	4,786	-	1,990,674	11,700	-	3,858,862
Other disbursements	-	-	-	-	-	14,085,141
Total disbursements	4,786	-	1,990,674	11,700	130,145	27,502,553
Excess (deficiency) of receipts over disbursements	(4,786)	204,000	321,184	300	(129,121)	2,295,318
Cash and investments - ending	\$ 10,785	\$ 408,000	\$ 868,445	\$ 27,000	\$ 1,793,655	\$ 13,961,385

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

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Revenue bonds	EDIT Refunding Revenue Bonds Series 2014	\$ 1,711,000	\$ 174,546
Revenue bonds	EDIT-THRIVE MARKET Revenue Bonds Series 2015	384,000	15,332
Revenue bonds	EDIT-WOODMIZER Revenue Bonds Series 2015	<u>795,000</u>	<u>41,738</u>
Total governmental activities		<u>2,890,000</u>	<u>231,616</u>
Wastewater:			
Revenue bonds	Sewage Works Refunding Revenue Bonds Series 2013	<u>2,620,000</u>	<u>684,117</u>
Totals		<u>\$ 5,510,000</u>	<u>\$ 915,733</u>

CITY OF BATESVILLE
SCHEDULE OF CAPITAL ASSETS
December 31, 2016

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

	Ending Balance
Governmental activities:	
Land	\$ 1,197,038
Infrastructure	22,216,592
Buildings	3,665,708
Improvements other than buildings	2,173,814
Machinery, equipment, and vehicles	4,020,707
Construction in progress	<u>169,900</u>
Total governmental activities	<u>33,443,759</u>
Water Fund:	
Land	179,984
Infrastructure	8,958,226
Buildings	2,912,258
Improvements other than buildings	867,232
Machinery, equipment, and vehicles	<u>803,731</u>
Total Water Fund	<u>13,721,431</u>
Gas Fund:	
Land	21,568
Infrastructure	6,518,078
Buildings	631,487
Improvements other than buildings	61,762
Machinery, equipment, and vehicles	<u>1,280,340</u>
Total Gas Fund	<u>8,513,235</u>
Wastewater:	
Infrastructure	26,248,495
Buildings	1,054,648
Improvements other than buildings	151,625
Machinery, equipment, and vehicles	<u>791,102</u>
Total Wastewater	<u>28,245,870</u>
Total capital assets	<u>\$ 83,924,295</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CITY OF BATESVILLE, RIPLEY COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the City of Batesville'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, 2016. 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, 2016.

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

December 12, 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 BATESVILLE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Community Facilities Loans and Grants Cluster Stormwater/Sidewalk Project	Direct grant	10.766		\$ -	\$ 1,800,000
Total - Community Facilities Loans and Grants Cluster				-	1,800,000
Total - Department of Agriculture				-	1,800,000
Total federal awards expended				\$ -	\$ 1,800,000

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

CITY OF BATESVILLE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

CITY OF BATESVILLE
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 findings 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>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Community Facilities Loans and Grants Cluster	Unmodified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2016-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

There were deficiencies in the internal control system of the City related to financial transactions and reporting. The City had not separated incompatible activities related to cash and investments and financial reporting.

Cash and Investments

The Deputy Clerk-Treasurer was primarily responsible for reconciling the bank accounts to the ledger. There was no segregation of duties documented, such as an oversight, review, or approval process, or other compensating control.

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

Financial Reporting

The Deputy Clerk-Treasurer prepared and reported the cash and investment balances, receipts, and disbursements in the Indiana Gateway for Government Units financial reporting system, which was the source of the City's financial statement, without any evidence of review or oversight.

Context

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

Criteria

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

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

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

There is an expectation of segregation of duties. If compensating controls are necessary documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2016-002

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 and noncompliance were systemic issues throughout the audit period. Due to the lack of controls, the federal expenditures reported on the SEFA presented for audit were understated by a material amount.

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.

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

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

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

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

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

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within 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.

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 establish a system of internal controls to ensure that federal expenditures will be properly reported on the SEFA.

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

Views of Responsible Officials

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

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.

City Clerk Treasurer

132 S. Main Street
Batesville, IN 47006
812-933-6101



CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: **Paul Gates – Clerk-Treasurer**
Contact Phone Number: **812-933-6101**

Views of Responsible Official:

- *Cash & Investments* – This segregation of duties issue involving bank reconciliation arose from the 2012-2015 audit which was completed in March, 2018. Since then, the Clerk-Treasurer has reviewed and approved all bank reconciliations in the Key system.
- *Financial Reporting* – The Deputy Clerk has the ability to input information into the Gateway system, but cannot approve the final submission of the data. Only the Clerk-Treasurer has approval authorization. The Clerk-Treasurer did review all of the annual reporting data before finalizing the certification to the system.

Description of Corrective Action Plan:

- *Cash & Investments* – Corrective action plan has been in place since March 2018.
- *Financial Reporting* – The Clerk-Treasurer will provide a printout of all annual reporting data input into the Gateway system to the Mayor for his review before final authorization, which will provide another layer of oversight.

Anticipated Completion Date: **February, 2019.**


(Signature)

Clerk-Treasurer
(Title)



City Clerk Treasurer

132 S. Main Street
Batesville, IN 47006
812-933-6101

CORRECTIVE ACTION PLAN

FINDING 2016-002

Contact Person Responsible for Corrective Action: **Paul Gates – Clerk-Treasurer**
Contact Phone Number: **812-933-6101**

Views of Responsible Official:

- The Clerk-Treasurer didn't understand that the USDA loans for the Stormwater and Sidewalk projects were considered as "Grants" and needed to be included in the SEFA information.

Description of Corrective Action Plan:

- The Clerk-Treasurer will establish a policy to review all future federally related funding (with SBOA officials if necessary) and determine if inclusion in the SEFA schedule is required.

Anticipated Completion Date: **January, 2019.**


(Signature)

CLERK-TREASURER
(Title)

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/>.