

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

EXAMINATION REPORT
OF
WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
VANDERBURGH COUNTY, INDIANA
January 1, 2012 to December 31, 2012



FILED
06/06/2014

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of the Utilities	Allen Mounts	01-01-12 to 12-31-14
Chief Financial Officer of Utilities	Jenny Collins	01-01-12 to 12-31-14
President of the Department of Waterworks Board	Jeffrey M. Hatfield, Sr.	01-01-12 to 12-31-14
Mayor	Lloyd Winnecke	01-01-12 to 12-31-15
President of the Common Council	Connie Robinson John Friend	01-01-12 to 12-31-13 01-01-14 to 12-31-14
Controller	Russell Lloyd Jr.	01-01-12 to 12-31-14



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE WATER AND WASTEWATER UTILITIES,
CITY OF EVANSVILLE, VANDERBURGH COUNTY, INDIANA

We have examined the accompanying financial statements of the business-type activities of the Water and Wastewater Utilities (Utilities), departments of the City of Evansville (City), as of and for the year ended December 31, 2012. The Utilities' management is responsible for the financial statements presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note I, the financial statements of the Water and Wastewater Utilities, City of Evansville, are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Utilities. They do not purport to, and do not, present fairly the financial position of the City of Evansville as of December 31, 2012, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities for the Water and Wastewater Utilities, departments of the City of Evansville, as of December 31, 2012, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

March 17, 2014

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WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
STATEMENT OF NET POSITION
December 31, 2012

ASSETS	Water	Wastewater
Current assets:		
Cash and cash equivalents	\$ 3,715,440	\$ 6,675,216
Accounts receivable (net of allowance)	1,354,491	3,442,378
Interest receivable	-	-
Accounts receivable - other	56,162	-
Interfund receivables for services provided and used	306,882	-
Materials and supplies inventory	725,676	152,650
Total current assets	6,158,651	10,270,244
Noncurrent assets:		
Restricted assets:		
Bond and interest cash and cash equivalents	3,639,149	6,603,352
Bond and interest investments	-	-
Debt service reserve cash and cash equivalents	-	2,910,182
Debt service reserve investments	-	7,370,000
Wastewater treatment plant cash and cash equivalents	-	1,286,216
Construction fund cash and cash equivalents	1,641,827	8,097,044
Consumer meter deposits cash and cash equivalents	1,008,277	-
Cash with fiscal agent	-	294,322
Other receivable	-	263,162
Interest and customer deposits receivable	14,036	4,798
Total restricted assets	6,303,289	26,829,076
Deferred charges:		
Unamortized bond issuance costs	990,370	996,338
Miscellaneous	494,110	1,745,106
Total deferred charges	1,484,480	2,741,444
Capital assets:		
Depreciable capital assets	166,619,827	336,800,188
Less accumulated depreciation	(55,125,604)	(136,251,447)
Subtotals	111,494,223	200,548,741
Land and improvements to land	432,435	3,678,964
Construction work in progress	709,600	28,460,706
Net capital assets	112,636,258	232,688,411
Total assets	\$ 126,582,678	\$ 272,529,175
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 392,541	\$ 1,130,604
Accrued sales and gross income taxes	65,192	-
Accrued payroll and withholdings payable	279,400	178,540
Interfund payables for services provided and used	-	234,008
Intergovernmental payable	-	2,790
Compensated absences	413,344	333,570
Payable from restricted assets:		
Customer deposits	1,022,852	-
Contracts payable	-	3,429,881
Retainage payable	-	295,925
Accrued interest	1,349,150	2,874,936
Bonds payable	2,290,000	2,150,000
State revolving fund loans	-	3,860,000
Total current liabilities	5,812,479	14,490,254
Noncurrent liabilities:		
Revenue bonds payable, net of unamortized premium, discounts and losses on refunding	57,402,323	53,755,780
State revolving loans payable	-	89,947,031
Bond anticipation note payable	2,475,000	-
Payments in lieu of taxes payable to City of Evansville	702,956	-
Total noncurrent liabilities	60,580,279	143,702,811
Total liabilities	\$ 66,392,758	\$ 158,193,065
NET POSITION		
Net investment in capital assets	\$ 51,953,415	\$ 85,717,044
Restricted	3,931,287	20,228,334
Unrestricted	4,305,218	8,390,732
Total net position	\$ 60,189,920	\$ 114,336,110

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

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
December 31, 2012

	Water	Wastewater
Operating revenues:		
Residential	\$ 9,559,539	\$ 18,256,013
Commercial and industrial	6,479,344	13,245,311
Fire protection	2,262,257	-
Forfeited discounts	132,604	626,263
Refuse services	-	5,686,933
Tap-on fees	-	321,516
Pretreatment charges	-	290,000
Industrial surcharges and fines	-	320,459
Interfund charges for joint expenses	2,808,187	-
Other	150,124	593,813
	21,392,055	39,340,308
Operating expenses:		
Source of supply	1,125,171	-
Treatment	4,597,202	-
Transmission and distribution	4,431,230	-
Customer accounts	3,653,921	-
Collection system	-	4,315,730
Treatment and disposal	-	7,297,238
Customer service	-	3,028,843
Administrative and general	3,008,406	8,882,960
	16,815,930	23,524,771
Depreciation	3,717,561	11,549,901
	20,533,491	35,074,672
Total operating expenses		
Net operating revenues	858,564	4,265,636
Nonoperating revenues:		
Interest income	-	30,201
BAB subsidy income	-	181,357
Other	81,156	450,000
	81,156	661,558
Totals		
	81,156	661,558
Nonoperating expenses:		
Interest expense	2,465,761	3,772,086
Amortization	99,062	719,837
Other	151,807	151,773
	2,716,630	4,643,696
Totals		
	2,716,630	4,643,696
Net income (loss) before contributions and transfers	(1,776,910)	283,498
Capital contributions and (transfers):		
Payment in lieu of taxes	-	(2,003,300)
Contributed capital	706,591	463,339
	706,591	(1,539,961)
Totals		
	706,591	(1,539,961)
Change in net position	(1,070,319)	(1,256,463)
Total net position - beginning	61,260,239	115,463,513
Adjustment to net position	-	129,060
	-	129,060
Total net position - ending	\$ 60,189,920	\$ 114,336,110

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

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
STATEMENT OF CASH FLOWS
December 31, 2012

	Water	Wastewater
Cash flows from operating activities:		
Cash received from customers and users	\$ 21,250,837	\$ 39,126,789
Cash paid to suppliers, employees and others	(16,761,607)	(23,657,574)
Net cash from operating activities	4,489,230	15,469,215
Cash flows from noncapital financing activities:		
Payment in lieu of taxes	-	(2,003,300)
Cash flows from capital and related financing activities:		
Proceeds from bond anticipation note	2,375,000	-
Proceeds from revenue bonds	-	-
Proceeds from state revolving fund loans	-	14,184,242
Contributed capital	170,524	-
Acquisition and construction of capital assets	(3,392,929)	(21,311,438)
Redemption of BAN	-	-
Other receivable	-	274,793
BAB subsidy payment	-	528,129
Principal paid on revenue bonds	(2,205,000)	(2,230,000)
Principal paid on state revolving fund loans	-	(3,722,000)
Interest paid on revenue bonds	(2,747,319)	(2,992,779)
Interest paid on state revolving loans	-	(1,374,297)
Bond issuance costs paid	-	(76,358)
Contracts payable	(350,736)	(2,565,311)
Retainage payable	(63,461)	(1,183,364)
Nonoperating revenues	81,156	631,357
Nonoperating expenses	(151,807)	(151,773)
Net cash from capital and related financing activities	(6,284,572)	(19,988,799)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	-	11,495,000
Purchase of investments	-	(10,120,000)
Interest income	-	82,665
Net cash from investing activities	-	1,457,665
Net (decrease)/increase in cash and cash equivalents	(1,795,342)	(5,065,219)
Cash and cash equivalents January 1, 2012	11,800,035	30,931,551
Cash and cash equivalents December 31, 2012	\$ 10,004,693	\$ 25,866,332
Reconciliation of net operating revenues to cash provided from operations:		
Net operating revenues	\$ 858,564	\$ 4,265,636
Adjustments to reconcile net operating revenue to net cash provided from operating activities:		
Depreciation expense	3,717,561	11,549,901
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable - customer	(128,527)	(213,519)
Accounts receivable - other	(12,691)	-
Materials and supplies Inventory	22,300	40,528
Interfund services provided	(2,041)	-
Prepaid expenses	-	-
Customer deposits receivable	281	-
Increase (decrease) in:		
Accounts payable	(80,394)	(222,313)
Taxes payable	(3,059)	-
Accrued payroll and withholdings payable	(8,549)	(34,425)
Compensated absences payable	84,156	74,399
Customer deposits	41,629	-
Interfund services used	-	9,008
Net cash provided from operations	\$ 4,489,230	\$ 15,469,215
Noncash investing, capital and financing activities:		
Customer accounts written off	\$ 75,787	\$ 116,324
Construction of capital assets on account	-	3,429,881
Capital assets transferred from construction in progress	3,757,852	40,494,117
Contributions of lines by developers	536,067	463,399

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

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Fund Financial Statements

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

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

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

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

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

D. Assets, Liabilities, and Net Position

1. Deposits and Investments

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

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

Nonparticipating certificates of deposit, demand deposits, and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Debt securities are reported at fair value. Debt securities are defined as securities backed by the full faith and credit of the United States Treasury or fully insured or guaranteed by the United States or any United States government agency.

Open-end mutual funds are reported at fair value.

Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. Other money market investments are reported at fair value.

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

2. Inventories

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

3. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants and other ordinances.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Water Utility:			
Infrastructure	\$ 750	Composite	2%
Buildings	750	Composite	2%
Improvements other than buildings	750	Composite	2%
Machinery and equipment	750	Composite	2%
Transportation equipment	750	Composite	2%
Wastewater Utility:			
Infrastructure	750	Straight-line	5 to 100 years
Buildings	750	Straight-line	5 to 100 years
Improvements other than buildings	750	Straight-line	5 to 100 years
Machinery and equipment	750	Straight-line	5 to 25 years

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The 2 percent composite rate for the Water Utility is required pursuant to an Indiana Utility Regulatory Commission rate order. This depreciation rate is applied to the total cost of all of the Water assets. When property is retired, accumulated depreciation is charged for the original cost of the assets in addition to the cost to remove, sell, or dispose of the asset net of the salvage value. No gain or loss is recognized on the retirement. For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are charged to operating expense when incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Water and Wastewater Utilities during the current year was \$2,747,319 and \$4,367,076, respectively. Of the amount, \$247,021 and \$2,123,666, respectively, was included as part of the cost of capital assets under construction in connection with various water line and plant improvement projects and wastewater modifications and extension projects.

5. Compensated Absences

- a. Sick Leave - Full-time Non-Union Utility employees are awarded 8 sick days per year. Unused sick leave may be accumulated to a maximum of 60 days. Accumulated sick leave is paid to employees through cash payments upon retirement to a maximum of 30 days, provided the employee has five years of continuous service.

Union Utility employees earn sick leave at the rate of 9 days per year. Unused sick leave may be accumulated indefinitely. Accumulated sick leave is paid to employees through cash payments upon retirement up to a maximum of 42 days.

- b. Vacation Leave - Utility employees earn vacation leave at rates from 10 days to 30 days per year based upon the number of years of service. Employees are expected to use earned vacation time by the end of the next succeeding employment year. Non-Union employees can carry over 50 percent of their annual vacation entitlement for use in the following year. Accumulated vacation leave is paid to employees through cash payments upon death, retirement, or termination. If an employee is terminated for cause, all accrued benefits are forfeited.
- c. Compensatory time is available to employees for hours they work beyond 40 hours in a week with approval of the employee's supervisor.
- d. Personal Leave - Utility employees earn personal leave at the rate of 3 days per year. Personal leave is not paid to employees upon termination and does not accumulate from year to year.

Vacation and sick leave are accrued when incurred.

6. Long-Term Obligations

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

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

7. Restricted Net Position

The financial statements for the Water and Wastewater Utilities report \$3,931,287 and \$20,228,334 respectively, of restricted net position which is restricted by bond resolution or other ordinances.

II. Detailed Notes on All Funds

A. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Utilities do not have a deposit policy for custodial credit risk. At December 31, 2012, the Water and Wastewater Utilities had deposit balances in the amount of \$10,004,693 and \$33,236,332, respectively.

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

B. Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 432,435	\$ -	\$ -	\$ 432,435
Construction in progress	2,274,038	2,193,414	3,757,852	709,600
Total capital assets, not being depreciated	2,706,473	2,193,414	3,757,852	1,142,035
Capital assets, being depreciated:				
Infrastructure	98,544,294	7,624,618	3,776,376	102,392,536
Buildings	35,778,152	89,618	-	35,867,770
Improvements other than buildings	172,672	-	-	172,672
Machinery and equipment	26,617,819	1,638,310	69,280	28,186,849
Totals	161,112,937	9,352,546	3,845,656	166,619,827

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Water Utility (continued):				
Less accumulated depreciation for:				
Infrastructure	34,050,926	2,295,917	(258,622)	36,605,465
Buildings	13,385,992	890,743	351	14,276,384
Improvements other than buildings	6,907	4,149	725	10,331
Machinery and equipment	<u>3,707,899</u>	<u>526,752</u>	<u>1,227</u>	<u>4,233,424</u>
Totals	<u>51,151,724</u>	<u>3,717,561</u>	<u>(256,319)</u>	<u>55,125,604</u>
Total capital assets, being depreciated, net	<u>109,961,213</u>	<u>5,634,985</u>	<u>4,101,975</u>	<u>111,494,223</u>
Total capital assets, net	<u>\$ 112,667,686</u>	<u>\$ 7,828,399</u>	<u>\$ 7,859,827</u>	<u>\$ 112,636,258</u>
Wastewater Utility:				
Capital assets, not being depreciated:				
Land	\$ 3,581,706	\$ 97,258	\$ -	\$ 3,678,964
Construction in progress	<u>48,270,155</u>	<u>20,684,668</u>	<u>40,494,117</u>	<u>28,460,706</u>
Total capital assets, not being depreciated	<u>51,851,861</u>	<u>20,781,926</u>	<u>40,494,117</u>	<u>32,139,670</u>
Capital assets, being depreciated:				
Infrastructure	132,343,483	42,951,826	1,564,693	173,730,616
Buildings	153,132,180	843,794	482,126	153,493,848
Improvements other than buildings	1,789,756	54,853	-	1,844,609
Machinery and equipment	<u>6,458,124</u>	<u>2,484,246</u>	<u>1,211,255</u>	<u>7,731,115</u>
Totals	<u>293,723,543</u>	<u>46,334,719</u>	<u>3,258,074</u>	<u>336,800,188</u>
Less accumulated depreciation for:				
Infrastructure	46,992,093	4,636,671	4,268	51,624,496
Buildings	73,266,105	5,995,196	-	79,261,301
Improvements other than buildings	849,015	64,134	-	913,149
Machinery and equipment	<u>3,666,402</u>	<u>853,894</u>	<u>67,795</u>	<u>4,452,501</u>
Totals	<u>124,773,615</u>	<u>11,549,895</u>	<u>72,063</u>	<u>136,251,447</u>
Total capital assets, being depreciated, net	<u>168,949,928</u>	<u>34,784,824</u>	<u>3,186,011</u>	<u>200,548,741</u>
Total capital assets, net	<u>\$ 220,801,789</u>	<u>\$ 55,566,750</u>	<u>\$ 43,680,128</u>	<u>\$ 232,688,411</u>

Depreciation expense was charged to functions/programs of the Utilities for 2012 as follows:

	<u>2012</u>
Water	\$ 3,717,561
Wastewater	<u>11,549,901</u>
Total depreciation expense	<u>\$ 15,267,462</u>

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Construction Commitments

At December 31, 2012, construction work in progress was composed of the following:

Project	2012	
	Expended to December 31	Committed
Water lines and plant improvements	\$ 709,600	\$ 1,641,827
Sewer modifications, extensions, and treatment plant	28,460,706	15,409,246
Totals	<u>\$ 29,170,306</u>	<u>\$ 17,051,073</u>

D. Interfund Receivables and Payables

As of December 31, 2012, the Wastewater Utility owed the Water Utility \$234,008. Vanderburgh County owed the Water Utility \$72,874 for its share of Geographical Information System (GIS) expenses. The Water Utility also carried a long-term liability for Payments in Lieu of Tax to the City of Evansville for \$702,956. The City is not accruing interest on the unpaid Payments in Lieu of Tax.

E. Short-Term Liabilities

The Water Utility's Board during December of 2011 approved the issuance of a Bond Anticipation Note (BAN) in the not to exceed amount of \$4,000,000 for various waterworks improvements, due on or before December 1, 2012. The BAN was sold to The Evansville Local Public Improvement Bond Bank (EBB) pursuant to a Bond Anticipation Note Purchase Agreement between the City and the EBB. In November 2012, the Water Utility Board decided to extend the BAN due to a delay in issuing Water Utility Long-Term Bonds for the purpose of constructing various waterworks improvements and retiring the BAN. The renewed BAN was sold to the EBB with substantive terms similar to that of the prior BAN, and is due on or before November 15, 2013.

Short-term debt activity for the year ended December 31, 2012, was as follows:

2012	Beginning Balance	Issued/ Draws	Redeemed/ Repayments	Ending Balance
Water Utility:				
Bond anticipation note	\$ 100,000	\$ 2,375,000	\$ -	\$ 2,475,000

F. Long-Term Liabilities

1. Revenue Bonds

The Utilities issue bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Balance at December 31	Less: Unamortized (Premium) Discount	Less: Deferral on Refunding	Amount
2004 Waterworks revenue bonds	3.750% to 4.625%	\$ 21,140,000	\$ (2,730)	\$ -	\$ 21,142,730
2005 Waterworks refunding bonds	3.60% to 4%	4,435,000	-	44,956	4,390,044
2008 Waterworks revenue bonds	4.125% to 4.875%	34,360,000	200,451	-	34,159,549
2003 Wastewater refunding bonds	4.25% to 5%	28,810,000	(297,190)	1,320,908	27,786,282
2010 Wastewater revenue bonds - Series B-1	3.2% to 6.5%	27,450,000	(44,498)	-	27,494,498
2010 Wastewater revenue bonds - Series B-2	2%	625,000	-	-	625,000
Totals		<u>\$ 116,820,000</u>	<u>\$ (143,967)</u>	<u>\$ 1,365,864</u>	<u>\$ 115,598,103</u>

The 2010 series B-1 and B-2 revenue bonds are taxable bonds. The Series B-1 bonds were issued under Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009. The Series B-1 bonds are eligible for Federal subsidies in the form of refundable tax credits paid to the Wastewater Utility. The tax credits are equal to 35 percent of the total coupon interest payable. The tax credits received by the Wastewater Utility will be recorded as revenue in the year the credit it is earned.

Revenue bonds debt service requirements to maturity are as follows:

	Water Utility		Wastewater Utility	
	Principal	Interest	Principal	Interest
2013	\$ 2,290,000	\$ 2,653,584	\$ 2,150,000	\$ 2,924,617
2014	2,375,000	2,562,076	2,580,000	2,846,680
2015	2,470,000	2,465,964	2,670,000	2,747,637
2016	2,565,000	2,364,734	2,760,000	2,637,726
2017	2,670,000	2,258,163	2,875,000	2,510,664
2018 - 2022	15,125,000	9,460,944	20,870,000	10,021,384
2023 - 2027	18,840,000	5,634,769	13,320,000	5,054,180
2028 - 2032	13,600,000	1,015,950	9,660,000	1,592,810
Totals	<u>\$ 59,935,000</u>	<u>\$ 28,416,184</u>	<u>\$ 56,885,000</u>	<u>\$ 30,335,698</u>

2. State Revolving Loans Payable

Under the terms of the State Revolving Loan Fund, revenue bonds have been purchased by the Indiana Bond Bank, the proceeds of which are set aside to finance the construction of various wastewater rehabilitation projects. Funds are loaned to the Utility as construction costs are accrued to the maximum allowed. The 2012, 2010A, and 2009 loans established maximum draws of \$5,975,000, \$7,120,000, and \$27,750,000, respectively. As of December 31, 2012, the loan principal amounts drawn for the 2012, 2010A, and 2009 loans were \$2,257,284, \$6,044,007, and \$25,475,230, respectively. Annual debt service requirements for the 2012, 2010A, and 2009 loans will not be determined until planned construction projects are completed. Principal repayments on the 2010A and 2009 loans to date total \$1,000 and \$1,000, respectively.

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The State placed the proceeds of the 2008 and 2011D into trust accounts in the Wastewater Utility's name. Cash drawdowns are made from these accounts after approval is given by the State. The cash balance of the of the 2008 and 2011D loans not yet down down, reported as part of the Construction Fund Cash and Cash Equivalents, is \$270,658 and \$408,843, respectively.

Under the terms of the State Revolving Loan Fund, revenue bonds have been purchased by the Indiana Bond Bank, the proceeds of which are set aside to finance the construction of improvements and extensions to the Wastewater Utility. Funds were loaned to the Wastewater Utility as construction costs accrued to the maximum allowed. The 1993, 1998, 2004, 2007, 2008, 2011C, and 2011D loans established a maximum draw of \$2,059,074, \$14,953,074, \$7,130,000, \$37,518,000, \$18,452,000, \$3,800,000, and \$1,215,000, respectively. At the completion of construction, the outstanding principal balance was amortized over a period of 16 years, 19 years, 20 years, 20 years, 20 years, 20 years, and 20 years, respectively. Annual debt service requirements to maturity for the loans, including interest of \$16,107,735, are as follows:

2013	\$	5,802,603
2014		5,656,605
2015		5,654,438
2016		5,659,437
2017		5,655,258
2018 - 2022		24,087,090
2023 - 2027		20,551,522
2028 - 2032		<u>3,072,292</u>
Total	\$	<u><u>76,139,245</u></u>

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

2012	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water Utility:					
Revenue bonds payable	\$ 62,140,000	\$ -	\$ 2,205,000	\$ 59,935,000	\$ 2,290,000
Payment in lieu of tax	702,956	-	-	702,956	-
Compensated absences	<u>329,188</u>	<u>84,156</u>	<u>-</u>	<u>413,344</u>	<u>-</u>
Total long-term liabilities	<u>\$ 329,188</u>	<u>\$ 84,156</u>	<u>\$ -</u>	<u>\$ 61,051,300</u>	<u>\$ 2,290,000</u>
Wastewater Utility:					
Revenue bonds payable	\$ 59,115,000	\$ -	\$ 2,230,000	\$ 56,885,000	\$ 2,150,000
State revolving loan	83,344,789	14,184,242	3,722,000	93,807,031	3,860,000
Compensated absences	<u>259,171</u>	<u>74,399</u>	<u>-</u>	<u>333,570</u>	<u>-</u>
Total long-term liabilities	<u>\$ 142,718,960</u>	<u>\$ 14,258,641</u>	<u>\$ 5,952,000</u>	<u>\$ 151,025,601</u>	<u>\$ 6,010,000</u>

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Restricted Assets

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

	Water	Wastewater
Revenue bond covenant accounts	\$ 5,280,976	\$ 26,529,956
Customer deposits cash	1,008,277	-
Customer deposits receivable	14,036	-
Other restricted cash	-	294,322
Interest receivable	-	4,798
	\$ 6,303,289	\$ 26,829,076
Total restricted assets		

III. Other Information

A. Risk Management

The City, including the Utilities, is 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. Information is not available to segregate the Utilities' portion.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to; and natural disasters are covered by commercial insurance from independent third parties. The City, including the Utilities, is self-insured for the first \$100,000 to \$150,000 of claims depending on the type of loss.

Torts; Theft of, Damage to, and Destruction of Assets; Errors and Omissions;
Job Related Illnesses or Injuries to Employees; and Natural Disasters

The City, including the Utilities, has chosen to establish three risk financing funds for risks associated with torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The risk financing funds are accounted for in the City's Liability Insurance fund, Auto Collision fund, and the Workers' Compensation fund, internal service funds, where assets are set aside for claim settlements. The City, including the Utilities, is self-insured for the first \$100,000 to \$150,000 per incident depending on the type of loss. Also all claims in excess of \$2,052,500 per year are covered by commercial insurance. Interfund premiums are paid into the funds by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external transactions.

Medical Benefits to Employees, Retirees, and Dependents

The City, including the Utilities, has chosen to establish a risk financing fund for risks associated with Medical benefits to employees, retirees and dependents. Coverage is provided for life insurance, dental, health care management, vision, prescription, wellness, and employee assistance. The risk financing fund is accounted for in the City's Hospitalization fund, an internal service fund, where

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

assets are set aside for claim settlements. The City, including the Utilities, purchases commercial insurance for claims in excess of coverage provided by the fund. Amounts are paid into the health insurance fund by all funds from which payroll is paid. The amounts paid by each fund are based on an amount per employee in that fund.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Rate Structure

1. Water Utility

The rate structure in effect in 2012 was approved by the Indiana Utility Regulatory Commission (IURC) on September 26, 2007. The Utility has approximately 61,144 customers. During May 2012, the Water Utility filed a rate petition with the IURC which was subsequently approved as described in Note G.

2. Wastewater Utility

In 2010, the Common Council approved a rate ordinance allowing for an increase in rates to be phased in over a period of time. Phase I of the increase is a 9 percent increase over the present rates and charges to be effective January 1, 2011, and Phase II of the increase is an 11 percent increase over the Phase I rates and charges to be effective January 1, 2012. The Utility has approximately 51,520 customers. Additional rate increases to fund the Wastewater Utility's consent decree improvements due to violations of the Clean Water Act and various other capital and operational improvements are currently under consideration.

The Wastewater Utility entered into a revised contract with BFI Waste Services of Indiana LP for refuse collection and recycling services on September 11, 2012. The agreement will be effective January 1, 2013, and cover a term of ten years. Pursuant to this contract the Common Council approved a revised refuse monthly fee effective January 1, 2013.

C. Dividend Income

The Wastewater Utility earned dividend income on the investment of funds in mutual funds.

D. Federal Emergency Management Agency (FEMA) Reimbursements

In January 2012, the Water and Wastewater Utilities received \$2,963 and \$537,955, respectively, from FEMA for reimbursement of flood expenses due to costs associated with the sewer collapses on Ray Becker Parkway.

E. Guaranteed Performance Contract with Johnson Controls, Inc.

The Utilities' Board on November 15, 2011, entered into a Guaranteed Performance Contract (GPC) with Johnson Controls, Inc. (JCI), for the installation of an automated meter reading system (AMR) and advanced metering infrastructure system (AMI). The GPC also included process improvements of the water/wastewater treatment system, the creation of renewable energy derived from methane produced by the fats, oil, and greases (FOG) program at the wastewater treatment plants, and

WATER AND WASTEWATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS
(Continued)

various other efficiency improvement measures. Through the installation of the automated meters and other efficiency measures Johnson Controls anticipates the Utilities would produce increased revenues and reduced costs that would in turn pay for the respective bonds issued to fund the costs of the contract.

As the Water Utility is regulated by the IURC, the Utility along with JCI filed a joint petition to authorize the Water Utility to enter into the contract with JCI, and for the Water Utility portion of the GPC financing. The petition was filed with the IURC in Cause No. 44123 on November 28, 2011. On August 15, 2011, the IURC issued an Order in Cause No. 44123 denying the request to issue bonds for the Water Utility portion of the GPC due to various issues. On December 11, 2012, the Utility and JCI revised the GPC for the removal or reduction of certain projects, and again on January 1, 2013, filed a joint petition with the IURC in Cause No. 44295 addressing several of the issues for denying the prior petition. On March 27, 2013, the IURC approved Cause No. 44295 allowing the Water Utility to issue bonds for the GPC financing.

F. Environmental Management Corporation Settlement

The City and the Wastewater Utility reached an agreement to settle the lawsuit with the former Wastewater Utility operator Environmental Management Corporation (EMC). The lawsuit resulted from violations related to the Wastewater Utility's NDPEs permit, the Clean Water Act and the recovery of the \$490,000 fine the Utility paid in 2011 to Indiana Department of Environmental Management (IDEM) and Environmental Protection Agency (EPA), and litigation fees. The violations occurred during the period that EMC was the day-to-day operator of the Wastewater Utility (1992-2010). The settlement was reached in March 2013 in the amount of \$2,500,000, with the Wastewater Utility receiving approximately \$1,625,000 and the remainder of the settlement going to the City.

G. Prior Period Adjustment

The adjustment to net position is composed of prior period adjustments of \$57,143 for depreciable capital assets and \$71,917 for accumulated depreciation.

H. Subsequent Events

Water Utility - Rate Increase

The proposed three-phase across-the-board rate increase was approved by the IURC on February 13, 2013, pursuant to IURC Order in Cause No. 44137. Phase I of the increase is a 15.83 percent increase over the present rates effective March 18, 2013, Phase II of the increase is an 8.54 percent increase over the Phase I rates effective January 1, 2014, and Phase III of the increase is an 7.85 percent increase over the Phase II rates to be effective January 1, 2015.

Wastewater Utility - Wastewater Refunding Bonds - Series 2013A

On February 25, 2013, the Common Council approved the issuance of the aggregate principal amount not to exceed \$35,400,000 in Sewage Works Revenue Refunding Bonds, Series 2013A. On May 2, 2013, the bonds were issued in the principal amount of \$32,440,000 to currently refund \$34,408,510 of the outstanding Sewage Works Revenue Bonds of 1998, Series C and the Sewage Works Revenue Bonds of 2003, Series A. Bond proceeds together with funds on hand were used to purchase U.S. government securities and placed in an irrevocable escrow account to refund the

WATER AND WASTEWATER UTILITIES
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NOTES TO FINANCIAL STATEMENTS
(Continued)

outstanding bonds. The reacquisition price exceeded the net carrying value of the prior bonds by \$692,308. This amount is being netted against the new bond and expensed over the remaining life of the new bond.

Water Utility - Waterworks Revenue Bonds - Series 2013A

On April 16, 2013, the Water Utility Board approved the issuance of the aggregate principal amount not to exceed \$30,909,000 in Waterworks Revenue Bonds, Series 2013A. On October 16, 2013, the bonds were issued in the principal amount of \$29,060,000 for the purpose of constructing various waterworks improvement, retiring a portion of the renewed BAN, funding a debt service reserve, and paying capitalized interest.

Wastewater Utility - Rate Increase

The Wastewater Utility had a Cost of Service Study (COSS) conducted during 2012 and 2013. On September 23, 2013, the Common Council approved a three-phase increase, subsequently amended on October 28, 2013, with Phase I effective January 1, 2014, and Phases II and III effective each January 1st thereafter.

Water Utility - Waterworks Revenue Bonds - Series 2013C

On June 25, 2013, the Water Utility Board approved the issuance of the aggregate principal amount not to exceed \$15,500,000 in Waterworks Revenue Bonds, Series 2013C. On November 26, 2013, the bonds were issued in the principal amount of \$15,500,000 and sold to the EBB pursuant to a Qualified Entity Purchase Agreement for the purpose of funding the Water Utility portion of the JCI GPC, retiring a portion of the renewed BAN, funding a debt service reserve and paying capitalized interest.

Wastewater Utility - Wastewater Revenue Bonds - Series 2013B

On July 8, 2013, the Common Council approved the issuance of the aggregate principal amount not to exceed \$33,000,000 in Sewage Works Revenue Bonds, Series 2013B. On November 26, 2013, the bonds were issued in the principal amount of \$29,255,000 and sold to the EBB pursuant to a Qualified Entity Purchase Agreement for the purpose of funding the Wastewater Utility portion of the JCI GPC, funding a debt service reserve and paying capitalized interest.

Water Utility - Waterworks Bond Anticipation Note

As the 2013A and 2013C Bonds refinanced portions of the renewed BAN. There was a portion of the BAN not eligible to be refinanced for each respective bond issue in the approximate amount of \$1,200,000. Again, the Water Utility Board decided to extend the BAN and to repay through Utility Revenues. The renewed BAN was sold to the EBB with substantive terms similar to that of the prior BANs on November 27, 2013, in the not to exceed amount of \$1,300,000, due on or before November 26, 2014.

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Wastewater Utility - Wastewater Revenue Bonds - Series 2014A

In January 2014, the Wastewater Utility issued in the principal amount of \$7,510,000 Sewage Works Revenue Bonds, Series 2014A through the Indiana State Revolving Fund (SRF) Loan program. This bond issue will fund the last two phases of the Cass Avenue Sewer Separation Project. The State placed the proceeds of the 2014A into a trust account in the Wastewater Utility's name. Cash drawdowns are made from this account after approval is given by the State.

Sewer Settlement of Lawsuit

The City and the Wastewater Utility reached an agreement to settle the lawsuit with the former Wastewater Utility operator Environmental Management Corporation (EMC). The lawsuit resulted from violations related to the Wastewater Utility's NDPEs permit, the Clean Water Act and the recovery of the \$490,000 fine the utility paid in 2011 to Indiana Department of Environmental Management (IDEM) and Environmental Protection Agency (EPA), and litigation fees. The violations occurred during the period that EMC was the day-to-day operator of the Wastewater Utility (1992-2010). The settlement was reached in March 2013 in the amount of \$2,500,000, with the Wastewater Utility receiving approximately \$1,625,000 and the remainder of the settlement going to the City.

I. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City, including the Utilities, contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 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. The report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The Board of Trustees of INPRS establishes the contribution requirements of plan members for PERF. The total contributions made to PERF by the Utilities during the period were \$1,119,667.

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available. The obligation for participating in the plan is considered an obligation to the City as a whole.

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
EXAMINATION RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS

Water and Wastewater funds were not properly reconciled to bank balances for the entire year of 2012.

Multiple bank reconcilements were submitted throughout the examination. Errors noted on the Utilities' bank reconcilements included:

1. The wrong balances from some of the bank statements were used in the Utilities' reconciliation.
2. Outstanding checks at December 31, 2012, were overstated.
3. Funds were overstated due to incorrect postings to the ledger.
4. Random adjustments were added and later deleted from reconcilements submitted for examination.
5. Some Payroll fund transactions were not posted or were not posted properly to the fund.

In addition, prior to 2012, most cash funds of the Water and Wastewater Utilities were accounted for in the City's bank account. During 2012, separate bank accounts were established; however, the exact cash amount due to each Utility was not moved to the new bank accounts at the time the new bank accounts were established. Some monies were moved in 2013 and some have not been moved to date. The City should determine and move the exact amount due to each Utility.

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

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

WATER AND WASTEWATER UTILITIES UTILITY
CITY OF EVANSVILLE
EXIT CONFERENCE

The contents of this report were discussed on March 17, 2014, with Jenny Collins, Chief Financial Officer of Utilities; Allen Mounts, Controller; Russell Lloyd, Controller; and John Friend, President of the Common Council. The Official Response has been made a part of this report and may be found on pages 24 and 25.

LLOYD WINNECKE
MAYOR



ALLEN R. MOUNTS
DIRECTOR

EVANSVILLE WATER & SEWER UTILITY

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PO Box 19, Evansville, IN 47740-0001
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March 24, 2014
Indiana State Board of Accounts
302 W. Washington St. Room E418
Indianapolis, IN 46204-2765

OFFICIAL RESPONSE TO 2012 INDEPENDENT ACCOUNTANT'S REPORT

Reference: Official Response to 2012 State Board of Accounts Examination of the Financial Statements of the business-type activities of the Water and Wastewater Utilities, departments of the City of Evansville.

Dear State Board Member(s):

The City of Evansville Water and Wastewater Utilities ("Utilities") recognizes the efforts put forward by the Indiana State Board of Accounts ("the State") performing the 2012 examination of the financial statement of business-type activities. We submit below our responses to your findings. Our responses detail our understanding of the issues raised by the State and outline the Utilities' expected course of action to resolve these issues.

BANK ACCOUNT RECONCILIATIONS (City, Water Utility and Wastewater Utility)

In 2011 the City of Evansville converted the obsolete 25 year old computer financial accounting software system to the new Tyler Technology MUNIS financial accounting ERP system. During implementation there were errors in fund transactions, pooled cash and bank account set ups combined with inadequate training and personnel project management, so therefore the City was unable to reconcile bank accounts and subsequent fund balances for the year 2011 until September 2012. The City engaged Tyler Technology and financial consulting experts to correct system set ups and install necessary controls over transactions. "Best Practice" standard set up schemes used throughout the Tyler Technology municipal accounting universe have been implemented. The new set up scheme allows accurate accounting and reconciliation of bank accounts and fund balances as well as improved supervisory monitoring. These improvements continue to be implemented and the City believes the financial accounting for 2012 is now in balance and includes all transactions that would limit material risk and correct the material weakness identified in future years.

The City disputes the auditor's characterization that City fund balances were not properly reconciled to bank accounts for the full year. There were some City and Utility payroll accounts that were improperly reconciled with differences to funds that are not material. The City provided the auditor with a City only bank reconciliation and an "all bank to all funds" reconciliation that were the complementary. The starting point was the same and there were changes made in correcting entry columns, outstanding checks and deposits and reconciling adjustments during the audit.

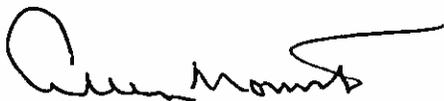
As noted above the Tyler Technology MUNIS financial system "Best Practices-Treasury Funds" financial reporting system was implemented effective Oct. 1, 2012. It took several additional months after the audit end date for the City Finance Dept. accounting staff to fully understand the system and make necessary corrections to fully utilize the audit review and control features. This includes the bank account reconciliations which are performed monthly.

The City enacted a long standing State audit recommendation and separated the City general from the Water Utility and the Wastewater Utility in 2012. The documented difficulties encountered by the City accounting staff during 2012 in reconciling the funds and transactions prohibited the City from transferring the exact amount due to the Utilities to the separate accounts as of the audit date. At the current time the City has calculated the approximate amounts due to the Utilities to transfer and is making provisions to do so.

The City has made tremendous progress implementing the Tyler Technology MUNIS financial system "Best Practices-Treasury Funds" financial reporting system since October 2012. It took several additional months for the City Finance Dept. accounting staff to fully understand the benefits of the system, which was after the period end date. The City accounting staff is now preparing timely balanced bank reconciliations, recording accurate transactions and correcting fund balances so all funds are now in balance. The system controls are used on funds and daily cash is reviewed and exceptions identified. The City is using available computer system internal controls coupled with enhanced control procedures to correct possible material weaknesses and control risk.

Management believes the 2012 Water and Wastewater Utilities financial statements are presented fairly, in all material respects, the respective financial position of the business-type activities, therefore management believes no further action is required by the Utility.

Sincerely,


Allen Mounts
Director
Evansville Water & Sewer Utility


Jenny Collins
Chief Financial Officer
Evansville Water & Sewer Utility


Russell Lloyd, Jr. CPA
City Controller
City of Evansville