

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF EVANSVILLE  
VANDERBURGH COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
09/26/2014

*Reissued on February 20, 2015,  
to correct the Schedule of  
Expenditures of Federal Awards  
and related reports.*



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Russell G. Lloyd, Jr.	01-01-13 to 12-31-14
Mayor	Lloyd Winnecke	01-01-12 to 12-31-15
President of the Board of Public Works	Bill Nix Marty Amsler	01-01-13 to 10-17-13 10-18-13 to 12-31-14
President of the City Council	Connie Robinson John E. Friend	01-01-13 to 12-31-13 01-01-14 to 12-31-14
General Manager of Utilities	Allen Mounts	01-01-13 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF EVANSVILLE, VANDERBURGH COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of the City of Evansville (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

***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 of 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 of 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, 2013.

***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, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 28, 2014, except for Finding 2013-001, as to which the date is December 23, 2014, 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 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 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.

***Restatement of Schedule of Expenditures of Federal Awards***

As discussed in Note 4 to the Schedule of Expenditures of Federal Awards, the 2013 Schedule of Expenditures of Federal Awards has been restated to correct a misstatement. Our opinion on the Schedule of Expenditures of Federal Awards in relation to the financial statement is not modified with respect to this matter.

***Accompanying Information***


*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 the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, 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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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.

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

  
Paul D. Joyce, CPA  
State Examiner

August 28, 2014, except for the Schedule of Expenditures of Federal Awards, as to which the date is December 23, 2014



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 EVANSVILLE, VANDERBURGH 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 Evansville (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated August 28, 2014, 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.

As discussed in Note 4 to the Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of Federal Awards has been restated to correct a misstatement. Our opinion on the Schedule of Expenditures of Federal Awards in relation to the financial statement is not modified with respect to this matter. This report cites a material weakness identified by the auditor as a result of the City having failed to prevent or detect the misstatement in the original Schedule of Expenditures of Federal Awards.

***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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001, 2013-002, and 2013-003 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 items 2013-001, 2013-002, and 2013-003.

***City of Evansville'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

August 28, 2014, except for Finding 2013-001, as to which the date is December 23, 2014

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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 EVANSVILLE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS

For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 3,989,712	\$ 76,452,660	\$ 79,673,363	\$ 769,009
Motor Vehicle Highway	917,657	4,850,473	5,363,784	404,346
Local Road And Street	6,315,824	1,264,273	3,483,056	4,097,041
Area Plan Commission	415	13	-	428
Parking	37,491	-	64,840	(27,349)
UNSAFE BUILDING	-	29,030	-	29,030
Parks And Recreation	1,059,882	9,761,813	10,217,186	604,509
Rainy Day	3,079,491	5,867	155,000	2,930,358
Riverboat Capital Project	15,271,060	11,801,311	12,992,995	14,079,376
Cumulative Capital Improvement	-	315,238	315,238	-
Purchasing Internal Service	(24,929)	569,077	475,391	68,757
Police Pension	4,231,388	6,839,071	6,835,736	4,234,723
Fire Pension	4,568,862	4,967,384	5,239,473	4,296,773
Jacobsville TIF Projects	2,160,765	1,055,257	125,998	3,090,024
Melzer Trust	50,002	-	-	50,002
Evansville Community Trust	12,821	14	-	12,835
Evansville Redevelopment	7,746	418	8,164	-
Berry Plastics	2,211	518,162	518,162	2,211
CDBG - Metro SBAC Fund	661	492,475	493,136	-
American Gen Project 2010	3,302	481,112	481,111	3,303
Recovery Grant	138,582	-	134,783	3,799
Rental Housing Inspection	1,528	20	-	1,548
Redevelopment TIF Project	86,746	-	-	86,746
Park Bond Refunding 2012	16,083	85,290	101,373	-
Evansville Park 03 Escrow	13,278,423	57,826	13,336,249	-
Evansville Park 12 Sinking	869	777,332	778,182	19
Evansville Park Refunding 2010	-	1,611,270	1,075,795	535,475
Arena Bond	3,968,784	7,982,604	3,353,245	8,598,143
Donations	4,759	50,746	53,791	1,714
Fire Donation	387	-	-	387
Miscellaneous Grant	1,526,168	736,338	490,410	1,772,096
Law Enforcement	96,525	159,667	157,375	98,817
Golf Course	235,370	1,273,493	1,539,279	(30,416)
Local County Option Income Tax	10,151,477	14,770,564	17,067,062	7,854,979
Greenway Project	905,720	204,156	236,685	873,191
Sports Non-Reverting	6,363	244,351	338,041	(87,327)
Zoo Animal Revolving	25,767	746	3,001	23,512
Rental Rehab	74,274	-	-	74,274
Certified Tech Park	62,845	-	28,145	34,700
Eda Revolving Loan Fund	787,528	920,327	839,448	868,407
Home Admin Investment Trust	100,976	541,518	567,107	75,387
Community Dev Block Grant	(48,595)	2,299,298	2,261,635	(10,932)
Old Post Office	34,790	12,500	-	47,290
Economic Development Loan	1,014,860	41,142	151,900	904,102
Emergency Shelter Grant	(157,899)	411,055	316,884	(63,728)
Building Code Books	2,603	-	-	2,603
Bicycle License Revolving	3,122	356	-	3,478

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

CITY OF EVANSVILLE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Sidewalk Program	185,298	67,601	456	252,443
Erc Capital Non Reverting	1,201,107	40,367	58,958	1,182,516
Housing Trust	43,704	4,900	12,118	36,486
Hud Fair Housing	95,317	60,070	52,551	102,836
Equal Emp Opportunity Commission	136,953	79,025	46,837	169,141
Master Tif Projects	8,847,012	7,531,086	9,273,866	7,104,232
Food And Beverage Tax Distribution	338,903	776,566	1,115,469	-
Locust Hill Perpetual Care	131,546	2,096	-	133,642
Oakhill Perpetual Care	729,093	5,310	-	734,403
EMA Revolving Donation Fund	2,567	-	-	2,567
Coleman Trust	11,945	32	-	11,977
Mattie J Bayard Trust	6,058	17	-	6,075
R T Legler Trust	2,282	7	-	2,289
CDBG-City Bank Of Evansville	252,860	583	-	253,443
CDBG-EDA Revolving Loan Fifth Third	678,757	346,382	345,943	679,196
Historic Preservation	5,289	1,105	383	6,011
Park District Bond Refunding 2010	404,510	1,235,753	1,216,310	423,953
TIF Redevelopment Bond	167,315	448,200	421,754	193,761
Park Bond Refunding of 2003	85,290	-	85,290	-
Redevelopment Bond of 1998	26,446	-	26,446	-
General Obligation # 2	331,916	-	8,224	323,692
Sidewalk Improvement Bond	78,419	-	-	78,419
Redevelopment Arena Ban 2008	31,151	1,000	-	32,151
Unemployment	453,529	96,412	13,240	536,701
Workers Compensation	177,673	1,222,587	1,169,019	231,241
Liability	714,058	3,523,448	2,745,783	1,491,723
Hospitalization	465,940	21,930,980	21,949,141	447,779
Evansville Civil City Payroll	183	19,405,163	19,188,215	217,131
Accounts Receivable Clearing	(46,846)	366,364	320,975	(1,457)
Oakhill Lease Escrow	5,377	-	-	5,377
Sewer Bond	6,603,352	44,495,965	44,061,468	7,037,849
Sewer Improvement Fund	1,286,216	2,148,200	1,652,479	1,781,937
Sewer Bond Construction	8,391,366	33,255,505	14,224,005	27,422,866
Sewer Reserve Fund	10,280,182	2,802,321	651,819	12,430,684
Sewer Payroll	70,407	1,503,793	1,242,041	332,159
Sewer Operating	6,604,809	38,620,903	39,818,674	5,407,038
Water Improvement Fund	-	1,084,000	961,191	122,809
Waterworks Payroll	105,774	2,093,849	1,807,444	392,179
Waterworks Reserve	-	4,128,427	100,000	4,028,427
Water Utility-Operating	3,609,665	24,833,885	24,770,050	3,673,500
Water Utility-Bond & Int Sinking	3,639,149	5,092,666	4,943,583	3,788,232
Water Utility-Consumer Meter Deposit	1,008,277	311,691	224,790	1,095,178
Water Utility-Construction	1,641,827	41,633,544	10,030,749	33,244,622
<b>Totals</b>	<b>\$ 132,807,092</b>	<b>\$ 410,734,050</b>	<b>\$ 371,812,294</b>	<b>\$ 171,728,848</b>

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

CITY OF EVANSVILLE  
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 which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers 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 which include 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: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution 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 which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine 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.

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are 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 include outflows 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 which include 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 office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include 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.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Other disbursements which include, but are 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, transfer money 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 money 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 money 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 March 1 (lien date) 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 EVANSVILLE  
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, 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 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 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  
1 North Capitol Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*Plan Description*

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

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

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

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

*Funding Policy*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. Two of the funds (Community Dev Block Grant fund and Emergency Shelter Grant fund) are a result of those funds being set up for reimbursable grants. The reimbursements for expenditures made by the City were not received by December 31, 2013. The Accounts Receivable Clearing fund has a cash balance deficit due to the nature of the fund. The Parking fund, Golf Course fund, and Sports Non-Reverting fund spent more than they received.

**Note 8. Subsequent Events**

*City - Revenue Bonds - Series 2014*

On May 12, 2014, Common Council approved the issuance of the aggregate principal amount not to exceed \$7,500,000 of its City of Evansville, Indiana Multifamily Housing Revenue Bonds, Series 2014 (Eastland Apartments Project).

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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 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.

*Water Utility - Water Refunding - Series 2014B*

In July 2014, the Water Utility issued in the principal amount of \$20,320,000 Water Refunding, Series 2014B through First Republic Bank. The refunding will rebuild, repair, extend, and improve the waterworks, plant systems, and equipment.

*Wastewater Utility - 2014 BAN*

In March 2014, the Water Utility issued in the principal amount of \$5,000,000 Sewage BAN, Series 2014 through the Evansville Bond Bank. This bond will fund certain additions, extensions, and improvements to the sewage works, including various system upgrades and expansions, and to pay issuance expenses. Funding for the project will be provided from proceeds of the Series 2014 BAN.

*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.

*Wastewater Utility - Wastewater Revenue Bonds - Series 2014B*

In June 2014, the Wastewater Utility issued in the principal amount of \$5,760,000 Sewage Works Revenue Bonds, Series 2014B through the Indiana State Revolving Fund (SRF) Loan program. This bond issue will fund certain additions, extensions, and improvements to the sewage works, including various system upgrades and expansions. The state placed the proceeds of the 2014B into a trust account in the Wastewater Utility's name. Cash drawdowns are made from this account after approval is given by the state.

*Wastewater Utility - Wastewater Revenue Bonds - Series 2014C*

In August 2014, the Wastewater Utility issued in the principal amount of \$25,255,000 Sewage Works Revenue Bonds, Series 2014C through FTN Financial Capital Markets. This bond will fund certain additions, extensions, and improvements to the sewage works, including various system upgrades and expansions, and to pay issuance expenses. Funding for the project will be provided from proceeds of the Series 2014C Bonds and interest earnings during construction.

CITY OF EVANSVILLE  
 NOTES TO FINANCIAL STATEMENT  
 (Continued)

*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.

**Note 9. Restatements**

For the year ended December 31, 2013, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances.

Fund Name	Balance as of December 31, 2012	Prior Period Adjustment	Balance as of January 1, 2013
General	\$ 2,302,331	\$ 1,687,381	\$ 3,989,712

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's Annual Report information can be found on the Gateway 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 Annual Report of the City which is 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 supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	General	Motor Vehicle Highway	Local Road And Street	Area Plan Commission	Parking	UNSAFE BUILDING	Parks And Recreation
Cash and investments - beginning	\$ 3,989,712	\$ 917,657	\$ 6,315,824	\$ 415	\$ 37,491	\$ -	\$ 1,059,882
Receipts:							
Taxes	46,048,697	24,230	1,161,752	-	-	-	6,375,861
Licenses and permits	2,398,867	-	-	-	-	-	-
Intergovernmental	8,690,540	4,443,378	97,455	-	-	-	568,672
Charges for services	3,832,581	91,964	-	13	-	29,030	2,129,182
Utility fees	-	-	-	-	-	-	-
Other receipts	15,481,975	290,901	5,066	-	-	-	688,098
Total receipts	<u>76,452,660</u>	<u>4,850,473</u>	<u>1,264,273</u>	<u>13</u>	<u>-</u>	<u>29,030</u>	<u>9,761,813</u>
Disbursements:							
Personal services	69,161,464	3,718,542	837,511	-	-	-	5,805,122
Supplies	2,930,479	511,392	19,533	-	-	-	679,733
Other services and charges	6,532,700	1,066,353	615,644	-	64,840	-	3,615,101
Debt service - principal and interest	32,659	6,624	-	-	-	-	-
Capital outlay	143,814	60,873	1,715,368	-	-	-	69,302
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	872,247	-	295,000	-	-	-	47,928
Total disbursements	<u>79,673,363</u>	<u>5,363,784</u>	<u>3,483,056</u>	<u>-</u>	<u>64,840</u>	<u>-</u>	<u>10,217,186</u>
Excess (deficiency) of receipts over disbursements	<u>(3,220,703)</u>	<u>(513,311)</u>	<u>(2,218,783)</u>	<u>13</u>	<u>(64,840)</u>	<u>29,030</u>	<u>(455,373)</u>
Cash and investments - ending	<u>\$ 769,009</u>	<u>\$ 404,346</u>	<u>\$ 4,097,041</u>	<u>\$ 428</u>	<u>\$ (27,349)</u>	<u>\$ 29,030</u>	<u>\$ 604,509</u>



CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Rainy Day	Riverboat Capital Project	Cumulative Capital Improvement	Purchasing Internal Service	Police Pension	Fire Pension	Jacobsville TIF Projects
Cash and investments - beginning	\$ 3,079,491	\$ 15,271,060	\$ -	\$ (24,929)	\$ 4,231,388	\$ 4,568,862	\$ 2,160,765
Receipts:							
Taxes	-	-	-	-	6,835,582	4,965,488	1,052,556
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	6,808,319	315,238	-	-	-	-
Charges for services	-	4,291,930	-	569,077	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	5,867	701,062	-	-	3,489	1,896	2,701
Total receipts	<u>5,867</u>	<u>11,801,311</u>	<u>315,238</u>	<u>569,077</u>	<u>6,839,071</u>	<u>4,967,384</u>	<u>1,055,257</u>
Disbursements:							
Personal services	-	-	-	-	14,080	14,780	-
Supplies	-	436,731	-	-	-	-	-
Other services and charges	-	2,340,943	-	475,391	6,821,656	5,224,693	125,998
Debt service - principal and interest	-	1,558,550	-	-	-	-	-
Capital outlay	-	5,219,167	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	155,000	3,437,604	315,238	-	-	-	-
Total disbursements	<u>155,000</u>	<u>12,992,995</u>	<u>315,238</u>	<u>475,391</u>	<u>6,835,736</u>	<u>5,239,473</u>	<u>125,998</u>
Excess (deficiency) of receipts over disbursements	<u>(149,133)</u>	<u>(1,191,684)</u>	<u>-</u>	<u>93,686</u>	<u>3,335</u>	<u>(272,089)</u>	<u>929,259</u>
Cash and investments - ending	<u>\$ 2,930,358</u>	<u>\$ 14,079,376</u>	<u>\$ -</u>	<u>\$ 68,757</u>	<u>\$ 4,234,723</u>	<u>\$ 4,296,773</u>	<u>\$ 3,090,024</u>

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Melzer Trust	Evansville Community Trust	Evansville Redevelopment	Berry Plastics	CDBG - Metro SBAC Fund	American Gen Project 2010	Recovery Grant
Cash and investments - beginning	\$ 50,002	\$ 12,821	\$ 7,746	\$ 2,211	\$ 661	\$ 3,302	\$ 138,582
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	14	418	518,162	492,475	481,112	-
Total receipts	-	14	418	518,162	492,475	481,112	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	8,164	-	-	-	-
Other services and charges	-	-	-	258,089	493,136	241,771	180
Debt service - principal and interest	-	-	-	260,073	-	239,340	-
Capital outlay	-	-	-	-	-	-	134,603
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	8,164	518,162	493,136	481,111	134,783
Excess (deficiency) of receipts over disbursements	-	14	(7,746)	-	(661)	1	(134,783)
Cash and investments - ending	<u>\$ 50,002</u>	<u>\$ 12,835</u>	<u>\$ -</u>	<u>\$ 2,211</u>	<u>\$ -</u>	<u>\$ 3,303</u>	<u>\$ 3,799</u>

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Rental Housing Inspection	Redevelopment TIF Project	Park Bond Refunding 2012	Evansville Park 03 Escrow	Evansville Park 12 Sinking	Evansville Park Refunding 2010	Arena Bond
Cash and investments - beginning	\$ 1,528	\$ 86,746	\$ 16,083	\$ 13,278,423	\$ 869	\$ -	\$ 3,968,784
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	20	-	85,290	57,826	777,332	1,611,270	7,982,604
Total receipts	20	-	85,290	57,826	777,332	1,611,270	7,982,604
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	825,793	851	535,331	-
Debt service - principal and interest	-	-	-	12,510,456	777,331	540,464	3,353,245
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	101,373	-	-	-	-
Total disbursements	-	-	101,373	13,336,249	778,182	1,075,795	3,353,245
Excess (deficiency) of receipts over disbursements	20	-	(16,083)	(13,278,423)	(850)	535,475	4,629,359
Cash and investments - ending	\$ 1,548	\$ 86,746	\$ -	\$ -	\$ 19	\$ 535,475	\$ 8,598,143

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Donations	Fire Donation	Miscellaneous Grant	Law Enforcement	Golf Course	Local County Option Income Tax	Greenway Project
Cash and investments - beginning	\$ 4,759	\$ 387	\$ 1,526,168	\$ 96,525	\$ 235,370	\$ 10,151,477	\$ 905,720
Receipts:							
Taxes	-	-	497,622	-	-	-	-
Licenses and permits	-	-	-	69,585	-	-	-
Intergovernmental	-	-	-	-	-	14,056,843	204,156
Charges for services	-	-	107,218	46,945	1,270,877	400	-
Utility fees	-	-	-	-	-	-	-
Other receipts	50,746	-	131,498	43,137	2,616	713,321	-
Total receipts	<u>50,746</u>	<u>-</u>	<u>736,338</u>	<u>159,667</u>	<u>1,273,493</u>	<u>14,770,564</u>	<u>204,156</u>
Disbursements:							
Personal services	-	-	33,785	-	765,608	3,083,642	-
Supplies	8,168	-	-	11,373	248,642	222,568	-
Other services and charges	37,623	-	444,823	146,002	525,029	4,268,496	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	8,000	-	-	-	-	389,877	236,685
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	11,802	-	-	9,102,479	-
Total disbursements	<u>53,791</u>	<u>-</u>	<u>490,410</u>	<u>157,375</u>	<u>1,539,279</u>	<u>17,067,062</u>	<u>236,685</u>
Excess (deficiency) of receipts over disbursements	<u>(3,045)</u>	<u>-</u>	<u>245,928</u>	<u>2,292</u>	<u>(265,786)</u>	<u>(2,296,498)</u>	<u>(32,529)</u>
Cash and investments - ending	<u>\$ 1,714</u>	<u>\$ 387</u>	<u>\$ 1,772,096</u>	<u>\$ 98,817</u>	<u>\$ (30,416)</u>	<u>\$ 7,854,979</u>	<u>\$ 873,191</u>

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Sports Non-Reverting	Zoo Animal Revolving	Rental Rehab	Certified Tech Park	Eda Revolving Loan Fund	Home Admin Investment Trust	Community Dev Block Grant
Cash and investments - beginning	\$ 6,363	\$ 25,767	\$ 74,274	\$ 62,845	\$ 787,528	\$ 100,976	\$ (48,595)
Receipts:							
Taxes	-	-	-	-	-	-	2,116,021
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	531,507	-
Charges for services	231,410	-	-	-	-	-	150,410
Utility fees	-	-	-	-	-	-	-
Other receipts	12,941	746	-	-	920,327	10,011	32,867
Total receipts	<u>244,351</u>	<u>746</u>	<u>-</u>	<u>-</u>	<u>920,327</u>	<u>541,518</u>	<u>2,299,298</u>
Disbursements:							
Personal services	250,180	-	-	-	-	-	-
Supplies	14,084	-	-	-	-	309	1,028
Other services and charges	73,735	-	-	28,145	839,448	566,517	1,728,661
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	3,001	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	42	-	-	-	-	281	531,946
Total disbursements	<u>338,041</u>	<u>3,001</u>	<u>-</u>	<u>28,145</u>	<u>839,448</u>	<u>567,107</u>	<u>2,261,635</u>
Excess (deficiency) of receipts over disbursements	<u>(93,690)</u>	<u>(2,255)</u>	<u>-</u>	<u>(28,145)</u>	<u>80,879</u>	<u>(25,589)</u>	<u>37,663</u>
Cash and investments - ending	<u>\$ (87,327)</u>	<u>\$ 23,512</u>	<u>\$ 74,274</u>	<u>\$ 34,700</u>	<u>\$ 868,407</u>	<u>\$ 75,387</u>	<u>\$ (10,932)</u>

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Old Post Office	Economic Development Loan	Emergency Shelter Grant	Building Code Books	Bicycle License Revolving	Sidewalk Program	Erc Capital Non Reverting
Cash and investments - beginning	\$ 34,790	\$ 1,014,860	\$ (157,899)	\$ 2,603	\$ 3,122	\$ 185,298	\$ 1,201,107
Receipts:							
Taxes	-	-	411,055	-	-	-	-
Licenses and permits	-	-	-	-	356	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	12,500	-	-	-	-	32,601	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	41,142	-	-	-	35,000	40,367
Total receipts	<u>12,500</u>	<u>41,142</u>	<u>411,055</u>	<u>-</u>	<u>356</u>	<u>67,601</u>	<u>40,367</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	84,400	268,530	-	-	456	58,958
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	67,500	48,354	-	-	-	-
Total disbursements	<u>-</u>	<u>151,900</u>	<u>316,884</u>	<u>-</u>	<u>-</u>	<u>456</u>	<u>58,958</u>
Excess (deficiency) of receipts over disbursements	<u>12,500</u>	<u>(110,758)</u>	<u>94,171</u>	<u>-</u>	<u>356</u>	<u>67,145</u>	<u>(18,591)</u>
Cash and investments - ending	<u>\$ 47,290</u>	<u>\$ 904,102</u>	<u>\$ (63,728)</u>	<u>\$ 2,603</u>	<u>\$ 3,478</u>	<u>\$ 252,443</u>	<u>\$ 1,182,516</u>

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Housing Trust	Hud Fair Housing	Equal Emp Opportunity Commission	Master Tif Projects	Food And Beverage Tax Distribution	Locust Hill Perpetual Care	Oakhill Perpetual Care
Cash and investments - beginning	\$ 43,704	\$ 95,317	\$ 136,953	\$ 8,847,012	\$ 338,903	\$ 131,546	\$ 729,093
Receipts:							
Taxes	-	60,070	79,025	6,984,137	776,566	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	2,096	5,310
Utility fees	-	-	-	-	-	-	-
Other receipts	4,900	-	-	546,949	-	-	-
Total receipts	<u>4,900</u>	<u>60,070</u>	<u>79,025</u>	<u>7,531,086</u>	<u>776,566</u>	<u>2,096</u>	<u>5,310</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	9,762	25,051	14,337	4,088,786	-	-	-
Debt service - principal and interest	-	-	-	1,741,476	-	-	-
Capital outlay	-	-	-	5,000	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,356	27,500	32,500	3,438,604	1,115,469	-	-
Total disbursements	<u>12,118</u>	<u>52,551</u>	<u>46,837</u>	<u>9,273,866</u>	<u>1,115,469</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(7,218)</u>	<u>7,519</u>	<u>32,188</u>	<u>(1,742,780)</u>	<u>(338,903)</u>	<u>2,096</u>	<u>5,310</u>
Cash and investments - ending	<u>\$ 36,486</u>	<u>\$ 102,836</u>	<u>\$ 169,141</u>	<u>\$ 7,104,232</u>	<u>\$ -</u>	<u>\$ 133,642</u>	<u>\$ 734,403</u>

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	EMA Revolving Donation Fund	Coleman Trust	Mattie J Bayard Trust	R T Legler Trust	CDBG-City Bank Of Evansville	CDBG-EDA Revolving Loan Fifth Third	Historic Preservation
Cash and investments - beginning	\$ 2,567	\$ 11,945	\$ 6,058	\$ 2,282	\$ 252,860	\$ 678,757	\$ 5,289
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	1,105
Utility fees	-	-	-	-	-	-	-
Other receipts	-	32	17	7	583	346,382	-
Total receipts	-	32	17	7	583	346,382	1,105
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	345,943	383
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	345,943	383
Excess (deficiency) of receipts over disbursements	-	32	17	7	583	439	722
Cash and investments - ending	\$ 2,567	\$ 11,977	\$ 6,075	\$ 2,289	\$ 253,443	\$ 679,196	\$ 6,011



CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Park District Bond Refunding 2010	TIF Redevelopment Bond	Park Bond Refunding of 2003	Redevelopment Bond of 1998	General Obligation # 2	Sidewalk Improvement Bond	Redevelopment Arena Ban 2008
Cash and investments - beginning	\$ 404,510	\$ 167,315	\$ 85,290	\$ 26,446	\$ 331,916	\$ 78,419	\$ 31,151
Receipts:							
Taxes	1,109,029	421,754	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	125,673	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,051	26,446	-	-	-	-	1,000
Total receipts	<u>1,235,753</u>	<u>448,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	500	-	-	-	8,224	-	-
Debt service - principal and interest	1,075,791	421,754	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	140,019	-	85,290	26,446	-	-	-
Total disbursements	<u>1,216,310</u>	<u>421,754</u>	<u>85,290</u>	<u>26,446</u>	<u>8,224</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>19,443</u>	<u>26,446</u>	<u>(85,290)</u>	<u>(26,446)</u>	<u>(8,224)</u>	<u>-</u>	<u>1,000</u>
Cash and investments - ending	<u>\$ 423,953</u>	<u>\$ 193,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 323,692</u>	<u>\$ 78,419</u>	<u>\$ 32,151</u>

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Unemployment	Workers Compensation	Liability	Hospitalization	Evansville Civil City Payroll	Accounts Receivable Clearing	Oakhill Lease Escrow
Cash and investments - beginning	\$ 453,529	\$ 177,673	\$ 714,058	\$ 465,940	\$ 183	\$ (46,846)	\$ 5,377
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	186,945	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	96,412	1,222,587	3,523,448	21,744,035	19,405,163	366,364	-
Total receipts	<u>96,412</u>	<u>1,222,587</u>	<u>3,523,448</u>	<u>21,930,980</u>	<u>19,405,163</u>	<u>366,364</u>	<u>-</u>
Disbursements:							
Personal services	13,240	75,899	-	19,506,634	-	-	-
Supplies	-	792	-	602	-	282	-
Other services and charges	-	1,092,328	2,745,783	2,419,442	-	320,693	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	22,463	19,188,215	-	-
Total disbursements	<u>13,240</u>	<u>1,169,019</u>	<u>2,745,783</u>	<u>21,949,141</u>	<u>19,188,215</u>	<u>320,975</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>83,172</u>	<u>53,568</u>	<u>777,665</u>	<u>(18,161)</u>	<u>216,948</u>	<u>45,389</u>	<u>-</u>
Cash and investments - ending	<u>\$ 536,701</u>	<u>\$ 231,241</u>	<u>\$ 1,491,723</u>	<u>\$ 447,779</u>	<u>\$ 217,131</u>	<u>\$ (1,457)</u>	<u>\$ 5,377</u>

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Sewer Bond	Sewer Improvement Fund	Sewer Bond Construction	Sewer Reserve Fund	Sewer Payroll	Sewer Operating	Water Improvement Fund
Cash and investments - beginning	\$ 6,603,352	\$ 1,286,216	\$ 8,391,366	\$ 10,280,182	\$ 70,407	\$ 6,604,809	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	36,815,595	-
Other receipts	44,495,965	2,148,200	33,255,505	2,802,321	1,503,793	1,805,308	1,084,000
Total receipts	<u>44,495,965</u>	<u>2,148,200</u>	<u>33,255,505</u>	<u>2,802,321</u>	<u>1,503,793</u>	<u>38,620,903</u>	<u>1,084,000</u>
Disbursements:							
Personal services	-	-	-	-	-	4,109,045	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	3,341	-
Debt service - principal and interest	43,581,833	-	-	651,819	-	-	-
Capital outlay	-	1,652,479	12,603,516	-	-	-	961,191
Utility operating expenses	479,635	-	-	-	-	19,322,725	-
Other disbursements	-	-	1,620,489	-	1,242,041	16,383,563	-
Total disbursements	<u>44,061,468</u>	<u>1,652,479</u>	<u>14,224,005</u>	<u>651,819</u>	<u>1,242,041</u>	<u>39,818,674</u>	<u>961,191</u>
Excess (deficiency) of receipts over disbursements	<u>434,497</u>	<u>495,721</u>	<u>19,031,500</u>	<u>2,150,502</u>	<u>261,752</u>	<u>(1,197,771)</u>	<u>122,809</u>
Cash and investments - ending	<u>\$ 7,037,849</u>	<u>\$ 1,781,937</u>	<u>\$ 27,422,866</u>	<u>\$ 12,430,684</u>	<u>\$ 332,159</u>	<u>\$ 5,407,038</u>	<u>\$ 122,809</u>

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Waterworks Payroll	Waterworks Reserve	Water Utility-Operating	Water Utility-Bond & Int Sinking	Water Utility-Consumer Meter Deposit	Water Utility-Construction	Totals
Cash and investments - beginning	\$ 105,774	\$ -	\$ 3,609,665	\$ 3,639,149	\$ 1,008,277	\$ 1,641,827	\$ 132,807,092
Receipts:							
Taxes	-	-	-	-	-	-	78,919,445
Licenses and permits	-	-	-	-	-	-	2,468,808
Intergovernmental	-	-	-	-	-	-	35,841,781
Charges for services	-	-	-	-	-	-	12,991,594
Utility fees	-	-	22,931,486	-	311,691	-	60,058,772
Other receipts	2,093,849	4,128,427	1,902,399	5,092,666	-	41,633,544	220,453,650
Total receipts	<u>2,093,849</u>	<u>4,128,427</u>	<u>24,833,885</u>	<u>5,092,666</u>	<u>311,691</u>	<u>41,633,544</u>	<u>410,734,050</u>
Disbursements:							
Personal services	-	-	5,663,784	-	-	-	113,053,316
Supplies	-	-	-	-	-	-	5,093,880
Other services and charges	-	-	101,921	-	-	-	49,485,787
Debt service - principal and interest	-	-	-	4,943,583	-	2,304,753	73,999,751
Capital outlay	-	-	-	-	-	7,336,715	30,539,591
Utility operating expenses	-	-	11,439,268	-	27,282	-	31,268,910
Other disbursements	1,807,444	100,000	7,565,077	-	197,508	389,281	68,371,059
Total disbursements	<u>1,807,444</u>	<u>100,000</u>	<u>24,770,050</u>	<u>4,943,583</u>	<u>224,790</u>	<u>10,030,749</u>	<u>371,812,294</u>
Excess (deficiency) of receipts over disbursements	<u>286,405</u>	<u>4,028,427</u>	<u>63,835</u>	<u>149,083</u>	<u>86,901</u>	<u>31,602,795</u>	<u>38,921,756</u>
Cash and investments - ending	<u>\$ 392,179</u>	<u>\$ 4,028,427</u>	<u>\$ 3,673,500</u>	<u>\$ 3,788,232</u>	<u>\$ 1,095,178</u>	<u>\$ 33,244,622</u>	<u>\$ 171,728,848</u>

CITY OF EVANSVILLE  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 1,318,136	\$ 3,233,552
Waterworks	1,065,612	1,115,522
Governmental activities	<u>1,750,039</u>	<u>8,728,602</u>
Totals	<u>\$ 4,133,787</u>	<u>\$ 13,077,676</u>

CITY OF EVANSVILLE  
SCHEDULE OF LEASES AND DEBT  
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
B & R Properties	708 Stanley Ave./Operating Site	\$ 8,416	7/24/2003	4/30/2014
Evansville Local Improvement Bond Bank	Energy savings contract - Fire Dept.	23,991	8/4/2011	8/1/2026
Evansville Local Improvement Bond Bank	Energy savings contract - Transportation & Services Dept.	7,613	8/4/2011	8/1/2026
Evansville Local Improvement Bond Bank	Energy savings contract - Evansville Redevelopment Commission	35,118	8/4/2011	8/1/2021
Evansville Local Improvement Bond Bank	Energy savings contract - Dept. of Parks and Recreation	41,864	9/13/2011	8/1/2026
Evansville Local Improvement Bond Bank	Energy savings contract - City County Central Dispatch	7,678	9/30/2011	8/1/2026
Evansville Local Improvement Bond Bank	Fire Apparatus/Ferrara Igniter Quint	90,424	3/8/2011	2/1/2022
Evansville Redevelopment Authority	Real Estate/The Ford Center	8,080,642	3/9/2010	2/1/2039
EVSC	Building @ 713 N. Governor St.	1	1/1/2012	12/31/2018
FH5	Building @ 917 W. Indiana St.	48,854	10/1/2013	7/31/2016
Inland Marina	Ohio River dock lease for U. S. Navy LST ( Landing Ship Tank) 325 World War II historic vessel	39,800	5/1/2005	4/30/2015
Key Government Finance	Computer software and licenses - Phase II	97,519	7/15/2011	7/15/2015
Key Government Finance Inc.	Panasonic Toughbook Computers (EPD w/IT)	54,872	3/31/2011	3/31/2015
Key Government Finance Inc.	Storage computer local area network	36,095	8/15/2011	7/15/2014
Key Government Finance Inc.	Lease of Dell Laptops (IT portion w/ EPD)	16,230	3/31/2011	3/31/2015
PNC Equipment Finance	2 Fire Apparatus/Ferrara Intruder II	71,588	4/22/2009	4/22/2019
PNC Equipment Finance LLC	8 Fire vehicles	40,759	9/4/2012	10/15/2016
PNC Financing Inc.	33 Police vehicles	252,897	10/15/2012	10/15/2016
SBC formerly Indiana Bell Telephone Co.	Maintain Utility Poles	276	6/22/1978	12/31/2050
Southern Railway Co.	Maintain 66 in. Storm Sewer Pipeline	780	6/2/1988	12/31/2050
Toyota Financial Services	2012 Toyota Highlander	541	2/22/2012	2/21/2015
Vectren Corp. formerly Sigecom	Attach and Equip Utility Poles	5,940	11/15/1978	12/31/2050
Xerographic Busines Systems	(2) Xerox Work Centers (3325DNI)	2,030	8/21/2013	7/31/2015
Total governmental activities		<u>8,963,928</u>		
Waterworks:				
Xerox	Xerox 9301 Copier (1 of 2)	2,715	3/30/2012	2/28/2017
Xerox	Xerox 9301 Copier (2 of 2)	2,715	1/27/2012	1/26/2017
Total Waterworks		<u>5,430</u>		
Total of annual lease payments		<u>\$ 8,969,358</u>		

CITY OF EVANSVILLE  
SCHEDULE OF LEASES AND DEBT  
December 31, 2013  
(Continued)

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
<b>Governmental activities:</b>			
General obligation bonds	Park District Refunding Bonds of 2010	\$ 7,165,000	\$ 1,075,960
General obligation bonds	Parks District Refunding Bonds 2012 (MPZ 2003)	11,855,000	1,568,750
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2011 Berry Plastics Project)	21,805,000	605,000
Revenue bonds	Redevelopment District Tax Increment Revenue Bonds Series 2010 (American General Project)	3,935,000	480,479
Revenue bonds	Redevelopment Authority Lease Rental Revenue Bonds Series 2010A and Series 2010B	122,410,000	8,039,460
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2008 (Berry Plastic Project)	3,480,000	515,838
Revenue bonds	Tax Increment Revenue Bonds of 2002	3,390,000	420,776
Notes and loans payable	Mead Johnson TIF Ban	229,911	3,449
Notes and loans payable	City of Evansville Redevelopment District Taxable Bond Anticipation Notes 2011 (Arts Redevelopment Area)	<u>142,752</u>	<u>142,752</u>
Total governmental activities		<u>174,412,663</u>	<u>12,852,464</u>
<b>Wastewater:</b>			
Revenue bonds	Sewage Works Bond Bank Bonds - 2013 A	29,255,000	860,747
Revenue bonds	Sewage Works Revenue Bond Series 2013 A	31,860,000	3,457,900
Revenue bonds	Sewage Works Revenue Bonds Series 2011D (SRF)	1,214,000	40,406
Revenue bonds	Sewage Works Revenue Bonds Series 2011C (SRF)	3,537,000	265,197
Revenue bonds	Sewage Works Revenue Bonds Series 2010 B-1 (Taxable Build America Bonds - Direct Pay Option)	27,450,000	1,871,759
Revenue bonds	Sewage Works Revenue Bonds Series 2010A (SRF)	7,118,000	220,946
Revenue bonds	Sewage Works Revenue Bonds of 2009	27,748,000	780,719
Revenue bonds	Sewage Works Revenue Bonds of 2008 Series B (SRF)	14,928,000	1,273,653
Revenue bonds	Sewage Works Revenue Bonds of 2007 Series A	26,627,000	2,546,040
Revenue bonds	Sewage Works Replacement Revenue Bonds of 2004 (SRF)	5,145,000	494,329
Revenue bonds	Sewage Works Revenue Bond Series 2012 E	<u>5,974,000</u>	<u>146,766</u>
Total Wastewater		<u>180,856,000</u>	<u>11,958,462</u>
<b>Waterworks:</b>			
Revenue bonds	Waterworks District Bonds Series 2008	33,485,000	2,451,134
Revenue bonds	Waterworks District Refunding Bonds of 2005	3,620,000	975,198
Revenue bonds	Waterworks District Revenue Bonds of 2004	20,540,000	1,510,744
Revenue bonds	Waterworks District Revenue Bonds of 2013 A	29,060,000	924,428
Revenue bonds	Waterworks District Revenue Bonds - 2013 B	15,500,000	389,676
Notes and loans payable	City of Evansville Waterworks District Bond Anticipation Notes of 2013	<u>1,192,392</u>	<u>1,207,379</u>
Total Waterworks		<u>103,397,392</u>	<u>7,458,559</u>
<b>Totals</b>		<u>\$ 458,666,055</u>	<u>\$ 32,269,485</u>

CITY OF EVANSVILLE  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2013

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	\$ 20,863,217
Infrastructure	548,229,004
Buildings	164,886,781
Improvements other than buildings	41,239,853
Machinery, equipment, and vehicles	85,627,863
Construction in progress	20,210
Total governmental activities	860,866,928
Wastewater:	
Land	3,849,669
Infrastructure	176,192,578
Buildings	155,337,484
Improvements other than buildings	1,816,714
Machinery, equipment, and vehicles	10,139,731
Construction in progress	38,175,748
Total Wastewater	385,511,924
Waterworks:	
Land	432,435
Infrastructure	103,264,729
Buildings	35,909,776
Improvements other than buildings	172,672
Machinery, equipment, and vehicles	29,017,898
Construction in progress	7,567,531
Total Waterworks	176,365,041
Total capital assets	\$ 1,422,743,893



SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CITY OF EVANSVILLE, VANDERBURGH COUNTY, INDIANA

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

We have audited the City of Evansville's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

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

***Other Matters***

This report replaces the previously issued Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance dated August 28, 2014. As discussed in Note 4 to the Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of Federal Awards has been restated to correct a misstatement. This correction changed the determination of the major programs. The Economic Development Cluster was also audited as a major program due to the change.


***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

August 28, 2014, except for the Economic Development Cluster, as to which the date is December 23, 2014

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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 EVANSVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013

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	Total Federal Awards Expended
<b>Department of Agriculture</b>				
Urban and Community Forestry Program 2012 Urban Tree Canopy Project	Indiana Dept of Natural Resources	10.675	E9-13-UTC4	\$ 7,500
Total - Department of Agriculture				<u>7,500</u>
<b>Department of Housing and Urban Development</b>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants CDBG	Direct Grant	14.218	B-11-MC-18-0002	33,452
CDBG		14.218	B-12-MC-18-0002	<u>2,082,569</u>
Total - CDBG - Entitlement Grants Cluster				<u>2,116,021</u>
Emergency Solutions Grant Program				
Emergency Solutions Grant	Direct Grant	14.231	E-11-MC-18-0002	98,505
Emergency Solutions Grant		14.231	E-12-MC-18-0002	187,674
Emergency Solutions Grant		14.231	E-13-MC-18-0002	112,791
H ESG		14.231	S-10-MC-18-0002	<u>12,085</u>
Total - Emergency Solutions Grant Program				<u>411,055</u>
Home Investment Partnerships Program				
HOME	Direct Grant	14.239	M-08-MC-18-0201	129,452
HOME		14.239	M-09-MC-18-0201	41,299
HOME		14.239	M-10-MC-18-0201	87,473
HOME		14.239	M-11-MC-18-0201	259,168
HOME		14.239	M-12-MC-18-0201	<u>14,115</u>
Total - Home Investment Partnerships Program				<u>531,507</u>
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants				
EDI Special Project	Direct Grant	14.251	B-06-SP-IN-0356	32,505
Alhambra		14.251	B-08-SP-IN-0098	112
EDI Special Project		14.251	B-09-SP-IN--112	<u>203,770</u>
Total - Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants				<u>236,387</u>
ARRA - Neighborhood Stabilization Program (Recovery Act Funded) NSP				
	Direct Grant	14.256	B-08-MN-18-0003	<u>214,314</u>
Fair Housing Initiatives Program				
Fair Housing Assistance Program	Direct Grant	14.408	FF205K115016	18,750
Fair Housing Assistance Program		14.408	FF205K125016	<u>41,320</u>
Total - Fair Housing Initiatives Program				<u>60,070</u>
Total - Department of Housing and Urban Development				<u>3,569,354</u>
<b>Department of Justice</b>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program	Direct Grant			
2010 Local JAG Problem Solving Initiative		16.738	2010-DJ-BX-0811	11,014
2011 Justice Assistance Grant Program		16.738	2011-DJ-BX-3343	<u>12,561</u>
Total - Edward Byrne Memorial Justice Assistance Grant Program				<u>23,575</u>
Edward Byrne Memorial Justice Assistance Grant Program				
Local JAG Problem Solving Initiative	Vanderburgh County	16.738	2012-DJ-BX-1130	<u>13,950</u>
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government				
Edward Byrne Memorial Justice Assistance Grant	Direct Grant	16.804	2009-SB-B9-0410	<u>134,784</u>
Total - JAG Program Cluster				<u>172,309</u>
Supervised Visitation, Safe Havens for Children				
Safe Haven	Direct Grant	16.527	2012-CW-AX-K015	<u>36,921</u>

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

CITY OF EVANSVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013  
(Continued)

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	Total Federal Awards Expended
<u>Department of Justice (continued)</u>				
Missing Children's Assistance	Indiana State Police			
Internet Crimes Against Children		16.543	2011-MC-CX-K005	5,660
Internet Crimes Against Children 2012 Extended to 6/30/2014		16.543	FY2012 2011-MC-CX-KO	1,978
Total - Missing Children's Assistance				<u>7,638</u>
Public Safety Partnership and Community Policing Grants	Direct Grant			
Community Oriented Policing Services		16.710	2010-UM-WX-0119	120,450
Total - Department of Justice				<u>337,318</u>
<u>Department of Transportation</u>				
Federal Transit Cluster				
Federal Transit - Formula Grants	Direct Grant			
5307 Grant (11)		20.507	IN-90-X623 (11)	178,574
5307 (12) Grant		20.507	IN-90-X631	673,289
5307 Grant (13)		20.507	IN-90-X647	1,283,306
Total - Federal Transit Cluster				<u>2,135,169</u>
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Dept of Transportation			
Ped. Overpass from Wesselman Park		20.205	DES 0100574	87,917
Oak Hill Rd Phase II ROW Only		20.205	DES 0710494	57,750
Oak Hill Rd Phase II CE-Inspections		20.205	DES 0710494	16,405
Greenway Phase 3C-4; Franklin to Maryland		20.205	DES 1005997	2,921
Washington and Weinbach		20.205	DES 1006024	46,155
Lincoln to Newburgh		20.205	DES 1006080	39,890
Greenway; Riverside / Pollack Corridor		20.205	DES 1006082	14,516
Greenway; Garvin / Governor / Stringtown Bike Lanes		20.205	DES 1006083	71,059
Greenway; Mid Levee Corridor		20.205	DES 1006084	25,260
Greenway; Arts District; Glenwood Hi Rail Urban Corridor		20.205	DES 1006085	58,815
Greenway; Covert Connector Corridor		20.205	DES 1173601	31,586
GreenRiver Rd to Lincoln Intersection Imp CE Inspection		20.205	DES 9804060	23,021
Oak Hill Rd. from US 41 to SR 62 including Pigeon Creek Bridge		20.205	DES-0101271	549
Sign Upgrades for Various Locations		20.205	DES-1006031	212,119
Total - Highway Planning and Construction Cluster				<u>687,963</u>
Highway Safety Cluster				
State and Community Highway Safety	Indiana Criminal Justice Institute			
Dangerous Driving Enforcement		20.600	2123	6,675
Big City / Big County Seatbelt Enforcement aka Operation Pullover		20.600	D3-13-7381	79,888
Total - State and Community Highway Safety				<u>86,563</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I	Vanderburgh County			
DUI Task Force		20.601	D3-13-7268	29,587
Total - Highway Safety Cluster				<u>116,150</u>
Transit Services Programs Cluster				
Job Access and Reverse Commute Program	Direct Grant			
JARC 5316		20.516	IN-37-X033-01	243,554
Total - Transit Services Programs Cluster				<u>243,554</u>
Total - Department of Transportation				<u>3,182,836</u>
<u>Equal Opportunity Employment Commission</u>				
Employment Discrimination - Title VII of the Civil Rights Act of 1964	Direct Grant			
EEOC/Title VII		30.001	EECCN120016	78,750
Total - Equal Opportunity Employment Commission				<u>78,750</u>

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

CITY OF EVANSVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013  
(Continued)

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	Total Federal Awards Expended
<b>Environmental Protection Agency</b>				
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority			
2008 SRF		66.458	WW08138205	36,837
2009 SRF		66.458	WW08138205	1,176,806
2012E SRF		66.458	WW08138209	1,514,695
2010A SRF		66.458	WW09128206	242,011
2011D SRF		66.458	WW09218208	<u>14,025</u>
Total - Environmental Protection Agency				<u>2,984,374</u>
<b>Department of Health and Human Services</b>				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	Substance Abuse Council of Vanderburgh County			
Have You Been Drinking		93.243	13LE04	4,320
No Stoner Left Unturned		93.243	13LE05	<u>9,802</u>
Total - Department of Health and Human Services				<u>14,122</u>
<b>Department of Homeland Security</b>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security			
Storm Damage - Park and Recreation		97.036	1997-DR-IN	5,857
Storm Damage - Fire Department		97.036	1997-DR-IN	8,096
Storm Damage - City Engineer		97.036	1997-DR-IN	111,307
Storm Damage		97.036	1997-DR-IN	<u>28,594</u>
Total - Disaster Grants - Public Assistance (Presidentially Declared Disasters)				<u>153,854</u>
Emergency Management Performance Grants 2012 Emergency Mgmt Performance	Vanderburgh County	97.042	EDS C44P-3-310B	<u>33,053</u>
Port Security Grant Program FY2012 Port Security Grant	Direct Grant	97.056	EMW-2012-PU-00205-S0	<u>45,240</u>
Homeland Security Grant Program	Indiana Dept of Homeland Security			
Homeland Security Grant Program		97.067	C44P-1-246A	3,858
2010 Homeland Security Grant		97.067	C44P-2-305A	10,000
State Homeland Security CBRNE Program		97.067	C44P-3-150B	5,548
CBRNE		97.067	C44P-3-348B	<u>7,054</u>
Total - Homeland Security Grant Program				<u>26,460</u>
Total - Department of Homeland Security				<u>258,607</u>
<b>Department of Commerce</b>				
Economic Development Cluster Economic Adjustment Assistance EDA Revolving Loan	Direct Grant	11.307	061902232	<u>801,305 (A)</u>
Total - Department of Commerce				<u>801,305</u>
Total federal awards expended				<u>\$ 11,234,166</u>

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

(A) Calculation of Economic Adjustment Assistance Federal Expenditures:	
Balance of Outstanding Revolving Loan Funds (RLF) at 12-31-13	\$ 200,000
Revolving Loan Fund (RLF) Cash and Investment Balance at 12-31-13	<u>868,407</u>
Total Calculation Basis	1,068,407
Multiplied by Original Federal Share of Revolving Loan Funds (RLF)	<u>75%</u>
Amount Reported in Schedule of Expenditures of Federal Awards	<u>\$ 801,305</u>



CITY OF EVANSVILLE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2013:

Program Title	Federal CFDA Number	2013
Community Development Block Grants/Entitlement Grants	14.218	\$ 1,091,402
Emergency Solutions Grant Program	14.231	277,239
Home Investment Partnerships Program	14.239	506,178
ARRA - Neighborhood Stabilization Program (Recovery Act Funded)	14.256	18,013
Supervised Visitation, Safe Havens for Children	16.527	36,921
Edward Byrne Memorial Justice Assistance Grant Program	16.738	11,014

**Note 3. Loans Outstanding**

The City had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2013. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013
ARRA - Neighborhood Stabilization Program (Recovery Act Funded)	14.256	<u>\$ 77,653</u>

**Note 4. Restatement - Economic Development Cluster**

Subsequent to the issuance of the original audit report on August 28, 2014, it was determined that the amounts listed as expenditures on the SEFA were misstated due to the omission of the Economic Development Cluster. The following schedule presents the changes.

Program	For the Year Ended December 31, 2013		
	Original Presentation	Revision	Revised Expenditures
Economic Development Cluster	<u>\$ -</u>	<u>\$ 801,305</u>	<u>\$ 801,305</u>

CITY OF EVANSVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.231	Emergency Solutions Grant Program Federal Transit Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds Economic Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$337,025

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

**FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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

During the audit of the SEFA, errors noted included several instances of each of the following: Incorrect program names and CFDA numbers, misstated program expenditures, incorrect or omitted pass-through entity identifying numbers, and incorrect pass-through entity name or designation as a direct grant. Additionally, two programs funded by the American Recovery and Reinvestment Act were not separately identified on the SEFA by the inclusion of the prefix "ARRA -" as required. Also, the Economic Development Cluster was omitted from the SEFA. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. 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 award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual 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 shall 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.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

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

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

2 CFR 176.210(b) states in part:

"For recipients covered by the Single Audit Act Amendments of 1996 and OMB Circular A-133, 'Audits of States, Local Governments, and Non-Profit Organizations,' recipients agree to separately identify the expenditures for Federal awards under the Recovery Act on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133 . . . This shall be accomplished by identifying expenditures for Federal awards made under the Recovery Act separately on the SEFA, and as separate rows under Item 9 of Part III on the SF-SAC by CFDA number, and inclusion of the prefix 'ARRA-' in identifying the name of the Federal program on the SEFA and as the first characters in Item 9d of Part III on the SF-SAC."

***FINDING 2013-002 - INTERNAL CONTROL AND COMPLIANCE - BANK ACCOUNT RECONCILIATIONS***

City cash and investment fund balances, including Water and Wastewater funds, were not properly reconciled to bank balances. Numerous errors were noted on the City's bank reconciliations. These errors included the following: one bank account was not included in the reconciliations, incorrect bank balances were used, and reconciling transactions were not posted properly to the funds. As a result of incomplete and inaccurate reconciliations, improper accounting for cash and investments and incorrect postings to records remained undiscovered. When aggregated, the errors and discrepancies noted on the bank reconciliation resulted in a difference between the record and bank balances that was not considered material. As a result, the opinion on the financial statement was not modified with respect to this issue.

New accounting software was implemented during 2011. During 2012, the City implemented various changes to recording procedures, which included establishing separate bank accounts for Water and Wastewater Utilities. However, the City has not transferred the appropriate amount of cash from the City bank account to the Utility bank accounts as of the exit conference date. As a result, the reconciled bank accounts for the City, Water, and Wastewater Utilities do not agree with the amounts reported on the ledger.

The City has not identified risks to the preparation of a reliable bank reconciliation and as a result has failed to design effective controls over the preparation of the bank reconciliation to prevent or detect material misstatements. We believe this constitutes a material weakness.

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."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***FINDING 2013-003 - INTERNAL CONTROL AND COMPLIANCE  
OVER FINANCIAL TRANSACTIONS AND REPORTING***

We noted a deficiency in the internal control system of the City related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Preparing Financial Statement: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the City's audited financial statement and then determining how those identified risks should be managed. The City has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements, including notes to the financial statement.

The financial statement of the City was prepared from information entered by the City into the Gateway Annual Financial Report. The City's beginning balances, receipts and disbursements, as originally reported in the Annual Financial Report, did not reflect the actual activity of the City. Therefore, the financial statement presented for audit was not reflective of the financial activity of the City. Subsequent audit adjustments were proposed, accepted by the City, and made to the financial statement presented in this report in order to more accurately reflect the financial activity of the City.

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

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

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

No matters are reportable.

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#### AUDITEE PREPARED DOCUMENTS

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



**City of Evansville**  
**Office of the Controller**  
CIVIC CENTER COMPLEX, Room 300  
ONE N. W. MARTIN LUTHER KING JR. BLVD.  
EVANSVILLE, IN 47708

Lloyd Winnecke, Mayor

Russell Lloyd Jr. CPA, Controller

August 25, 2014

Indiana State Board of Accounts  
302 W. Washington St. Room E418  
Indianapolis, IN 46204-2765

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Dear State Board Member(s):

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

**FINDING 2012-5. INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE COMMUNITY DEVELOPMENT BLOCK GRANT/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII**

Federal Agency: Department of Housing and Urban Development  
Federal Program: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii  
CFDA Number: 14.228  
Federal Award Number and Year (or Other Identifying Number): A192-11-DR2-09-131  
Prior Report: B 43517  
Fiscal Year: 2012  
Pass Through Entity: Direct Grant

The federal award A192-11-DR2-09-131 was a direct grant awarded to the City of Evansville intended to be awarded as a pass through grant to benefit the Evansville Vanderburgh Levee Authority District (EVLAD), a separate legal entity. The EVLAD was responsible for all reporting and disbursement of the grant and the City had no other responsibility for the award.

The City's financial staff realize a sub recipient agreement should have been enacted between the City of Evansville and the EVLAD. This was discussed with City Finance Dept. staff, the Executive Director and the Board Chairman of the Evansville Vanderburgh Levee Authority District.

A Corrective Action Plan is being Undertaken.

Please contact me at 812-436-4916 or email [rloyd@evansvillegov.org](mailto:rloyd@evansvillegov.org) if any questions.



Sincerely,

Handwritten signature of Russell G. Lloyd Jr. CPA in black ink.

Russell G. Lloyd Jr., CPA  
Controller

RGL/jc



**City of Evansville**  
**Office of the Controller**  
CIVIC CENTER COMPLEX, Room 300  
ONE N. W. MARTIN LUTHER KING JR. BLVD.  
EVANSVILLE, IN 47708

Lloyd Winnecke, Mayor

Russell Lloyd Jr. CPA, Controller

December 23, 2014

Indiana State Board of Accounts  
302 W. Washington St. Room E418  
Indianapolis, IN 46204-2765

**CORRECTIVE ACTION PLAN FOR 2013 FEDERAL FINDINGS**

Dear State Board Member(s):

Section II Financial Statement Findings

FINDING 2013-001. INTERNAL CONTROLS AND COMPLIANCE OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The City has operated for many years using a decentralized management system for financial accounting requirements within the Schedule of Expenditures of Federal Awards (SEFA). Individual City unit and department heads work with the City Controller to supervise and monitor federal and state grant awards, expenditures and record keeping.

During 2013 the Deputy City Controller assumed responsibility for the City's federal and state grant overall compliance and financial reporting. In 2014 the City hired an experienced employee as a Grants Manager with primary responsibility for compliance, monitoring, review and implementation of federal and state grants to further improve performance in this area.

The Deputy City Controller also implemented a quarterly review program to send inquiries to City Departments that receive federal funds through grants and other means to determine status of federal grants and programs. This change in policy with quarterly or semiannual review will allow the Finance Dept. to determine in advance any deficiencies in federal reporting and certifications for appropriate corrective action.

Both City Finance and Utility accounting personnel were informed of current federal and state law and regulations regarding correct reporting on these SEFA items and understand proper reporting. The City has worked with Indiana State Board of Accounts staff to review reporting and make changes to record proper titles, CFDA numbers and program names for all the City reported grants.

The City anticipates completion of corrected grant reporting procedures during the 2014 fiscal year.

FINDING 2013-002, INTERNAL CONTROL AND COMPLIANCE – BANK ACCOUNT RECONCILIATIONS

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

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

The benefits of the system were not fully understood or implemented by the Dec. 31, 2012 audit ending date but improvements have been made since. Some of the adjustments made to the account balances were due to errors from 2011 and 2012 that were finally adjusted. The late completion of the City 2012 audit necessarily fell into 2014 and caused some adjustments to be made outside the fiscal year. Since 2012 the City has made great progress in preparing balanced bank reconciliations, recording accurate transactions and correcting fund balances in 2013 so all funds are now in balance. The system controls are used on fund transactions and daily cash transactions are reviewed and exceptions identified. The City is using available computer system internal controls and coupled with enhanced control procedures feels the material weaknesses have been corrected although some of these corrections were made after the audit date.

The City Finance Dept. and Utility accounting staff have become experienced in the Tyler MUNIS accounting system and have made ongoing system adjustments to the bank account reconciliation and cash transaction programs. The Controller and responsible City department directors that use federal funds believe the accounting for all the federal and state grant programs are presented in the fund balances and include all transactions. The City Finance and Utility department management have seen great improvements made to the accounting and reporting system on an ongoing basis

The City anticipates completion of corrected bank account reconciliations and subsequent internal control and compliance during the 2014 fiscal year.

FINDING 2013-003, INTERNAL CONTROL AND COMPLIANCE OVER FINANCIAL TRANSACTIONS AND REPORTING

The financial statement misstatements were related mainly to the cash and financial accounting system corrections being done in 2013 to correct the general ledger, fund accounting and bank account reconciliation programs. To recap, during 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, 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 set up 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 accounting for the federal programs for 2013 is in balance and includes all transactions that would limit material risk and correct the material weakness in future years. The City also asserts the bank accounts are reconciled City wide and for the federal programs.

The City anticipates completion of accurate financial statements and effective internal controls during 2014 coupled with corrected bank account reconciliations. The City Finance Dept. during the 2014 fiscal year and has seen great improvements made to the system on an ongoing basis.

Please contact me at 812-436-4916 or email [rlloyd@evansvillegov.org](mailto:rlloyd@evansvillegov.org) if any questions.

Sincerely,

Handwritten signature in blue ink that reads "Russell G. Lloyd Jr. CPA".

Russell G. Lloyd Jr., CPA  
Controller  
RGL/jc

#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the City. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.