

**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, 2014 to December 31, 2014



**FILED**  
02/23/2016



## TABLE OF CONTENTS

| <u>Description</u>   | <u>Page</u> |
|--|-------------|
| Schedule of Officials .....  | 2           |
| Independent Auditor's Report .....   | 3-5         |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on<br>Compliance and Other Matters Based on an Audit of the Financial Statement<br>Performed in Accordance With <i>Government Auditing Standards</i> ..... | 6-7         |
| Financial Statement and Accompanying Notes:  |             |
| Statement of Receipts, Disbursements, and Cash and Investment<br>Balances - Regulatory Basis .....   | 10-11       |
| Notes to Financial Statement .....   | 12-19       |
| Other Information - Unaudited:   |             |
| Combining Schedule of Receipts, Disbursements, and Cash and<br>Investment Balances - Regulatory Basis .....  | 22-34       |
| Schedule of Payables and Receivables .....   | 35          |
| Schedule of Leases and Debt .....  | 36-37       |
| Schedule of Capital Assets.....  | 38          |
| Supplemental Audit of Federal Awards:  |             |
| Independent Auditor's Report on Compliance for Each Major Federal Program and on<br>Internal Control Over Compliance.....  | 40-41       |
| Schedule of Expenditures of Federal Awards and Accompanying Notes:   |             |
| Schedule of Expenditures of Federal Awards.....  | 44-46       |
| Notes to Schedule of Expenditures of Federal Awards .....  | 47          |
| Schedule of Findings and Questioned Costs .....  | 48-50       |
| Auditee Prepared Document:   |             |
| Corrective Action Plan .....   | 52-54       |
| Other Reports.....   | 55          |

SCHEDULE OF OFFICIALS

| <u>Office</u>                             | <u>Official</u>                    | <u>Term</u>                                  |
|---|------------------------------------|--|
| Controller                                | Russell G. Lloyd, Jr., CPA         | 01-01-14 to 12-31-15                         |
| Mayor                                     | Lloyd Winnecke                     | 01-01-12 to 12-31-15                         |
| President of the Board of<br>Public Works | Marty Amsler                       | 01-01-14 to 12-31-15                         |
| President of the City Council             | John E. Friend<br>Dr. H. Dan Adams | 01-01-14 to 12-31-14<br>01-01-15 to 12-31-15 |
| General Manager of Utilities              | Allen Mounts                       | 01-01-14 to 12-31-15                         |



## 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, 2014, and the related notes to the financial statement as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free 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, 2014.

***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, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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 the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2015, 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.

  
Paul D. Joyce, CPA  
State Examiner

December 17, 2015



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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, 2014, and the related notes to the financial statement, and have issued our report thereon dated December 17, 2015, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

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

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 2014-001 and 2014-002 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 2014-001 and 2014-002.

**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

December 17, 2015

(This page intentionally left blank.)

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, 2014

| Fund                                 | Cash and<br>Investments<br>01-01-14 | Receipts      | Disbursements | Cash and<br>Investments<br>12-31-14 |
|--------------------------------------|-------------------------------------|---------------|---------------|-------------------------------------|
| General                              | \$ 769,009                          | \$ 78,485,699 | \$ 78,947,568 | \$ 307,140                          |
| Motor Vehicle Highway                | 404,346                             | 5,554,016     | 5,865,517     | 92,845                              |
| Local Road And Street                | 4,097,041                           | 1,731,949     | 2,738,312     | 3,090,678                           |
| IHCDA Blight Elimination Fund Grant  | -                                   | -             | 37,280        | (37,280)                            |
| Area Plan Commission                 | 428                                 | 272,229       | 204,225       | 68,432                              |
| Parking                              | (27,349)                            | -             | 66,590        | (93,939)                            |
| Unsafe Building                      | 29,030                              | 6,429         | -             | 35,459                              |
| Parks And Recreation                 | 604,509                             | 9,679,529     | 10,176,369    | 107,669                             |
| Rainy Day                            | 2,930,358                           | 8,689         | -             | 2,939,047                           |
| Riverboat Capital Project            | 14,079,376                          | 12,832,757    | 12,685,451    | 14,226,682                          |
| Cumulative Capital Improvement       | -                                   | 310,616       | 310,616       | -                                   |
| Purchasing Internal Service          | 68,757                              | 410,474       | 464,038       | 15,193                              |
| Police Pension                       | 4,234,723                           | 6,710,081     | 6,665,771     | 4,279,033                           |
| Fire Pension                         | 4,296,773                           | 5,575,373     | 5,308,648     | 4,563,498                           |
| Jacobsville TIF Projects             | 3,090,024                           | 1,550,820     | 1,223,676     | 3,417,168                           |
| Melzer Trust                         | 50,002                              | -             | -             | 50,002                              |
| Evansville Community Trust           | 12,835                              | 19            | -             | 12,854                              |
| Berry Plastics                       | 2,211                               | 518,131       | 518,132       | 2,210                               |
| American Gen Project 2010            | 3,303                               | 480,518       | 480,518       | 3,303                               |
| Recovery Grant                       | 3,799                               | 129,389       | 130,271       | 2,917                               |
| Rental Housing Inspection            | 1,548                               | -             | -             | 1,548                               |
| Redevelopment TIF Project            | 86,746                              | -             | 86,746        | -                                   |
| Evansville Park 12 Sinking           | 19                                  | 1,568,755     | 1,568,756     | 18                                  |
| Evansville Park Refunding 2010       | 535,475                             | 545,383       | 535,476       | 545,382                             |
| Arena Bond                           | 8,598,143                           | 8,014,934     | 8,235,468     | 8,377,609                           |
| IDHS Hazard Mitigation Grant         | -                                   | 132,500       | 132,500       | -                                   |
| Downtown Hotel/Convention            | -                                   | 1,538,058     | 749,261       | 788,797                             |
| IU Medical Center                    | -                                   | 8,600,371     | 1,248,165     | 7,352,206                           |
| Eville Economic Dev 14 Const - Haier | -                                   | 2,713,482     | 1,435,991     | 1,277,491                           |
| Redevelopment - Victory              | -                                   | 610,000       | 608,222       | 1,778                               |
| Arts District                        | -                                   | 57,638        | 60,146        | (2,508)                             |
| Donations                            | 1,714                               | 47,243        | 42,241        | 6,716                               |
| Fire Donation                        | 387                                 | -             | 387           | -                                   |
| Miscellaneous Grant                  | 1,772,096                           | 173,623       | 474,665       | 1,471,054                           |
| Law Enforcement                      | 98,817                              | 130,637       | 149,575       | 79,879                              |
| Golf Course                          | (30,416)                            | 1,295,548     | 1,603,523     | (338,391)                           |
| Local County Option Income Tax       | 7,854,979                           | 16,009,308    | 16,153,580    | 7,710,707                           |
| Greenway Project                     | 873,191                             | 112,291       | 57,691        | 927,791                             |
| Sports Non-Reverting                 | (87,327)                            | 327,878       | 365,526       | (124,975)                           |
| Zoo Animal Revolving                 | 23,512                              | -             | 13,574        | 9,938                               |
| Rental Rehab                         | 74,274                              | -             | 1,024         | 73,250                              |
| Certified Tech Park                  | 34,700                              | -             | 26,350        | 8,350                               |
| EDA Revolving Loan Fund              | 868,407                             | 1,962         | 80            | 870,289                             |
| Home Admin Investment Trust          | 75,387                              | 677,273       | 746,939       | 5,721                               |
| Community Dev Block Grant            | (10,932)                            | 2,664,332     | 2,672,588     | (19,188)                            |
| Old Post Office                      | 47,290                              | 6,250         | -             | 53,540                              |
| Economic Development Loan            | 904,102                             | 28,858        | 137,404       | 795,556                             |

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, 2014  
(Continued)

| Fund                                 | Cash and<br>Investments<br>01-01-14 | Receipts              | Disbursements         | Cash and<br>Investments<br>12-31-14 |
|--------------------------------------|-------------------------------------|-----------------------|-----------------------|-------------------------------------|
| Emergency Shelter Grant              | (63,728)                            | 190,666               | 185,156               | (58,218)                            |
| Building Code Books                  | 2,603                               | -                     | -                     | 2,603                               |
| Bicycle License Revolving            | 3,478                               | 283                   | -                     | 3,761                               |
| Sidewalk Program                     | 252,443                             | 72,234                | 444                   | 324,233                             |
| ERC Capital Non Reverting            | 1,182,516                           | 2,246                 | 602,370               | 582,392                             |
| Housing Trust                        | 36,486                              | 26,400                | 20,000                | 42,886                              |
| HUD Fair Housing                     | 102,836                             | 41,750                | 27,650                | 116,936                             |
| Equal Emp Opportunity Commission     | 169,141                             | 72,923                | 48,636                | 193,428                             |
| Master TIF Projects                  | 7,104,232                           | 5,630,990             | 9,244,404             | 3,490,818                           |
| Food And Beverage Tax Distribution   | -                                   | 454,380               | 454,380               | -                                   |
| Locust Hill Perpetual Care           | 133,642                             | 1,921                 | -                     | 135,563                             |
| Oakhill Perpetual Care               | 734,403                             | 6,471                 | 7,996                 | 732,878                             |
| EMA Revolving Donation Fund          | 2,567                               | -                     | -                     | 2,567                               |
| Coleman Trust                        | 11,977                              | 66                    | -                     | 12,043                              |
| Mattie J Bayard Trust                | 6,075                               | 27                    | -                     | 6,102                               |
| R T Legler Trust                     | 2,289                               | 16                    | -                     | 2,305                               |
| CDBG-City Bank Of Evansville         | 253,443                             | 431                   | -                     | 253,874                             |
| CDBG-EDA Revolving Loan Fifth Third  | 679,196                             | 372                   | -                     | 679,568                             |
| Historic Preservation                | 6,011                               | 1,395                 | 848                   | 6,558                               |
| Park District Bond Refunding 2010    | 423,953                             | 640,175               | 1,076,960             | (12,832)                            |
| TIF Redevelopment Bond               | 193,761                             | 440,388               | 420,776               | 213,373                             |
| General Obligation # 2               | 323,692                             | -                     | -                     | 323,692                             |
| Sidewalk Improvement Bond            | 78,419                              | -                     | -                     | 78,419                              |
| Redevelopment Arena BAN 2008         | 32,151                              | -                     | -                     | 32,151                              |
| Unemployment                         | 536,701                             | 102,526               | 15,286                | 623,941                             |
| Workers Compensation                 | 231,241                             | 1,054,307             | 1,279,621             | 5,927                               |
| Liability                            | 1,491,723                           | 2,826,394             | 3,002,297             | 1,315,820                           |
| Hospitalization                      | 447,779                             | 23,342,006            | 24,469,874            | (680,089)                           |
| Evansville Civil City Payroll        | 217,131                             | 30,872,536            | 30,875,103            | 214,564                             |
| Accounts Receivable Clearing         | (1,457)                             | 282,525               | 290,380               | (9,312)                             |
| Oakhill Lease Escrow                 | 5,377                               | -                     | -                     | 5,377                               |
| Sewer Bond                           | 7,037,849                           | 11,949,562            | 11,673,977            | 7,313,434                           |
| Sewer Improvement Fund               | 1,781,937                           | 6,049,000             | 1,878,993             | 5,951,944                           |
| Sewer Bond Construction              | 27,422,866                          | 39,262,541            | 31,258,885            | 35,426,522                          |
| Sewer Reserve Fund                   | 12,430,684                          | 2,191,674             | -                     | 14,622,358                          |
| Sewer Payroll                        | 332,159                             | 2,583,718             | 2,432,112             | 483,765                             |
| Sewer Operating                      | 5,407,038                           | 47,188,299            | 47,650,889            | 4,944,448                           |
| Water Improvement Fund               | 122,809                             | 762,275               | 430,358               | 454,726                             |
| Waterworks Payroll                   | 392,179                             | 3,674,487             | 3,500,639             | 566,027                             |
| Waterworks Reserve                   | 4,028,427                           | 198,733               | -                     | 4,227,160                           |
| Water Utility-Operating              | 3,673,500                           | 28,105,740            | 30,406,852            | 1,372,388                           |
| Water Utility-Bond & Int Sinking     | 3,788,232                           | 30,690,886            | 30,945,121            | 3,533,997                           |
| Water Utility-Consumer Meter Deposit | 1,095,178                           | 330,386               | 258,218               | 1,167,346                           |
| Water Utility-Construction           | 33,244,622                          | 797,401               | 15,637,902            | 18,404,121                          |
| Totals                               | <u>\$ 171,728,848</u>               | <u>\$ 409,361,172</u> | <u>\$ 411,024,987</u> | <u>\$ 170,065,033</u>               |

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 state.

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

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

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

CITY OF 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  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. Three of the funds (IHEDA Blight Elimination Fund Grant, Community Dev Block Grant, and Emergency Shelter Grant) 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, 2014. The Accounts Receivable Clearing fund has a cash balance deficit due to the nature of the fund. The Parking, Arts District, Golf Course, Sports Non-Reverting, Park District Bond Refunding 2010, and Hospitalization funds spent more than they received.

**Note 8. Other Post-Employment Benefits**

*Single-Employer Defined Benefit Healthcare Plan*

*Plan Description*

The City of Evansville Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the City of Evansville in an internal service fund. The plan provides health care benefits and life insurance to eligible retirees and their spouses. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the City. These benefits pose a liability to the City. The actuarial information included below is not required

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

per the regulatory basis of accounting and is additional information. The actuarial information is not included in the City's regulatory basis financial statements for the years ended December 31, 2014 and 2013.

*Funding Policy*

The contribution requirements of plan members for the City of Evansville Retiree Healthcare Plan are established by the City of Evansville. The required contribution is based on projected pay-as-you go financing requirements. For the year ended December 31, 2014, the City contributed \$5,092,539 to the plan. For the year ended December 31, 2013, the City contributed \$4,672,054 to the plan.

*Annual OPEB Cost and Net OPEB Obligation*

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement Number 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan.

| OPEB Obligation  | 2013          | 2014          |
|--|---------------|---------------|
| ARC as of end of year                                  | \$ 18,290,487 | \$ 19,173,437 |
| Interest on Net OPEB Obligation (NOO) to end of year   | -             | -             |
| NOO amortization adjustment to the ARC                 | -             | -             |
| Annual OPEB cost                                       | 18,290,487    | 19,205,805    |
| Estimated annual employer contribution for pay-go cost | (4,672,054)   | (5,092,539)   |
| Estimated annual employer contribution for pre-funding | -             | -             |
| Change in NOO  | 13,618,433    | 14,113,266    |
| NOO as of beginning of year                            | -             | 13,618,433    |
| Net OPEB obligation as of end of year                  | 13,618,433    | 27,731,699    |

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 are as follows:

| Annual OPEB cost | Percentage of Annual OPEB Cost Contributed | Year Ending | Net OPEB Obligation |
|------------------|--|-------------|---------------------|
| \$ 18,290,487    | 25.5%                                      | 12-31-13    | \$ 13,618,433       |
| 19,205,805       | 26.5%                                      | 12-31-14    | 27,731,699          |

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Status and Funding Progress*

As of January 1, 2014, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$234,240,397 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$234,240,397.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about a probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

In the December 31, 2014, actuarial valuation the projected unit credit cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5 percent after twenty one years. All inflation is covered under the health care cost trend rate. A 4.5 percent rate of return on investments is assumed. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

Additional information concerning the City of Evansville Retiree Healthcare Plan may be obtained by contacting the City.

(This page intentionally left blank.)

#### OTHER INFORMATION - UNAUDITED

The City's Annual Financial 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 Financial 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 other 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, 2014

|  | General    | Motor<br>Vehicle<br>Highway | Local<br>Road<br>And<br>Street | IHCDA<br>Blight<br>Elimination<br>Fund<br>Grant | Area<br>Plan<br>Commission | Parking     | Unsafe<br>Building | Parks<br>And<br>Recreation |
|--|------------|-----------------------------|--------------------------------|---|----------------------------|-------------|--------------------|----------------------------|
| Cash and investments - beginning                   | \$ 769,009 | \$ 404,346                  | \$ 4,097,041                   | \$ -  | \$ 428                     | \$ (27,349) | \$ 29,030          | \$ 604,509                 |
| Receipts:  |            |                             |                                |   |                            |             |                    |                            |
| Taxes  | 47,237,875 | -                           | -                              | -   | -                          | -           | -                  | 6,277,016                  |
| Licenses and permits                               | 2,336,987  | -                           | -                              | -   | -                          | -           | -                  | -                          |
| Intergovernmental                                  | 8,384,746  | 5,150,652                   | 1,707,399                      | -   | -                          | -           | -                  | 583,625                    |
| Charges for services                               | 978,721    | 169,738                     | -                              | -   | 1,200                      | -           | 6,429              | 2,112,228                  |
| Utility fees                                       | -          | -                           | -                              | -   | -                          | -           | -                  | -                          |
| Other receipts                                     | 19,547,370 | 233,626                     | 24,550                         | -   | 271,029                    | -           | -                  | 706,660                    |
| Total receipts                                     | 78,485,699 | 5,554,016                   | 1,731,949                      | -   | 272,229                    | -           | 6,429              | 9,679,529                  |
| Disbursements:                                     |            |                             |                                |   |                            |             |                    |                            |
| Personal services                                  | 69,514,360 | 4,235,234                   | 918,843                        | -   | -                          | -           | -                  | 6,277,994                  |
| Supplies   | 2,954,862  | 658,954                     | 12,508                         | -   | -                          | -           | -                  | 677,499                    |
| Other services and charges                         | 5,852,899  | 963,580                     | 511,536                        | 37,280  | 204,225                    | 66,590      | -                  | 2,994,740                  |
| Debt service - principal and interest              | 32,659     | 6,624                       | -                              | -   | -                          | -           | -                  | -                          |
| Capital outlay                                     | 115,191    | 1,125                       | 1,260,873                      | -   | -                          | -           | -                  | -                          |
| Utility operating expenses                         | -          | -                           | -                              | -   | -                          | -           | -                  | -                          |
| Other disbursements                                | 477,597    | -                           | 34,552                         | -   | -                          | -           | -                  | 226,136                    |
| Total disbursements                                | 78,947,568 | 5,865,517                   | 2,738,312                      | 37,280  | 204,225                    | 66,590      | -                  | 10,176,369                 |
| Excess (deficiency) of receipts over disbursements | (461,869)  | (311,501)                   | (1,006,363)                    | (37,280)  | 68,004                     | (66,590)    | 6,429              | (496,840)                  |
| Cash and investments - ending                      | \$ 307,140 | \$ 92,845                   | \$ 3,090,678                   | \$ (37,280)                                     | \$ 68,432                  | \$ (93,939) | \$ 35,459          | \$ 107,669                 |



CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

|  | Rainy<br>Day        | Riverboat<br>Capital<br>Project | Cumulative<br>Capital<br>Improvement | Purchasing<br>Internal<br>Service | Police<br>Pension   | Fire<br>Pension     | Jacobsville<br>TIF<br>Projects |
|--|---------------------|---------------------------------|--------------------------------------|-----------------------------------|---------------------|---------------------|--------------------------------|
| Cash and investments - beginning                   | \$ 2,930,358        | \$ 14,079,376                   | \$ -                                 | \$ 68,757                         | \$ 4,234,723        | \$ 4,296,773        | \$ 3,090,024                   |
| Receipts:  |                     |                                 |                                      |                                   |                     |                     |                                |
| Taxes  | -                   | -                               | -                                    | -                                 | 6,695,868           | 5,569,148           | 1,544,332                      |
| Licenses and permits                               | -                   | -                               | -                                    | -                                 | -                   | -                   | -                              |
| Intergovernmental                                  | -                   | 7,827,096                       | 310,616                              | -                                 | -                   | -                   | -                              |
| Charges for services                               | -                   | 4,868,447                       | -                                    | 410,474                           | -                   | -                   | -                              |
| Utility fees                                       | -                   | -                               | -                                    | -                                 | -                   | -                   | -                              |
| Other receipts                                     | 8,689               | 137,214                         | -                                    | -                                 | 14,213              | 6,225               | 6,488                          |
| Total receipts                                     | <u>8,689</u>        | <u>12,832,757</u>               | <u>310,616</u>                       | <u>410,474</u>                    | <u>6,710,081</u>    | <u>5,575,373</u>    | <u>1,550,820</u>               |
| Disbursements:                                     |                     |                                 |                                      |                                   |                     |                     |                                |
| Personal services                                  | -                   | -                               | -                                    | -                                 | 14,360              | 14,520              | -                              |
| Supplies   | -                   | 577,242                         | -                                    | -                                 | -                   | -                   | -                              |
| Other services and charges                         | -                   | 1,169,458                       | -                                    | 464,038                           | 6,651,411           | 5,294,128           | 1,223,676                      |
| Debt service - principal and interest              | -                   | 1,568,750                       | -                                    | -                                 | -                   | -                   | -                              |
| Capital outlay                                     | -                   | 5,589,724                       | -                                    | -                                 | -                   | -                   | -                              |
| Utility operating expenses                         | -                   | -                               | -                                    | -                                 | -                   | -                   | -                              |
| Other disbursements                                | -                   | 3,780,277                       | 310,616                              | -                                 | -                   | -                   | -                              |
| Total disbursements                                | <u>-</u>            | <u>12,685,451</u>               | <u>310,616</u>                       | <u>464,038</u>                    | <u>6,665,771</u>    | <u>5,308,648</u>    | <u>1,223,676</u>               |
| Excess (deficiency) of receipts over disbursements | <u>8,689</u>        | <u>147,306</u>                  | <u>-</u>                             | <u>(53,564)</u>                   | <u>44,310</u>       | <u>266,725</u>      | <u>327,144</u>                 |
| Cash and investments - ending                      | <u>\$ 2,939,047</u> | <u>\$ 14,226,682</u>            | <u>\$ -</u>                          | <u>\$ 15,193</u>                  | <u>\$ 4,279,033</u> | <u>\$ 4,563,498</u> | <u>\$ 3,417,168</u>            |

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

|  | Melzer<br>Trust  | Evansville<br>Community<br>Trust | Berry<br>Plastics | American<br>Gen<br>Project<br>2010 | Recovery<br>Grant | Rental<br>Housing<br>Inspection | Redevelopment<br>TIF<br>Project |
|--|------------------|----------------------------------|-------------------|------------------------------------|-------------------|---------------------------------|---------------------------------|
| Cash and investments - beginning                   | \$ 50,002        | \$ 12,835                        | \$ 2,211          | \$ 3,303                           | \$ 3,799          | \$ 1,548                        | \$ 86,746                       |
| Receipts:  |                  |                                  |                   |                                    |                   |                                 |                                 |
| Taxes  | -                | -                                | -                 | -                                  | -                 | -                               | -                               |
| Licenses and permits                               | -                | -                                | -                 | -                                  | -                 | -                               | -                               |
| Intergovernmental                                  | -                | -                                | -                 | -                                  | 129,389           | -                               | -                               |
| Charges for services                               | -                | -                                | -                 | -                                  | -                 | -                               | -                               |
| Utility fees                                       | -                | -                                | -                 | -                                  | -                 | -                               | -                               |
| Other receipts                                     | -                | 19                               | 518,131           | 480,518                            | -                 | -                               | -                               |
| Total receipts                                     | -                | 19                               | 518,131           | 480,518                            | 129,389           | -                               | -                               |
| Disbursements:                                     |                  |                                  |                   |                                    |                   |                                 |                                 |
| Personal services                                  | -                | -                                | -                 | -                                  | -                 | -                               | -                               |
| Supplies   | -                | -                                | -                 | -                                  | 115,809           | -                               | -                               |
| Other services and charges                         | -                | -                                | 260,453           | 4                                  | 14,462            | -                               | -                               |
| Debt service - principal and interest              | -                | -                                | 257,679           | 480,514                            | -                 | -                               | -                               |
| Capital outlay                                     | -                | -                                | -                 | -                                  | -                 | -                               | -                               |
| Utility operating expenses                         | -                | -                                | -                 | -                                  | -                 | -                               | -                               |
| Other disbursements                                | -                | -                                | -                 | -                                  | -                 | -                               | 86,746                          |
| Total disbursements                                | -                | -                                | 518,132           | 480,518                            | 130,271           | -                               | 86,746                          |
| Excess (deficiency) of receipts over disbursements | -                | 19                               | (1)               | -                                  | (882)             | -                               | (86,746)                        |
| Cash and investments - ending                      | <u>\$ 50,002</u> | <u>\$ 12,854</u>                 | <u>\$ 2,210</u>   | <u>\$ 3,303</u>                    | <u>\$ 2,917</u>   | <u>\$ 1,548</u>                 | <u>\$ -</u>                     |

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

|  | Evansville<br>Park<br>12<br>Sinking | Evansville<br>Park<br>Refunding<br>2010 | Arena<br>Bond       | IDHS<br>Hazard<br>Mitigation<br>Grant | Downtown<br>Hotel/Convention | IU<br>Medical<br>Center | Eville<br>Economic<br>Dev<br>14<br>Const - Haier |
|--|-------------------------------------|---|---------------------|---------------------------------------|------------------------------|-------------------------|--|
| Cash and investments - beginning                   | \$ 19                               | \$ 535,475                              | \$ 8,598,143        | \$ -                                  | \$ -                         | \$ -                    | \$ -   |
| Receipts:  |                                     |   |                     |                                       |                              |                         |  |
| Taxes  | -                                   | -                                       | -                   | -                                     | -                            | -                       | -  |
| Licenses and permits                               | -                                   | -                                       | -                   | -                                     | -                            | -                       | -  |
| Intergovernmental                                  | -                                   | -                                       | -                   | 132,500                               | -                            | -                       | -  |
| Charges for services                               | -                                   | -                                       | -                   | -                                     | -                            | -                       | -  |
| Utility fees                                       | -                                   | -                                       | -                   | -                                     | -                            | -                       | -  |
| Other receipts                                     | 1,568,755                           | 545,383                                 | 8,014,934           | -                                     | 1,538,058                    | 8,600,371               | 2,713,482  |
| Total receipts                                     | <u>1,568,755</u>                    | <u>545,383</u>                          | <u>8,014,934</u>    | <u>132,500</u>                        | <u>1,538,058</u>             | <u>8,600,371</u>        | <u>2,713,482</u>                                 |
| Disbursements:                                     |                                     |   |                     |                                       |                              |                         |  |
| Personal services                                  | -                                   | -                                       | -                   | 132,500                               | -                            | -                       | -  |
| Supplies   | -                                   | -                                       | -                   | -                                     | -                            | -                       | -  |
| Other services and charges                         | 1,568,751                           | 535,474                                 | -                   | -                                     | 748,761                      | 1,247,941               | 78,000   |
| Debt service - principal and interest              | 5                                   | 2                                       | 8,235,468           | -                                     | 500                          | 224                     | 1,357,991  |
| Capital outlay                                     | -                                   | -                                       | -                   | -                                     | -                            | -                       | -  |
| Utility operating expenses                         | -                                   | -                                       | -                   | -                                     | -                            | -                       | -  |
| Other disbursements                                | -                                   | -                                       | -                   | -                                     | -                            | -                       | -  |
| Total disbursements                                | <u>1,568,756</u>                    | <u>535,476</u>                          | <u>8,235,468</u>    | <u>132,500</u>                        | <u>749,261</u>               | <u>1,248,165</u>        | <u>1,435,991</u>                                 |
| Excess (deficiency) of receipts over disbursements | <u>(1)</u>                          | <u>9,907</u>                            | <u>(220,534)</u>    | <u>-</u>                              | <u>788,797</u>               | <u>7,352,206</u>        | <u>1,277,491</u>                                 |
| Cash and investments - ending                      | <u>\$ 18</u>                        | <u>\$ 545,382</u>                       | <u>\$ 8,377,609</u> | <u>\$ -</u>                           | <u>\$ 788,797</u>            | <u>\$ 7,352,206</u>     | <u>\$ 1,277,491</u>                              |

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

|  | Redevelopment<br>-<br>Victory | Arts<br>District | Donations | Fire<br>Donation | Miscellaneous<br>Grant | Law<br>Enforcement | Golf<br>Course |
|--|-------------------------------|------------------|-----------|------------------|------------------------|--------------------|----------------|
| Cash and investments - beginning                   | \$ -                          | \$ -             | \$ 1,714  | \$ 387           | \$ 1,772,096           | \$ 98,817          | \$ (30,416)    |
| Receipts:  |                               |                  |           |                  |                        |                    |                |
| Taxes  | -                             | 57,638           | -         | -                | -                      | -                  | -              |
| Licenses and permits                               | -                             | -                | -         | -                | -                      | 52,127             | -              |
| Intergovernmental                                  | -                             | -                | -         | -                | 77,952                 | -                  | -              |
| Charges for services                               | -                             | -                | -         | -                | 17,258                 | 54,400             | 1,170,548      |
| Utility fees                                       | -                             | -                | -         | -                | -                      | -                  | -              |
| Other receipts                                     | 610,000                       | -                | 47,243    | -                | 78,413                 | 24,110             | 125,000        |
| Total receipts                                     | 610,000                       | 57,638           | 47,243    | -                | 173,623                | 130,637            | 1,295,548      |
| Disbursements:                                     |                               |                  |           |                  |                        |                    |                |
| Personal services                                  | -                             | -                | -         | -                | 23,276                 | -                  | 856,166        |
| Supplies   | -                             | -                | 11,371    | 387              | -                      | 6,876              | 238,295        |
| Other services and charges                         | 608,222                       | 5,760            | 30,870    | -                | 451,389                | 142,699            | 509,062        |
| Debt service - principal and interest              | -                             | 54,386           | -         | -                | -                      | -                  | -              |
| Capital outlay                                     | -                             | -                | -         | -                | -                      | -                  | -              |
| Utility operating expenses                         | -                             | -                | -         | -                | -                      | -                  | -              |
| Other disbursements                                | -                             | -                | -         | -                | -                      | -                  | -              |
| Total disbursements                                | 608,222                       | 60,146           | 42,241    | 387              | 474,665                | 149,575            | 1,603,523      |
| Excess (deficiency) of receipts over disbursements | 1,778                         | (2,508)          | 5,002     | (387)            | (301,042)              | (18,938)           | (307,975)      |
| Cash and investments - ending                      | \$ 1,778                      | \$ (2,508)       | \$ 6,716  | \$ -             | \$ 1,471,054           | \$ 79,879          | \$ (338,391)   |

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

|  | Local<br>County<br>Option<br>Income<br>Tax | Greenway<br>Project | Sports<br>Non-Reverting | Zoo<br>Animal<br>Revolving | Rental<br>Rehab | Certified<br>Tech<br>Park | EDA<br>Revolving<br>Loan<br>Fund |
|--|--|---------------------|-------------------------|----------------------------|-----------------|---------------------------|----------------------------------|
| Cash and investments - beginning                   | \$ 7,854,979                               | \$ 873,191          | \$ (87,327)             | \$ 23,512                  | \$ 74,274       | \$ 34,700                 | \$ 868,407                       |
| Receipts:  |  |                     |                         |                            |                 |                           |                                  |
| Taxes  | -  | -                   | -                       | -                          | -               | -                         | -                                |
| Licenses and permits                               | -  | -                   | -                       | -                          | -               | -                         | -                                |
| Intergovernmental                                  | 15,415,628                                 | 112,291             | -                       | -                          | -               | -                         | -                                |
| Charges for services                               | 300  | -                   | 234,167                 | -                          | -               | -                         | -                                |
| Utility fees                                       | -  | -                   | -                       | -                          | -               | -                         | -                                |
| Other receipts                                     | 593,380                                    | -                   | 93,711                  | -                          | -               | -                         | 1,962                            |
| Total receipts                                     | 16,009,308                                 | 112,291             | 327,878                 | -                          | -               | -                         | 1,962                            |
| Disbursements:                                     |  |                     |                         |                            |                 |                           |                                  |
| Personal services                                  | 111,037                                    | -                   | 269,599                 | -                          | -               | -                         | -                                |
| Supplies   | 298,020                                    | -                   | 11,962                  | -                          | -               | -                         | -                                |
| Other services and charges                         | 7,617,363                                  | -                   | 83,888                  | -                          | 1,024           | 26,350                    | 80                               |
| Debt service - principal and interest              | -  | -                   | -                       | -                          | -               | -                         | -                                |
| Capital outlay                                     | 217,098                                    | 57,691              | -                       | 13,574                     | -               | -                         | -                                |
| Utility operating expenses                         | -  | -                   | -                       | -                          | -               | -                         | -                                |
| Other disbursements                                | 7,910,062                                  | -                   | 77                      | -                          | -               | -                         | -                                |
| Total disbursements                                | 16,153,580                                 | 57,691              | 365,526                 | 13,574                     | 1,024           | 26,350                    | 80                               |
| Excess (deficiency) of receipts over disbursements | (144,272)                                  | 54,600              | (37,648)                | (13,574)                   | (1,024)         | (26,350)                  | 1,882                            |
| Cash and investments - ending                      | \$ 7,710,707                               | \$ 927,791          | \$ (124,975)            | \$ 9,938                   | \$ 73,250       | \$ 8,350                  | \$ 870,289                       |

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

|  | Home<br>Admin<br>Investment<br>Trust | Community<br>Dev<br>Block<br>Grant | Old<br>Post<br>Office | Economic<br>Development<br>Loan | Emergency<br>Shelter<br>Grant | Building<br>Code<br>Books | Bicycle<br>License<br>Revolving |
|--|--------------------------------------|------------------------------------|-----------------------|---------------------------------|-------------------------------|---------------------------|---------------------------------|
| Cash and investments - beginning                   | \$ 75,387                            | \$ (10,932)                        | \$ 47,290             | \$ 904,102                      | \$ (63,728)                   | \$ 2,603                  | \$ 3,478                        |
| Receipts:  |                                      |                                    |                       |                                 |                               |                           |                                 |
| Taxes  | -                                    | -                                  | -                     | -                               | -                             | -                         | -                               |
| Licenses and permits                               | -                                    | -                                  | -                     | -                               | -                             | -                         | 283                             |
| Intergovernmental                                  | 654,051                              | 2,585,760                          | -                     | -                               | 190,666                       | -                         | -                               |
| Charges for services                               | -                                    | 30,638                             | 6,250                 | -                               | -                             | -                         | -                               |
| Utility fees                                       | -                                    | -                                  | -                     | -                               | -                             | -                         | -                               |
| Other receipts                                     | <u>23,222</u>                        | <u>47,934</u>                      | <u>-</u>              | <u>28,858</u>                   | <u>-</u>                      | <u>-</u>                  | <u>-</u>                        |
| Total receipts                                     | <u>677,273</u>                       | <u>2,664,332</u>                   | <u>6,250</u>          | <u>28,858</u>                   | <u>190,666</u>                | <u>-</u>                  | <u>283</u>                      |
| Disbursements:                                     |                                      |                                    |                       |                                 |                               |                           |                                 |
| Personal services                                  | -                                    | -                                  | -                     | -                               | -                             | -                         | -                               |
| Supplies   | 3,203                                | -                                  | -                     | -                               | -                             | -                         | -                               |
| Other services and charges                         | 743,194                              | 2,151,711                          | -                     | 48,139                          | 185,156                       | -                         | -                               |
| Debt service - principal and interest              | -                                    | -                                  | -                     | -                               | -                             | -                         | -                               |
| Capital outlay                                     | -                                    | -                                  | -                     | -                               | -                             | -                         | -                               |
| Utility operating expenses                         | -                                    | -                                  | -                     | -                               | -                             | -                         | -                               |
| Other disbursements                                | <u>542</u>                           | <u>520,877</u>                     | <u>-</u>              | <u>89,265</u>                   | <u>-</u>                      | <u>-</u>                  | <u>-</u>                        |
| Total disbursements                                | <u>746,939</u>                       | <u>2,672,588</u>                   | <u>-</u>              | <u>137,404</u>                  | <u>185,156</u>                | <u>-</u>                  | <u>-</u>                        |
| Excess (deficiency) of receipts over disbursements | <u>(69,666)</u>                      | <u>(8,256)</u>                     | <u>6,250</u>          | <u>(108,546)</u>                | <u>5,510</u>                  | <u>-</u>                  | <u>283</u>                      |
| Cash and investments - ending                      | <u>\$ 5,721</u>                      | <u>\$ (19,188)</u>                 | <u>\$ 53,540</u>      | <u>\$ 795,556</u>               | <u>\$ (58,218)</u>            | <u>\$ 2,603</u>           | <u>\$ 3,761</u>                 |

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

|  | Sidewalk<br>Program | ERC<br>Capital<br>Non<br>Reverting | Housing<br>Trust | HUD<br>Fair<br>Housing | Equal<br>Emp<br>Opportunity<br>Commission | Master<br>TIF<br>Projects | Food<br>And<br>Beverage<br>Tax<br>Distribution |
|--|---------------------|------------------------------------|------------------|------------------------|---|---------------------------|--|
| Cash and investments - beginning                   | \$ 252,443          | \$ 1,182,516                       | \$ 36,486        | \$ 102,836             | \$ 169,141                                | \$ 7,104,232              | \$ -   |
| Receipts:  |                     |                                    |                  |                        |   |                           |  |
| Taxes  | -                   | -                                  | -                | -                      | -   | 4,915,939                 | 454,380  |
| Licenses and permits                               | -                   | -                                  | -                | -                      | -   | -                         | -  |
| Intergovernmental                                  | -                   | -                                  | -                | 41,750                 | 72,500                                    | -                         | -  |
| Charges for services                               | 39,493              | -                                  | -                | -                      | -   | -                         | -  |
| Utility fees                                       | -                   | -                                  | -                | -                      | -   | -                         | -  |
| Other receipts                                     | 32,741              | 2,246                              | 26,400           | -                      | 423                                       | 715,051                   | -  |
| Total receipts                                     | <u>72,234</u>       | <u>2,246</u>                       | <u>26,400</u>    | <u>41,750</u>          | <u>72,923</u>                             | <u>5,630,990</u>          | <u>454,380</u>                                 |
| Disbursements:                                     |                     |                                    |                  |                        |   |                           |  |
| Personal services                                  | -                   | -                                  | -                | -                      | -   | -                         | -  |
| Supplies   | -                   | -                                  | -                | -                      | -   | -                         | -  |
| Other services and charges                         | 444                 | 602,370                            | 20,000           | 11,885                 | 17,410                                    | 3,210,137                 | -  |
| Debt service - principal and interest              | -                   | -                                  | -                | -                      | -   | 1,635,916                 | -  |
| Capital outlay                                     | -                   | -                                  | -                | -                      | -   | -                         | -  |
| Utility operating expenses                         | -                   | -                                  | -                | -                      | -   | -                         | -  |
| Other disbursements                                | -                   | -                                  | -                | 15,765                 | 31,226                                    | 4,398,351                 | 454,380  |
| Total disbursements                                | <u>444</u>          | <u>602,370</u>                     | <u>20,000</u>    | <u>27,650</u>          | <u>48,636</u>                             | <u>9,244,404</u>          | <u>454,380</u>                                 |
| Excess (deficiency) of receipts over disbursements | <u>71,790</u>       | <u>(600,124)</u>                   | <u>6,400</u>     | <u>14,100</u>          | <u>24,287</u>                             | <u>(3,613,414)</u>        | <u>-</u>                                       |
| Cash and investments - ending                      | <u>\$ 324,233</u>   | <u>\$ 582,392</u>                  | <u>\$ 42,886</u> | <u>\$ 116,936</u>      | <u>\$ 193,428</u>                         | <u>\$ 3,490,818</u>       | <u>\$ -</u>                                    |

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

|  | Locust<br>Hill<br>Perpetual<br>Care | Oakhill<br>Perpetual<br>Care | EMA<br>Revolving<br>Donation<br>Fund | Coleman<br>Trust | Mattie J<br>Bayard<br>Trust | R T<br>Legler<br>Trust | CDBG-City<br>Bank<br>Of<br>Evansville |
|--|-------------------------------------|------------------------------|--------------------------------------|------------------|-----------------------------|------------------------|---------------------------------------|
| Cash and investments - beginning                   | \$ 133,642                          | \$ 734,403                   | \$ 2,567                             | \$ 11,977        | \$ 6,075                    | \$ 2,289               | \$ 253,443                            |
| Receipts:  |                                     |                              |                                      |                  |                             |                        |                                       |
| Taxes  | -                                   | -                            | -                                    | -                | -                           | -                      | -                                     |
| Licenses and permits                               | -                                   | -                            | -                                    | -                | -                           | -                      | -                                     |
| Intergovernmental                                  | -                                   | -                            | -                                    | -                | -                           | -                      | -                                     |
| Charges for services                               | 1,921                               | 6,471                        | -                                    | -                | -                           | -                      | -                                     |
| Utility fees                                       | -                                   | -                            | -                                    | -                | -                           | -                      | -                                     |
| Other receipts                                     | -                                   | -                            | -                                    | 66               | 27                          | 16                     | 431                                   |
| Total receipts                                     | <u>1,921</u>                        | <u>6,471</u>                 | <u>-</u>                             | <u>66</u>        | <u>27</u>                   | <u>16</u>              | <u>431</u>                            |
| Disbursements:                                     |                                     |                              |                                      |                  |                             |                        |                                       |
| Personal services                                  | -                                   | -                            | -                                    | -                | -                           | -                      | -                                     |
| Supplies   | -                                   | 1,322                        | -                                    | -                | -                           | -                      | -                                     |
| Other services and charges                         | -                                   | -                            | -                                    | -                | -                           | -                      | -                                     |
| Debt service - principal and interest              | -                                   | -                            | -                                    | -                | -                           | -                      | -                                     |
| Capital outlay                                     | -                                   | 6,674                        | -                                    | -                | -                           | -                      | -                                     |
| Utility operating expenses                         | -                                   | -                            | -                                    | -                | -                           | -                      | -                                     |
| Other disbursements                                | -                                   | -                            | -                                    | -                | -                           | -                      | -                                     |
| Total disbursements                                | <u>-</u>                            | <u>7,996</u>                 | <u>-</u>                             | <u>-</u>         | <u>-</u>                    | <u>-</u>               | <u>-</u>                              |
| Excess (deficiency) of receipts over disbursements | <u>1,921</u>                        | <u>(1,525)</u>               | <u>-</u>                             | <u>66</u>        | <u>27</u>                   | <u>16</u>              | <u>431</u>                            |
| Cash and investments - ending                      | <u>\$ 135,563</u>                   | <u>\$ 732,878</u>            | <u>\$ 2,567</u>                      | <u>\$ 12,043</u> | <u>\$ 6,102</u>             | <u>\$ 2,305</u>        | <u>\$ 253,874</u>                     |



CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

|  | CDBG-EDA<br>Revolving<br>Loan<br>Fifth<br>Third | Historic<br>Preservation | Park<br>District<br>Bond<br>Refunding<br>2010 | TIF<br>Redevelopment<br>Bond | General<br>Obligation<br># 2 | Sidewalk<br>Improvement<br>Bond | Redevelopment<br>Arena<br>BAN<br>2008 |
|--|---|--------------------------|---|------------------------------|------------------------------|---------------------------------|---------------------------------------|
| Cash and investments - beginning                   | \$ 679,196                                      | \$ 6,011                 | \$ 423,953                                    | \$ 193,761                   | \$ 323,692                   | \$ 78,419                       | \$ 32,151                             |
| Receipts:  |   |                          |   |                              |                              |                                 |                                       |
| Taxes  | -   | -                        | 589,657                                       | 440,388                      | -                            | -                               | -                                     |
| Licenses and permits                               | -   | -                        | -   | -                            | -                            | -                               | -                                     |
| Intergovernmental                                  | -   | -                        | 50,134  | -                            | -                            | -                               | -                                     |
| Charges for services                               | -   | 1,395                    | -   | -                            | -                            | -                               | -                                     |
| Utility fees                                       | -   | -                        | -   | -                            | -                            | -                               | -                                     |
| Other receipts                                     | 372   | -                        | 384   | -                            | -                            | -                               | -                                     |
| Total receipts                                     | 372   | 1,395                    | 640,175                                       | 440,388                      | -                            | -                               | -                                     |
| Disbursements:                                     |   |                          |   |                              |                              |                                 |                                       |
| Personal services                                  | -   | -                        | -   | -                            | -                            | -                               | -                                     |
| Supplies   | -   | -                        | -   | -                            | -                            | -                               | -                                     |
| Other services and charges                         | -   | 848                      | 1,000   | -                            | -                            | -                               | -                                     |
| Debt service - principal and interest              | -   | -                        | 1,075,960                                     | 420,776                      | -                            | -                               | -                                     |
| Capital outlay                                     | -   | -                        | -   | -                            | -                            | -                               | -                                     |
| Utility operating expenses                         | -   | -                        | -   | -                            | -                            | -                               | -                                     |
| Other disbursements                                | -   | -                        | -   | -                            | -                            | -                               | -                                     |
| Total disbursements                                | -   | 848                      | 1,076,960                                     | 420,776                      | -                            | -                               | -                                     |
| Excess (deficiency) of receipts over disbursements | 372   | 547                      | (436,785)                                     | 19,612                       | -                            | -                               | -                                     |
| Cash and investments - ending                      | \$ 679,568                                      | \$ 6,558                 | \$ (12,832)                                   | \$ 213,373                   | \$ 323,692                   | \$ 78,419                       | \$ 32,151                             |

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

|  | Unemployment      | Workers<br>Compensation | Liability           | Hospitalization     | Evansville<br>Civil<br>City<br>Payroll | Accounts<br>Receivable<br>Clearing | Oakhill<br>Lease<br>Escrow |
|--|-------------------|-------------------------|---------------------|---------------------|--|------------------------------------|----------------------------|
| Cash and investments - beginning                   | \$ 536,701        | \$ 231,241              | \$ 1,491,723        | \$ 447,779          | \$ 217,131                             | \$ (1,457)                         | \$ 5,377                   |
| Receipts:  |                   |                         |                     |                     |  |                                    |                            |
| Taxes  | -                 | -                       | -                   | -                   | -                                      | -                                  | -                          |
| Licenses and permits                               | -                 | -                       | -                   | -                   | -                                      | -                                  | -                          |
| Intergovernmental                                  | -                 | -                       | -                   | -                   | -                                      | -                                  | -                          |
| Charges for services                               | -                 | -                       | -                   | 136,190             | -                                      | -                                  | -                          |
| Utility fees                                       | -                 | -                       | -                   | -                   | -                                      | -                                  | -                          |
| Other receipts                                     | 102,526           | 1,054,307               | 2,826,394           | 23,205,816          | 30,872,536                             | 282,525                            | -                          |
| Total receipts                                     | <u>102,526</u>    | <u>1,054,307</u>        | <u>2,826,394</u>    | <u>23,342,006</u>   | <u>30,872,536</u>                      | <u>282,525</u>                     | <u>-</u>                   |
| Disbursements:                                     |                   |                         |                     |                     |  |                                    |                            |
| Personal services                                  | 15,286            | 84,157                  | -                   | 23,103,212          | -                                      | -                                  | -                          |
| Supplies   | -                 | 479                     | -                   | 745                 | -                                      | 328                                | -                          |
| Other services and charges                         | -                 | 1,194,985               | 3,002,297           | 1,361,300           | -                                      | 290,052                            | -                          |
| Debt service - principal and interest              | -                 | -                       | -                   | -                   | -                                      | -                                  | -                          |
| Capital outlay                                     | -                 | -                       | -                   | -                   | -                                      | -                                  | -                          |
| Utility operating expenses                         | -                 | -                       | -                   | -                   | -                                      | -                                  | -                          |
| Other disbursements                                | -                 | -                       | -                   | 4,617               | 30,875,103                             | -                                  | -                          |
| Total disbursements                                | <u>15,286</u>     | <u>1,279,621</u>        | <u>3,002,297</u>    | <u>24,469,874</u>   | <u>30,875,103</u>                      | <u>290,380</u>                     | <u>-</u>                   |
| Excess (deficiency) of receipts over disbursements | <u>87,240</u>     | <u>(225,314)</u>        | <u>(175,903)</u>    | <u>(1,127,868)</u>  | <u>(2,567)</u>                         | <u>(7,855)</u>                     | <u>-</u>                   |
| Cash and investments - ending                      | <u>\$ 623,941</u> | <u>\$ 5,927</u>         | <u>\$ 1,315,820</u> | <u>\$ (680,089)</u> | <u>\$ 214,564</u>                      | <u>\$ (9,312)</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, 2014  
 (Continued)

|  | Sewer<br>Bond       | Sewer<br>Improvement<br>Fund | Sewer<br>Bond<br>Construction | Sewer<br>Reserve<br>Fund | Sewer<br>Payroll  | Sewer<br>Operating  | Water<br>Improvement<br>Fund |
|--|---------------------|------------------------------|-------------------------------|--------------------------|-------------------|---------------------|------------------------------|
| Cash and investments - beginning                   | \$ 7,037,849        | \$ 1,781,937                 | \$ 27,422,866                 | \$ 12,430,684            | \$ 332,159        | \$ 5,407,038        | \$ 122,809                   |
| Receipts:  |                     |                              |                               |                          |                   |                     |                              |
| Taxes  | -                   | -                            | -                             | -                        | -                 | -                   | -                            |
| Licenses and permits                               | -                   | -                            | -                             | -                        | -                 | -                   | -                            |
| Intergovernmental                                  | -                   | -                            | -                             | -                        | -                 | -                   | -                            |
| Charges for services                               | -                   | -                            | -                             | -                        | -                 | -                   | -                            |
| Utility fees                                       | -                   | -                            | -                             | -                        | -                 | 46,953,313          | -                            |
| Other receipts                                     | 11,949,562          | 6,049,000                    | 39,262,541                    | 2,191,674                | 2,583,718         | 234,986             | 762,275                      |
| Total receipts                                     | <u>11,949,562</u>   | <u>6,049,000</u>             | <u>39,262,541</u>             | <u>2,191,674</u>         | <u>2,583,718</u>  | <u>47,188,299</u>   | <u>762,275</u>               |
| Disbursements:                                     |                     |                              |                               |                          |                   |                     |                              |
| Personal services                                  | -                   | -                            | -                             | -                        | -                 | 4,354,618           | -                            |
| Supplies   | -                   | -                            | -                             | -                        | -                 | -                   | -                            |
| Other services and charges                         | -                   | -                            | -                             | -                        | -                 | 1,163               | -                            |
| Debt service - principal and interest              | 11,620,604          | -                            | 1,581,371                     | -                        | -                 | -                   | -                            |
| Capital outlay                                     | -                   | 1,878,993                    | 24,382,400                    | -                        | -                 | -                   | 430,358                      |
| Utility operating expenses                         | -                   | -                            | -                             | -                        | -                 | 20,657,003          | -                            |
| Other disbursements                                | 53,373              | -                            | 5,295,114                     | -                        | 2,432,112         | 22,638,105          | -                            |
| Total disbursements                                | <u>11,673,977</u>   | <u>1,878,993</u>             | <u>31,258,885</u>             | <u>-</u>                 | <u>2,432,112</u>  | <u>47,650,889</u>   | <u>430,358</u>               |
| Excess (deficiency) of receipts over disbursements | <u>275,585</u>      | <u>4,170,007</u>             | <u>8,003,656</u>              | <u>2,191,674</u>         | <u>151,606</u>    | <u>(462,590)</u>    | <u>331,917</u>               |
| Cash and investments - ending                      | <u>\$ 7,313,434</u> | <u>\$ 5,951,944</u>          | <u>\$ 35,426,522</u>          | <u>\$ 14,622,358</u>     | <u>\$ 483,765</u> | <u>\$ 4,944,448</u> | <u>\$ 454,726</u>            |

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014  
 (Continued)

|  | Waterworks<br>Payroll | Waterworks<br>Reserve | Water<br>Utility-Operating | Water<br>Utility-Bond<br>&<br>Int<br>Sinking | Water<br>Utility-Consumer<br>Meter<br>Deposit | Water<br>Utility-Construction | Totals                |
|--|-----------------------|-----------------------|----------------------------|--|---|-------------------------------|-----------------------|
| Cash and investments - beginning                   | \$ 392,179            | \$ 4,028,427          | \$ 3,673,500               | \$ 3,788,232                                 | \$ 1,095,178                                  | \$ 33,244,622                 | \$ 171,728,848        |
| Receipts:  |                       |                       |                            |  |   |                               |                       |
| Taxes  | -                     | -                     | -                          | -  | -   | -                             | 73,782,241            |
| Licenses and permits                               | -                     | -                     | -                          | -  | -   | -                             | 2,389,397             |
| Intergovernmental                                  | -                     | -                     | -                          | -  | -   | -                             | 43,426,755            |
| Charges for services                               | -                     | -                     | -                          | -  | -   | -                             | 10,246,268            |
| Utility fees                                       | -                     | -                     | 26,314,235                 | -  | 330,386                                       | -                             | 73,597,934            |
| Other receipts                                     | <u>3,674,487</u>      | <u>198,733</u>        | <u>1,791,505</u>           | <u>30,690,886</u>                            | <u>-</u>                                      | <u>797,401</u>                | <u>205,918,577</u>    |
| Total receipts                                     | <u>3,674,487</u>      | <u>198,733</u>        | <u>28,105,740</u>          | <u>30,690,886</u>                            | <u>330,386</u>                                | <u>797,401</u>                | <u>409,361,172</u>    |
| Disbursements:                                     |                       |                       |                            |  |   |                               |                       |
| Personal services                                  | -                     | -                     | 6,220,276                  | -  | 257,766                                       | -                             | 116,403,204           |
| Supplies   | -                     | -                     | -                          | -  | -   | -                             | 5,569,862             |
| Other services and charges                         | -                     | -                     | 101,921                    | -  | -   | -                             | 52,308,126            |
| Debt service - principal and interest              | -                     | -                     | -                          | 29,773,758                                   | -   | 715,917                       | 58,819,104            |
| Capital outlay                                     | -                     | -                     | -                          | -  | -   | 14,503,690                    | 48,457,391            |
| Utility operating expenses                         | -                     | -                     | 14,060,344                 | -  | 452   | -                             | 34,717,799            |
| Other disbursements                                | <u>3,500,639</u>      | <u>-</u>              | <u>10,024,311</u>          | <u>1,171,363</u>                             | <u>-</u>                                      | <u>418,295</u>                | <u>94,749,501</u>     |
| Total disbursements                                | <u>3,500,639</u>      | <u>-</u>              | <u>30,406,852</u>          | <u>30,945,121</u>                            | <u>258,218</u>                                | <u>15,637,902</u>             | <u>411,024,987</u>    |
| Excess (deficiency) of receipts over disbursements | <u>173,848</u>        | <u>198,733</u>        | <u>(2,301,112)</u>         | <u>(254,235)</u>                             | <u>72,168</u>                                 | <u>(14,840,501)</u>           | <u>(1,663,815)</u>    |
| Cash and investments - ending                      | <u>\$ 566,027</u>     | <u>\$ 4,227,160</u>   | <u>\$ 1,372,388</u>        | <u>\$ 3,533,997</u>                          | <u>\$ 1,167,346</u>                           | <u>\$ 18,404,121</u>          | <u>\$ 170,065,033</u> |

CITY OF EVANSVILLE  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2014

| Government or Enterprise | Accounts<br>Payable | Accounts<br>Receivable |
|--------------------------|---------------------|------------------------|
| Wastewater               | \$ 3,933,578        | \$ 3,636,387           |
| Waterworks               | 799,070             | 1,554,867              |
| Governmental activities  | 10,000,164          | 14,187,666             |
| Totals                   | \$ 14,732,812       | \$ 19,378,920          |

CITY OF EVANSVILLE  
SCHEDULE OF LEASES AND DEBT  
December 31, 2014

| Lessor                                  | Purpose  | Annual<br>Lease<br>Payment | Lease<br>Beginning<br>Date | Lease<br>Ending<br>Date |
|---|--|----------------------------|----------------------------|-------------------------|
| Governmental activities:                |  |                            |                            |                         |
| 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                 | 7,680                      | 9/30/2011                  | 8/1/2026                |
| Evansville Local Improvement Bond Bank  | Fire Apparatus/Ferrara Igniter Quint                                   | 81,040                     | 3/8/2011                   | 2/1/2022                |
| EVSC                                    | Building @ 713 N. Governor St.   | 1                          | 12/8/2008                  | 12/31/2018              |
| FH5                                     | Building @ 917 W. Indiana St.  | 48,854                     | 8/1/2013                   | 7/31/2016               |
| Inland Marine Inc.                      | Ohio River dock lease for LST Landing Ship Tank - WWII Historic Vessel | 39,800                     | 5/1/2005                   | 4/30/2015               |
| Key Government Finance Inc.             | 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.             | Lease of Dell Laptops (IT portion w/ EPD)                              | 16,230                     | 3/31/2011                  | 3/31/2015               |
| PNC Equipment Finance LLC               | 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 Equipment Finance LLC               | 33 Police vehicles   | 252,897                    | 9/4/2012                   | 10/15/2016              |
| Republic First National                 | International Heavy Rescue Vehicle                                     | 111,439                    | 12/11/2014                 | 12/10/2015              |
| SBC formerly Indiana Bell Telephone Co. | Maintain Utility Poles   | 415                        | 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   | 45                         | 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)                                       | 1,549                      | 8/21/2013                  | 7/31/2015               |
| Total governmental activities           |  | <u>939,994</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>\$ 945,424</u>          |                            |                         |

CITY OF EVANSVILLE  
SCHEDULE OF LEASES AND DEBT  
December 31, 2014  
(Continued)

| Type                          | Description of Debt<br>Purpose  | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|-------------------------------|---|--------------------------------|---|
| Governmental activities:      |   |                                |   |
| General obligation bonds      | Park District Refunding Bonds of 2010   | \$ 6,315,000                   | \$ 1,090,260  |
| General obligation bonds      | Parks District Refunding Bonds 2012 (MPZ 2003)  | 10,590,000                     | 1,563,350   |
| Revenue bonds                 | Taxable Economic Development Revenue Bonds<br>Series 2011 Berry Plastics Project)               | 21,200,000                     | 775,000   |
| Revenue bonds                 | Redevelopment District Tax Increment Revenue Bonds<br>Series 2010 (American General Project)    | 3,630,000                      | 478,947   |
| Revenue bonds                 | Redevelopment Authority Lease Rental Revenue Bonds<br>Series 2010A and Series 2010B             | 119,550,000                    | 8,517,966   |
| Revenue bonds                 | Taxable Economic Development Revenue Bonds<br>Series 2008 (Berry Plastic Project)               | 3,255,000                      | 514,012   |
| Revenue bonds                 | Tax Increment Revenue Bonds of 2002   | 3,135,000                      | 419,021   |
| Revenue bonds                 | Redevelopment District Tax Increment Revenue Bond<br>Series 2014 Haier Project                  | 1,500,000                      | 38,642  |
| Notes and loans payable       | Mead Johnson TIF Ban  | <u>229,910</u>                 | <u>229,910</u>                                      |
| Total governmental activities |   | <u>169,404,910</u>             | <u>13,627,108</u>                                   |
| Wastewater:                   |   |                                |   |
| Revenue bonds                 | Sewage Works Revenue Bond Series 2014 A   | 7,510,000                      | 184,244   |
| Revenue bonds                 | Sewage Works Revenue Bond Series 2014 B   | 5,760,000                      | 356,008   |
| Revenue bonds                 | Sewage Works Revenue Bond Series 2014 C   | 25,255,000                     | 664,536   |
| Revenue bonds                 | Sewage Works Revenue Bond Series 2014 D   | 35,415,000                     | 385,630   |
| Revenue bonds                 | Sewage Works Revenue Bonds Series 2011D (SRF)   | 1,213,000                      | 40,374  |
| Revenue bonds                 | Sewage Works Revenue Bonds Series 2011C (SRF)   | 3,391,000                      | 265,277   |
| Revenue bonds                 | Sewage Works Revenue Bonds Series 2010 B-1<br>(Taxable Build America Bonds - Direct Pay Option) | 26,605,000                     | 1,861,173   |
| Revenue bonds                 | Sewage Works Revenue Bonds Series 2010A (SRF)   | 7,117,000                      | 220,915   |
| Revenue bonds                 | Sewage Works Revenue Bonds of 2009  | 27,727,498                     | 780,143   |
| Revenue bonds                 | Sewage Works Revenue Bonds of 2008 Series B (SRF)   | 14,141,000                     | 1,273,997   |
| Revenue bonds                 | Sewage Works Revenue Bonds of 2007 Series A   | 24,949,000                     | 2,545,337   |
| Revenue bonds                 | Sewage Works Replacement Revenue Bonds of 2004 (SRF)  | 4,822,000                      | 493,573   |
| Revenue bonds                 | Sewage Works Revenue Bond Series 2012 E   | 5,973,000                      | 146,741   |
| Revenue bonds                 | Sewage Works Bond Bank Bonds - 2013 B   | 29,255,000                     | 1,441,250   |
| Revenue bonds                 | Sewage Works Revenue Bond Series 2013 A   | <u>28,880,000</u>              | <u>3,463,200</u>                                    |
| Total Wastewater              |   | <u>248,013,498</u>             | <u>14,122,398</u>                                   |
| Waterworks:                   |   |                                |   |
| Revenue bonds                 | Waterworks District Revenue Bonds of 2013 A   | 29,060,000                     | 1,305,075   |
| Revenue bonds                 | Waterworks District Revenue Bonds - 2013 B  | 15,500,000                     | 652,481   |
| Revenue bonds                 | Waterworks District Bonds Series 2008   | 32,580,000                     | 2,443,184   |
| Revenue bonds                 | Waterworks District Refunding Bonds of 2014 B   | <u>20,320,000</u>              | <u>1,669,731</u>                                    |
| Total Waterworks              |   | <u>97,460,000</u>              | <u>6,070,471</u>                                    |
| Totals                        |   | <u>\$ 514,878,408</u>          | <u>\$ 33,819,977</u>                                |

CITY OF EVANSVILLE  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2014

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<br>Balance |
|------------------------------------|-------------------|
| Governmental activities:           |                   |
| Land                               | \$ 21,757,264     |
| Infrastructure                     | 551,260,613       |
| Buildings                          | 154,965,982       |
| Improvements other than buildings  | 42,538,765        |
| Machinery, equipment, and vehicles | 86,650,083        |
| Total governmental activities      | 857,172,707       |
| Wastewater:                        |                   |
| Land                               | 3,779,669         |
| Infrastructure                     | 184,839,774       |
| Buildings                          | 158,053,785       |
| Improvements other than buildings  | 1,836,724         |
| Machinery, equipment, and vehicles | 12,108,789        |
| Construction in progress           | 62,780,289        |
| Total Wastewater                   | 423,399,030       |
| Waterworks:                        |                   |
| Land                               | 432,435           |
| Infrastructure                     | 105,348,338       |
| Buildings                          | 35,936,457        |
| Improvements other than buildings  | 172,672           |
| Machinery, equipment, and vehicles | 29,611,821        |
| Construction in progress           | 21,544,010        |
| Total Waterworks                   | 193,045,733       |
| Total capital assets               | \$ 1,473,617,470  |



SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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, 2014. 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, 2014.

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


**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on 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

December 17, 2015

(This page intentionally left blank.)

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, 2014

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title                                    | Pass-Through Entity or Direct Grant | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Total<br>Federal Awards<br>Expended |
|--|-------------------------------------|---------------------------|--|-------------------------------------|
| <b>Department of Commerce</b>  |                                     |                           |  |                                     |
| Economic Development Cluster   |                                     |                           |  |                                     |
| ECONOMIC ADJUSTMENT ASSISTANCE   | DIRECT                              |                           |  |                                     |
| DMD-EDA REVOLVING LOAN FUND  |                                     | 11.307                    | 61902232   | \$ 888,634 (A)                      |
| Total - Economic Development Cluster   |                                     |                           |  | <u>888,634</u>                      |
| Total - Department of Commerce   |                                     |                           |  | <u>888,634</u>                      |
| <b>Department of Housing and Urban Development</b>   |                                     |                           |  |                                     |
| CDBG - Entitlement Grants Cluster  |                                     |                           |  |                                     |
| COMMUNITY DEVELOPMENT BLOCK GRANTS /   |                                     |                           |  |                                     |
| ENTITLEMENT GRANTS   | DIRECT                              |                           |  |                                     |
| DMD - CDBG FY2012  |                                     | 14.218                    | B-12-MC-18-0002  | 303,351                             |
| DMD-CDBG FY2013  |                                     | 14.218                    | B-13-MC-18-0002  | <u>2,282,409</u>                    |
| Total - COMMUNITY DEVELOPMENT BLOCK GRANTS /   |                                     |                           |  | <u>2,585,760</u>                    |
| ENTITLEMENT GRANTS   |                                     |                           |  |                                     |
| Total - CDBG - Entitlement Grants Cluster  |                                     |                           |  | <u>2,585,760</u>                    |
| EMERGENCY SOLUTIONS GRANTS PROGRAM   | DIRECT                              |                           |  |                                     |
| DMD-FY2011-EMERGENCY SOLUTIONS GRANT   |                                     | 14.231                    | E-11-MC-18-0002  | 14,862                              |
| DMD-FY2012-EMERGENCY SOLUTIONS GRANT   |                                     | 14.231                    | E-12-MC-18-0002  | 44,949                              |
| DMD-EMERGENCY SOLUTIONS GRANT  |                                     | 14.231                    | E-13-MC-18-0002  | 34,840                              |
| DMD-FY2014-EMERGENCY SOLUTIONS GRANT PROGRAM   |                                     | 14.231                    | E-14-MC-18-0002  | <u>96,015</u>                       |
| Total - EMERGENCY SOLUTIONS GRANTS PROGRAM   |                                     |                           |  | <u>190,666</u>                      |
| HOME INVESTMENT PARTNERSHIPS PROGRAM   | DIRECT                              |                           |  |                                     |
| DMD-FY2007-HOME INVESTMENT PARTNERSHIPS PROGRAM  |                                     | 14.239                    | M-07-MC-18-0201  | 13,609                              |
| DMD-FY 2008-HOME INVESTMENT PARTNERSHIPS PROGRAM   |                                     | 14.239                    | M-08-MC-18-0201  | 20,387                              |
| DMD-FY2009-HOME INVESTMENT PARTNERSHIPS PROGRAM  |                                     | 14.239                    | M-09-MC-18-0201  | 35,748                              |
| DMD-FY2010-HOME INVESTMENT PARTNERSHIPS PROGRAM  |                                     | 14.239                    | M-10-MC-18-0201  | 155,886                             |
| DMD-FY2011-HOME INVESTMENT PARTNERSHIPS PROGRAM  |                                     | 14.239                    | M-11-MC-18-0201  | 246,733                             |
| DMD-FY2012-HOME INVESTMENT PARTNERSHIPS PROGRAM  |                                     | 14.239                    | M-12-MC-18-0201  | 31,962                              |
| DMD-FY2013-HOME INVESTMENT PARTNERSHIPS PROGRAM  |                                     | 14.239                    | M-13-MC-18-0201  | <u>149,745</u>                      |
| Total - HOME INVESTMENT PARTNERSHIPS PROGRAM   |                                     |                           |  | <u>654,070</u>                      |
| ECONOMIC DEVELOPMENT INITIATIVE - SPECIAL PROJECT,<br>NEIGHBORHOOD INITIATIVE AND MISCELLANEOUS GRANTS | DIRECT                              |                           |  |                                     |
| DMD-EDI SPECIAL PROJECT  |                                     | 14.251                    | B-09-SP-IN-0112  | <u>18,233</u>                       |
| ARRA - NEIGHBORHOOD STABILIZATION PROGRAM<br>(RECOVERY ACT FUNDED)                                     | DIRECT                              |                           |  |                                     |
| DMD-FY2008- NEIGHBORHOOD STABILIZATION PROGRAM   |                                     | 14.256                    | B-08-MN-18-0003  | <u>35,687</u>                       |
| FAIR HOUSING INITIATIVES PROGRAM   | DIRECT                              |                           |  |                                     |
| HR - FF205K135016  |                                     | 14.408                    | FF205K135016   | 6,250                               |
| HR - FF205K145016  |                                     | 14.408                    | FF205K145016   | <u>35,500</u>                       |
| Total - FAIR HOUSING INITIATIVES PROGRAM   |                                     |                           |  | <u>41,750</u>                       |
| Total - Department of Housing and Urban Development  |                                     |                           |  | <u>3,526,166</u>                    |
| <b>Department of Justice</b>   |                                     |                           |  |                                     |
| JAG Program Cluster  |                                     |                           |  |                                     |
| EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE   |                                     |                           |  |                                     |
| GRANT PROGRAM  | DIRECT                              |                           |  |                                     |
| EPD-JAG  |                                     | 16.738                    | 2012-DJ-BX-1130  | 29,225                              |
| EPD-JAG  |                                     | 16.738                    | 2013-DJ-BX-0733  | <u>31,035</u>                       |
| Total - JAG Program Cluster  |                                     |                           |  | <u>60,260</u>                       |
| SUPERVISED VISITATION, SAFE HAVENS FOR CHILDREN  | DIRECT                              |                           |  |                                     |
| DMD-SAFE HAVE  |                                     | 16.527                    | 2012-CW-AX-K01510  | <u>115,801</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, 2014  
(Continued)

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title   | Pass-Through Entity or Direct Grant | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Total<br>Federal Awards<br>Expended |
|---|-------------------------------------|---------------------------|--|-------------------------------------|
| <u>Department of Justice (continued)</u>  |                                     |                           |  |                                     |
| MISSING CHILDREN'S ASSISTANCE<br>EPD - ICAC-FY2013  | INDIANA STATE POLICE                | 16.543                    | 2011-MC-CX-K005  | 6,100                               |
| ARRA-PUBLIC SAFETY PARTNERSHIP AND<br>COMMUNITY POLICING GRANTS<br>EPD - COMMUNITY ORIENTED POLICING SERVICES | DIRECT                              | 16.710                    | 2010-UM-WX-0119  | 72,275                              |
| Total - Department of Justice   |                                     |                           |  | 254,436                             |
| <u>Department of Transportation</u>   |                                     |                           |  |                                     |
| Federal Transit Cluster   |                                     |                           |  |                                     |
| FEDERAL TRANSIT_FORMULA GRANTS  | DIRECT                              |                           |  |                                     |
| METS - IN-90-X623   |                                     | 20.507                    | IN-90-X623   | 8,577                               |
| METS - IN-90-X631   |                                     | 20.507                    | IN-90-X631   | 323,390                             |
| METS - IN-90-X647   |                                     | 20.507                    | IN-90-X647   | 188,534                             |
| METS - IN-90-X665   |                                     | 20.507                    | IN-90-X665   | 829,488                             |
| METS - IN-95-X039   |                                     | 20.507                    | IN-95-X039   | 396,624                             |
| METS - IN-95-X049   |                                     | 20.507                    | IN-95-X049   | 262,394                             |
| Total - FEDERAL TRANSIT_FORMULA GRANTS  |                                     |                           |  | 2,009,007                           |
| Total - Federal Transit Cluster   |                                     |                           |  | 2,009,007                           |
| Highway Planning and Construction Cluster   |                                     |                           |  |                                     |
| HIGHWAY PLANNING AND CONSTRUCTION   |                                     |                           |  |                                     |
| INDIANA DEPARTMENT OF TRANSPORTATION  |                                     |                           |  |                                     |
| ENG - DES 0100574-PED OVERPASS  |                                     | 20.205                    | DES 0100574  | 219,081                             |
| DMD - DES 0710176   |                                     | 20.205                    | DES 0710176  | 5,580                               |
| ENG - DES0710494-OAK HILL RD CE INSPECTIONS   |                                     | 20.205                    | DES 0710494  | 429,408                             |
| ENG - DES 0710494-OAK HILL RD ROW   |                                     | 20.205                    | DES 0710494  | 13,796                              |
| ENG - DES 1006024 - WASHINGTON AVE AND<br>WEINBACH INTERSECTION   |                                     | 20.205                    | DES 1006024  | 104,689                             |
| ENG - DES 1006031 - SIGN UPGRADES   |                                     | 20.205                    | DES 1006031  | 374,933                             |
| PARKS - GREENWAY  |                                     | 20.205                    | DES 1006082  | 64,043                              |
| PARKS-GREENWAY  |                                     | 20.205                    | DES 1006083  | 2,930                               |
| PARKS-GREENWAY  |                                     | 20.205                    | DES 1006085  | 21,410                              |
| PARKS-GREENWAY  |                                     | 20.205                    | DES 1173601  | 23,908                              |
| ENG - DES1006080-LINCOLN AVE TO NEWBURGH RD   |                                     | 20.205                    | DES1006080   | 792                                 |
| Total - HIGHWAY PLANNING AND CONSTRUCTION   |                                     |                           |  | 1,260,570                           |
| Total - Highway Planning and Construction Cluster   |                                     |                           |  | 1,260,570                           |
| Highway Safety Cluster  |                                     |                           |  |                                     |
| ALCOHOL IMPAIRED DRIVING  |                                     |                           |  |                                     |
| COUNTERMEASURES INCENTIVE GRANTS I<br>EPD - DUI TASK FORCE  | VANDERBURGH COUNTY                  | 20.601                    | 2376   | 23,451                              |
| Total - ALCOHOL IMPAIRED DRIVING<br>COUNTERMEASURES INCENTIVE GRANTS I  |                                     |                           |  | 23,451                              |
| Total - Highway Safety Cluster  |                                     |                           |  | 23,451                              |
| Transit Services Programs Cluster   |                                     |                           |  |                                     |
| JOB ACCESS AND REVERSE COMMUTE PROGRAM  |                                     |                           |  |                                     |
| METS - IN-37-0033   | DIRECT                              | 20.516                    | IN-37-0033   | 5,398                               |
| METS - IN-37-X039   |                                     | 20.516                    | IN-37-X039   | 115,496                             |
| Total - JOB ACCESS AND REVERSE COMMUTE PROGRAM  |                                     |                           |  | 120,894                             |
| NEW FREEDOM PROGRAM   | DIRECT                              |                           |  |                                     |
| METS - IN-57-X062   |                                     | 20.521                    | IN-57-X062   | 62,832                              |
| Total - Transit Services Programs Cluster   |                                     |                           |  | 183,726                             |
| CLEAN FUELS   |                                     |                           |  |                                     |
| METS - IN-58-0002   | DIRECT                              | 20.519                    | IN-58-0002   | 175,186                             |

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, 2014  
(Continued)

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title  | Pass-Through Entity or Direct Grant     | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Total<br>Federal Awards<br>Expended |
|--|---|---------------------------|--|-------------------------------------|
| <u>Department of Transportation (continued)</u>  |   |                           |  |                                     |
| NATIONAL PRIORITY SAFETY PROGRAMS<br>EPD - OPERATION PULLOVER  | VANDERBURGH COUNTY                      | 20.616                    | 2326   | <u>82,788</u>                       |
| NATIONAL PRIORITY SAFETY PROGRAMS<br>EPD - RURAL DEMONSTRATION PROJECT                                     | INDIANA CRIMINAL JUSTICE INSTITUTE      | 20.616                    | 2869   | <u>6,000</u>                        |
| Total - NATIONAL PRIORITY SAFETY PROGRAMS  |   |                           |  | <u>88,788</u>                       |
| Total - Department of Transportation   |   |                           |  | <u>3,740,728</u>                    |
| <u>Equal Opportunity Employment Commission</u>   |   |                           |  |                                     |
| EMPLOYMENT DISCRIMINATION TITLE VII<br>OF THE CIVIL RIGHTS ACT OF 1964<br>HR - EECCN120016                 | DIRECT                                  | 30.001                    | EECCN120016  | <u>71,500</u>                       |
| Total - Equal Opportunity Employment Commission  |   |                           |  | <u>71,500</u>                       |
| <u>Environmental Protection Agency</u>   |   |                           |  |                                     |
| Clean Water State Revolving Fund Cluster<br>CAPITALIZATION GRANTS FOR<br>CLEAN WATER STATE REVOLVING FUNDS | INDIANA FINANCE AUTHORITY               |                           |  |                                     |
| EWSU-SRF2008   |   | 66.458                    | WW08138205   | 70,639                              |
| EWSU-SRF2012E  |   | 66.458                    | WW08138209   | 246,834                             |
| EWSU-SRF2014A  |   | 66.458                    | WW08138212   | 1,155,687                           |
| EWSU-SRF2010A  |   | 66.458                    | WW09128206   | 212,281                             |
| EWSU-SRF2011D  |   | 66.458                    | WW09218208   | 136,552                             |
| EWSU-SRF2014B1   |   | 66.458                    | WW14218213   | 1,300,387                           |
| EWSU-SRF2014B2   |   | 66.458                    | WW14218213   | 1,973                               |
| EWSU-SRF2014D  |   | 66.458                    | WW14218214   | <u>27,350</u>                       |
| Total - CAPITALIZATION GRANTS FOR<br>CLEAN WATER STATE REVOLVING FUNDS                                     |   |                           |  | <u>3,151,703</u>                    |
| Total - Clean Water State Revolving Fund Cluster   |   |                           |  | <u>3,151,703</u>                    |
| Total - Environmental Protection Agency  |   |                           |  | <u>3,151,703</u>                    |
| <u>Department of Homeland Security</u>   |   |                           |  |                                     |
| DISASTER GRANTS-PUBLIC ASSISTANCE<br>(PRESIDENTIALLY DECLARED DISASTERS)<br>EWSU-163-UP74P-00              | INDIANA DEPARTMENT OF HOMELAND SECURITY | 97.036                    | 163-UP74P-00   | <u>42,701</u>                       |
| HAZARD MITIGATION GRANT<br>BLDG COMM - C44P-3-326B   | INDIANA DEPARTMENT OF HOMELAND SECURITY | 97.039                    | C44P-3-326B  | <u>132,500</u>                      |
| ASSISTANCE TO FIREFIGHTERS GRANT<br>EFD-ASSISTANCE TO FIREFIGHTERS   | DIRECT                                  | 97.044                    | EMW-2012-FO-03130  | <u>186,951</u>                      |
| PORT SECURITY GRANT PROGRAM<br>EPD-PORT SECURITY PROGRAM   | DIRECT                                  | 97.056                    | EMW-2012-PU-00205-S01                                      | <u>85,412</u>                       |
| Total - Department of Homeland Security  |   |                           |  | <u>447,564</u>                      |
| Total federal awards expended  |   |                           |  | <u>\$ 12,080,731</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 12/31/14           | \$ | 200,000        |
| Revolving Loan Fund (RLF) Cash and Investment Balance at 12/31/14       |    | 870,289        |
| Unpaid principal of all loans written off during 2014                   |    | <u>114,556</u> |
| Total Calculation Basis   |    | 1,184,845      |
| Multiplied by Original Federal Share of Revolving Loan Funds (RLF)      |    | <u>75%</u>     |
| Amount Reported in Schedule of Expenditures of Federal Awards           | \$ | <u>888,634</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 (Schedule) 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, 2014:

| Program Title  | Federal<br>CFDA<br>Number | 2014         |
|--|---------------------------|--------------|
| Community Development Block Grants/Entitlement Grants              | 14.218                    | \$ 1,739,809 |
| Emergency Solutions Grant Program                                  | 14.231                    | 184,156      |
| Home Investment Partnerships Program                               | 14.239                    | 621,446      |
| ARRA - Neighborhood Stabilization Program<br>(Recovery Act Funded) | 14.256                    | 25,124       |
| Supervised Visitation, Safe Havens for Children                    | 16.527                    | 82,196       |

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;<br>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:

\_\_\_\_\_ Name of Federal Program or Cluster

CDBG - Entitlement Grants Cluster  
Highway Planning and Construction Cluster  
Clean Water State Revolving Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$362,422

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2014-001 - PREPARATION OF 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.

During the audit of the SEFA, we noted the following material error: The Economic Development Cluster was included in the SEFA; however, no expenditures were reported. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report.

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

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.
- (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."

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

***FINDING 2014-002 - INTERNAL CONTROL AND COMPLIANCE - BANK ACCOUNT RECONCILIATIONS***

For the City bank reconcilements, three employees from the Controller's Office prepare the bank reconcilements and are to be reviewed and approved by the Controller. There was no documentation that could be tested or reviewed of the review of the reconcilements by the Controller. For the Utility bank reconcilements, the Utility Accountant prepares bank reconcilements and are to be reviewed and approved by the Utility Chief Financial Officer. There was no documentation that could be tested or reviewed of the review of the reconcilements by the Utility Chief Financial Officer. During testing, errors were found in the reconcilements of the City and Utilities, the City and Utilities failed to properly design and implement effective internal controls over the preparation of the bank reconciliation to prevent, or detect and correct, material misstatements.

City cash and investment fund balances, including Water and Wastewater funds, were not properly reconciled to bank balances for all twelve months of 2014. As a result of incomplete and inaccurate reconcilements and improper accounting for cash and investments, incorrect postings to records remained undiscovered. When aggregated, the errors and discrepancies noted on the bank reconciliation resulted in a difference between the records and bank balances of \$659,165, which was not considered material.

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. Although the City has transferred the appropriate amount of cash from the City bank account to the Utility bank accounts as of December 31, 2014, the reconciled bank accounts for the City and Utilities do not agree with the amounts reported on the ledger as described in the preceding paragraph.

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)

Indiana Code 5-13-6-1(e) states in part: "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."

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

No matters are reportable.

AUDITEE PREPARED DOCUMENT

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



**City 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 15, 2015

Indiana State Board of Accounts  
302 W. Washington St. Room E-418  
Indianapolis, IN 46204-2765

**CORRECTIVE ACTION PLAN FOR 2014 FEDERAL AWARDS**

***FINDING 2014-001* PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Contact Person Responsible for Corrective Action: Russell Lloyd, Jr. CPA  
Contact Phone Number: 812-436-4919

**Description of Corrective Action Plan:**

The City of Evansville (the City) was alerted to the reporting requirements of the U. S. Dept. of Commerce for the Economic Development Cluster ERA Revolving Loan Fund CFDA No. 11.307 in late 2014. The City Controller assigned the Deputy Controller responsibility for grant reporting and assigned an experienced manager as the new Grants Manager in late 2013. The Deputy Controller and Grants Manager review grants regularly at a minimum quarterly so that year end federal and state reporting will be correct going forward. The City still uses a decentralized system for obtaining grants so individual department managers may pursue grants specific to their areas of knowledge and expertise but the Grants Manager will follow up and be responsible for overall grant reporting except in rare circumstances.

The City has obtained training under third party vendors on grant procurement, management and reporting. The City has also worked with the Indiana State Board of Accounts staff to review reporting procedures and make corrective adjustments.

Anticipated Completion Date: December 31, 2015

**FINDING 2014-002 INTERNAL CONTROL AND COMPLIANCE - BANK ACCOUNT RECONCILIATIONS**

Contact Person Responsible for Corrective Action: Russell Lloyd, Jr. CPA  
Contact Phone Number: 812-436-4919

**Description of Corrective Action Plan:**

The City disputes the characterization that the City fund balances were not properly reconciled to the bank accounts. All entries noted on the State Board of Accounts Difference Evaluation Form have been corrected; some in prior years. A difference between the City books and the Indiana Dept. of Local Government Finance GATEWAY reported fund balances account for some of these timing differences.

The City, Water and Wastewater Utilities (the Utilities) enacted a complete conversion of an older pooled cash management bank reconciliation program to a modern Tyler Technology Inc. MUNIS financial software based treasury funds cash management and bank reconciliation system in the fall of 2012. The City and Utilities prepared numerous procedural corrections and adjustments to the new system as it operated which were reflected in the audit results performed by the Indiana State Board of Accounts for December 31, 2013. Since that time the treasury funds have performed correctly showing a daily system balance noting any exceptions and the bank accounts have been fully reconciled using the bank reconciliation module.

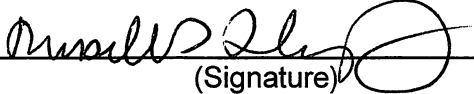
The City has enacted additional internal controls as part of the new procedures over bank transactions to include segregation of duties and supervisory approval of general ledger and cash bank accounts.

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 Tyler MUNIS financial software accounting treasury cash management system is a great improvement over the prior system and reconciliations are easier to accomplish and much improved over the system in use before 2012.

The City will continue to make continuing system enhancements but the bulk of the treasury cash management and bank reconciliation improvements are now in place.

Anticipated Completion Date: June 30, 2015

  
\_\_\_\_\_  
(Signature)

Controller  
\_\_\_\_\_  
(Title)

12-17-15  
\_\_\_\_\_  
(Date)



#### OTHER REPORTS

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