

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, 2016 to December 31, 2016



FILED
12/05/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Russell G. Lloyd, Jr., CPA	01-01-16 to 12-31-17
Mayor	Lloyd Winnecke	01-01-16 to 12-31-19
President of the Board of Public Works	Marty Amsler	01-01-16 to 12-31-17
President of the Common Council	Missy Mosby	01-01-16 to 12-31-17
Director of Utilities	Allen Mounts	01-01-16 to 12-31-17



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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


Other Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of 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 November 16, 2017, 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

November 16, 2017



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

TO: THE OFFICIALS OF THE CITY OF 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, 2016, and the related notes to the financial statement, and have issued our report thereon dated November 16, 2017, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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


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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

November 16, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

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

Fund	Cash and Investments			Cash and Investments 12-31-16
	01-01-16	Receipts	Disbursements	
General	\$ 5,946,048	\$ 82,012,905	\$ 86,820,646	\$ 1,138,307
Motor Vehicle Highway	655,185	5,421,401	5,294,860	781,726
Local Road And Street	1,452,159	1,619,313	2,107,961	963,511
IHCDA Blight Elimination Fund Grant	(119,483)	397,610	372,460	(94,333)
Area Plan Commission	136,289	430,916	229,833	337,372
Parking Garages	(161,249)	-	28,482	(189,731)
Unsafe Building	72,736	-	-	72,736
Parks And Recreation	(304,512)	9,605,193	9,018,824	281,857
Rainy Day	2,949,768	14,152	-	2,963,920
LOIT Special Distribution	-	2,523,882	-	2,523,882
Riverboat Capital Project	17,305,064	39,391,606	38,628,706	18,067,964
Cumulative Capital Improvement	-	299,295	299,295	-
Purchasing Internal Service	59,732	267,702	283,861	43,573
Police Pension	4,462,240	6,684,792	6,427,556	4,719,476
Fire Pension	4,313,598	4,966,761	4,995,215	4,285,144
Jacobsville TIF Projects	4,500,754	18,546,858	5,755,958	17,291,654
Melzer Trust	50,002	-	-	50,002
Evansville Community Trust	12,878	20	-	12,898
Recovery Grant	54,775	58,448	60,930	52,293
Rental Housing Inspection	1,161	46,694	52,691	(4,836)
Evansville Park 12 Sinking	16	1,572,500	1,572,501	15
Evansville Park Refunding 2010	539,096	1,092,943	1,086,515	545,524
Arena Bond Payable	7,924,610	8,159,128	8,405,344	7,678,394
IDHS Hazard Mitigation Grant	3,599	-	-	3,599
Downtown Hotel/Convention	181,619	28	-	181,647
IU Medical Center	4,996,029	28,983	5,025,012	-
Eville Economic Dev 14 Const - Haier	188,350	62,692	62,663	188,379
Redevelopment - Victory	(655,237)	991,271	562,116	(226,082)
Arts District TIF	89,549	-	32,383	57,166
Berry Plastics 2011	(6,005)	916,006	910,000	1
2015 Economic Development Refunding	7,236,275	707,766	1,599,027	6,345,014
Convention Hotel 2015A	9,557,818	563	9,147,969	410,412
IU Medical School Bond 2015C	9,396,951	1,331	2,304,481	7,093,801
IU Medical School Bond 2015D	6,612,410	4,996,153	8,421,484	3,187,079
Economic Dev Sinking 2015A	17	449,580	449,579	18
Parking Meter	-	312,039	276,604	35,435
2016A Downtown Hotel	-	8,243,444	4,199,185	4,044,259
2016B IU Medical School	-	12,396,829	10,584,916	1,811,913
2016A IU Medical School	-	20,595,823	5,280,750	15,315,073
2016 Jacobsville Project	-	498,967	498,939	28
Donations	48,242	63,208	24,322	87,128
Miscellaneous Grant	1,055,749	230,657	224,395	1,062,011
Law Enforcement	140,255	190,570	152,431	178,394
Golf Course Non Reverting	(528,173)	1,273,935	1,450,166	(704,404)
Local County Option Income Tax	6,093,760	17,048,840	16,863,226	6,279,374
Greenway Project	836,246	98,687	290,224	644,709
Sports Non-Reverting	(219,172)	149,853	270,469	(339,788)
Zoo Animal Revolving	4,485	-	2,540	1,945
Rental Rehab	73,224	-	-	73,224
EDA Revolving Loan Fund	870,320	397	185	870,532
Home Admin Investment Trust	93,672	1,223,011	1,220,739	95,944

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

Fund	Cash and	Receipts	Disbursements	Cash and
	Investments			Investments
	01-01-16			12-31-16
Community Dev Block Grant	(32,594)	4,136,817	4,077,228	26,995
Old Post Office	53,015	20,513	-	73,528
Economic Development Loan	822,193	274,860	123,204	973,849
Emergency Shelter Grant	(55,085)	253,861	253,861	(55,085)
Building Code Books	2,603	-	-	2,603
Bicycle License Revolving	3,761	-	-	3,761
Sidewalk Program	67,392	111,930	1,028	178,294
ERC Capital Non Reverting	1,388,647	4,174	421,592	971,229
Housing Trust	46,385	3,600	-	49,985
HUD Fair Housing	150,589	61,750	18,344	193,995
Equal Emp Opportunity Commission	213,201	59,294	31,223	241,272
Master TIF Projects	5,379,456	6,451,326	6,885,469	4,945,313
Food And Beverage Tax Distribution	663,596	813,436	1,030,650	446,382
Locust Hill Perpetual Care	137,432	2,689	49,631	90,490
Oakhill Perpetual Care	661,970	10,029	63,751	608,248
EMA Revolving Donation Fund	2,567	-	-	2,567
Coleman Trust	12,080	68	-	12,148
Mattie J Bayard Trust	6,121	37	-	6,158
R T Legler Trust	2,312	17	-	2,329
CDBG-City Bank Of Evansville	254,306	126	254,432	-
CDBG-EDA Revolving Loan Fifth Third	672,246	255,200	926,681	765
Historic Preservation	6,215	315	937	5,593
Park District Bond Refunding 2010	518,465	1,089,365	1,087,515	520,315
TIF Redevelopment Bond	8,113	-	8,113	-
General Obligation # 2	298,692	-	282,204	16,488
Sidewalk Improvement Bond	78,419	-	-	78,419
Unemployment Insurance	616,625	7,807	273,571	350,861
Workers Compensation Insurance	150,266	1,054,979	1,081,045	124,200
Liability Insurance	697,513	2,483,182	2,984,693	196,002
Hospitalization Insurance	(730,057)	28,996,079	33,244,194	(4,978,172)
Evansville Civil City Payroll	217,433	31,567,639	31,541,086	243,986
Accounts Payable Clearing	(34,784)	254,968	234,227	(14,043)
Oakhill Lease Escrow	5,377	-	-	5,377
Sewer Bond	8,963,573	20,011,184	18,079,263	10,895,494
Sewer Improvement Fund	6,249,944	12,791,663	9,886,914	9,154,693
Sewer Bond Construction	28,298,634	41,233,968	34,039,488	35,493,114
Sewer Reserve Fund	15,488,317	894,160	-	16,382,477
Sewer Payroll	16,609	2,741,620	2,735,776	22,453
Sewer Operating	5,126,774	61,676,694	61,725,370	5,078,098
Water Improvement Fund	347,011	866,235	531,953	681,293
Waterworks Payroll	21,939	3,768,571	3,760,052	30,458
Waterworks Reserve	4,345,964	3,742,723	14,003	8,074,684
Water Utility-Operating	2,508,615	34,626,117	34,352,467	2,782,265
Water Utility-Bond & Int Sinking	90,951	73,951,293	70,841,825	3,200,419
Water Utility-Consumer Meter Deposit	1,296,638	1,444,688	316,127	2,425,199
Water Utility-Construction	12,391,462	38,223,437	8,933,994	41,680,905
Totals	<u>\$ 193,351,751</u>	<u>\$ 627,479,166</u>	<u>\$ 571,387,354</u>	<u>\$ 249,443,563</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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Utility fees. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

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

E. Disbursements

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

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

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

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

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's January 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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

CITY OF 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. Two of the funds balances (IHCDA Blight Elimination Fund 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, 2016. The Accounts Payable Clearing fund has a cash balance deficit due to the nature of the fund. The Golf Course Non Reverting, the Parking Garages, the Rental Housing Inspection, the Redevelopment - Victory, the Sports Non-Reverting, and the Hospitalization Insurance funds expenditures exceeded revenues.

Note 8. Holding Corporation

The City has entered into a capital lease with Evansville Redevelopment Authority (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related-party of the City. Lease payments during the year 2016 totaled \$8,137,380.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Events

A. Evansville Municipal Wastewater Utility - Sewage Works Revenue Bonds - Series 2017A

On October 24, 2016, the Common Council approved the issuance of the aggregate principal amount not to exceed \$21,850,000 in Sewage Works Revenue Bonds, Series 2017A. On May 11, 2017, the bonds were issued in the principal amount of \$21,850,000 for the purpose of constructing various sewage works improvements, which include Wastewater Master Plan projects.

B. Fraternal Order of Police, Evansville Lodge No. 73, Inc., et. al. vs. City of Evansville

On October 21, 2016, the Fraternal Order of Police, Evansville Lodge No. 73, Inc., and the International Association of Firefighters, Local 357 filed a lawsuit against the City of Evansville to attempt to stop City health insurance plan changes in Vanderburgh County Superior Court. The parties settled the lawsuit on August 24, 2017. The settlement provisions allowed the City to keep intact the changes to the health insurance plan enacted in the 2017 budget, but pay a wage adjustment to the affected members of the police and fire department bargaining units a lump sum payment of \$300,000 in total to be divided within the eligible membership payable in 2017 as an offset to higher health insurance premiums and deductibles.

*C. Aztar Indiana Gaming Company, LLC, d.b.a. Tropicana Evansville
Land Lease Extension with the City of Evansville*

On December 23, 2015, the City through its Evansville Redevelopment Commission signed a lease extension with Aztar Indiana Gaming Company, LLC, d.b.a. Tropicana Evansville for an additional three 5-year increments lease extension up until December 31, 2055. The lease allows for the facilitation of the building of an approximately \$50,000,000 land based casino development project operated by Tropicana Evansville to replace the riverboat casino originally opened in 1995. The lease allows for \$25,000,000 in advance lease payments to be paid to the City in two lump sums of \$12,500,000 each; one was paid December 28, 2015, and the second installment to be paid after the successful opening of the land based casino on October 20, 2017. The lease advance will be credited against monthly lease payments from Tropicana Evansville to the City in equal installments of \$2,500,000 annually over a 10-year period so the City will receive less in land lease revenues annually going forward.

*D. Evansville Water Utility District - Taxable Waterworks
District Bond Anticipation Note of 2016 (Pay-off)*

In February 2017, the Water Utility paid off the 2016 BAN in the amount of \$1,050,000 plus accrued interest of \$5,391.

E. Evansville Municipal Sewage Works vs. Gradex, Inc.

The parties recently settled this complaint through mediation on June 21, 2017. The Evansville Municipal Sewage Works agreed to pay \$675,000 to Gradex, Inc., for certain work performed on the Cass Ave. Project via the final Change Order No. 8, which contained the final quantity adjustments for the remainder of the pay items.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 10. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

The City of Evansville Retiree Health Care Plan is a single-employer defined benefit healthcare plan administered by the City in an internal service fund. The plan provides health care benefits and life insurance to eligible retirees and their spouses. IC 5-10-8 assigns the authority to establish and amend benefit provisions to the City. These benefits pose a liability to the City for this year and in future years. The actuarial information included below is not required 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, 2016 and 2015.

Funding Policy

The contribution requirements of plan members for the City of Evansville Retiree Health Care Plan are established by the City. The required contribution is based on projected pay-as-you go financing requirements. For the year ended December 31, 2016, the City contributed \$6,366,217 to the plan. For the year ended December 31, 2015, the City contributed \$5,840,566 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	2016	2015
ARC as of end of year	\$ 22,053,941	\$ 22,642,258
Interest on Net OPEB Obligation (NOO) to end of year	2,006,969	1,247,926
NOO amortization adjustment to the ARC	(1,900,966)	(1,182,014)
Annual OPEB cost	22,159,944	22,708,170
Estimated annual employer contribution for pay-go cost	(6,366,217)	(5,840,566)
Estimated annual employer contribution for pre-funding	-	-
Change in NOO	15,793,727	16,867,604
NOO as of beginning of year	44,599,303	27,731,699
Net OPEB obligation as of end of year	60,393,030	44,599,303

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and 2015 are as follows:

Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Year Ending	Net OPEB Obligation
\$ 22,159,944	28.7%	12-31-16	\$ 60,393,030

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Year Ending</u>	<u>Net OPEB Obligation</u>
\$ 22,708,170	25.7%	12-31-15	\$ 44,599,303

Funding Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$276,030,519 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$276,030,519.

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 health care 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, 2016, actuarial valuation the projected unit credit cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.5 percent initially, reduced by 0.50 percent decrements to an ultimate rate of 5 percent after twenty one years. Dental trend rates have been reset to an initial rate of 4.25 percent decreasing by 0.25 percent per year to an ultimate rate of 3.50 percent. Vision trend rates have been reset to an initial rate of 3.25 percent decreasing by 0.25 percent per year to an ultimate rate of 2.50 percent. 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 over thirty years on an open basis.

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

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 City's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the City. It is presented as intended by the City.

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

	General	Motor Vehicle Highway	Local Road And Street	IHCDA Blight Elimination Fund Grant	Area Plan Commission	Parking Garages	Unsafe Building
Cash and investments - beginning	\$ 5,946,048	\$ 655,185	\$ 1,452,159	\$ (119,483)	\$ 136,289	\$ (161,249)	\$ 72,736
Receipts:							
Taxes	47,978,416	-	-	-	-	-	-
Licenses and permits	2,477,397	-	-	-	-	-	-
Intergovernmental receipts	16,391,084	5,138,983	1,605,938	394,707	-	-	-
Charges for services	3,034,267	48,127	-	-	-	-	-
Fines and forfeits	287,604	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	11,844,137	234,291	13,375	2,903	430,916	-	-
Total receipts	82,012,905	5,421,401	1,619,313	397,610	430,916	-	-
Disbursements:							
Personal services	75,381,835	3,950,655	837,434	-	-	-	-
Supplies	1,719,249	597,413	10,039	-	-	-	-
Other services and charges	6,788,266	746,792	440,102	372,460	229,833	28,482	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	277,307	-	820,386	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,653,989	-	-	-	-	-	-
Total disbursements	86,820,646	5,294,860	2,107,961	372,460	229,833	28,482	-
Excess (deficiency) of receipts over disbursements	(4,807,741)	126,541	(488,648)	25,150	201,083	(28,482)	-
Cash and investments - ending	\$ 1,138,307	\$ 781,726	\$ 963,511	\$ (94,333)	\$ 337,372	\$ (189,731)	\$ 72,736

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

	Parks And Recreation	Rainy Day	LOIT Special Distribution	Riverboat Capital Project	Cumulative Capital Improvement	Purchasing Internal Service	Police Pension
Cash and investments - beginning	\$ (304,512)	\$ 2,949,768	\$ -	\$ 17,305,064	\$ -	\$ 59,732	\$ 4,462,240
Receipts:							
Taxes	6,701,354	-	-	6,462,472	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	592,426	-	2,519,642	1,377,415	299,295	-	-
Charges for services	2,105,887	-	-	7,004,521	-	267,702	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	205,526	14,152	4,240	24,547,198	-	-	6,684,792
Total receipts	9,605,193	14,152	2,523,882	39,391,606	299,295	267,702	6,684,792
Disbursements:							
Personal services	5,845,015	-	-	-	-	-	14,794
Supplies	550,364	-	-	366,229	-	-	-
Other services and charges	2,504,452	-	-	4,615,834	-	283,861	6,412,762
Debt service - principal and interest	-	-	-	1,572,500	-	-	-
Capital outlay	89,974	-	-	4,991,908	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	29,019	-	-	27,082,235	299,295	-	-
Total disbursements	9,018,824	-	-	38,628,706	299,295	283,861	6,427,556
Excess (deficiency) of receipts over disbursements	586,369	14,152	2,523,882	762,900	-	(16,159)	257,236
Cash and investments - ending	\$ 281,857	\$ 2,963,920	\$ 2,523,882	\$ 18,067,964	\$ -	\$ 43,573	\$ 4,719,476

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

	Fire Pension	Jacobsville TIF Projects	Melzer Trust	Evansville Community Trust	Recovery Grant	Rental Housing Inspection	Evansville Park 12 Sinking
Cash and investments - beginning	\$ 4,313,598	\$ 4,500,754	\$ 50,002	\$ 12,878	\$ 54,775	\$ 1,161	\$ 16
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	56,727	-	-
Charges for services	-	-	-	-	-	20,775	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	4,966,761	18,546,858	-	20	1,721	25,919	1,572,500
Total receipts	4,966,761	18,546,858	-	20	58,448	46,694	1,572,500
Disbursements:							
Personal services	15,486	-	-	-	-	-	-
Supplies	-	-	-	-	36,037	-	-
Other services and charges	4,979,729	802,784	-	-	14,863	52,691	1
Debt service - principal and interest	-	560,401	-	-	-	-	1,572,500
Capital outlay	-	4,284,573	-	-	10,030	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	108,200	-	-	-	-	-
Total disbursements	4,995,215	5,755,958	-	-	60,930	52,691	1,572,501
Excess (deficiency) of receipts over disbursements	(28,454)	12,790,900	-	20	(2,482)	(5,997)	(1)
Cash and investments - ending	\$ 4,285,144	\$ 17,291,654	\$ 50,002	\$ 12,898	\$ 52,293	\$ (4,836)	\$ 15

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

	Evansville Park Refunding 2010	Arena Bond Payable	IDHS Hazard Mitigation Grant	Downtown Hotel/Convention	IU Medical Center	Eville Economic Dev 14 Const - Haier	Redevelopment - Victory
Cash and investments - beginning	\$ 539,096	\$ 7,924,610	\$ 3,599	\$ 181,619	\$ 4,996,029	\$ 188,350	\$ (655,237)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,092,943	8,159,128	-	28	28,983	62,692	991,271
Total receipts	1,092,943	8,159,128	-	28	28,983	62,692	991,271
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	4,996,072	-	22,003
Debt service - principal and interest	1,086,515	8,405,344	-	-	28,940	62,663	539,363
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	750
Total disbursements	1,086,515	8,405,344	-	-	5,025,012	62,663	562,116
Excess (deficiency) of receipts over disbursements	6,428	(246,216)	-	28	(4,996,029)	29	429,155
Cash and investments - ending	\$ 545,524	\$ 7,678,394	\$ 3,599	\$ 181,647	\$ -	\$ 188,379	\$ (226,082)

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

	Arts District TIF	Berry Plastics 2011	2015 Economic Development Refunding	Convention Hotel 2015A	IU Medical School Bond 2015C	IU Medical School Bond 2015D	Economic Dev Sinking 2015A
Cash and investments - beginning	\$ 89,549	\$ (6,005)	\$ 7,236,275	\$ 9,557,818	\$ 9,396,951	\$ 6,612,410	\$ 17
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	916,006	707,766	563	1,331	4,996,153	449,580
Total receipts	-	916,006	707,766	563	1,331	4,996,153	449,580
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	32,383	-	1,599,027	9,147,969	2,080,317	8,104,142	-
Debt service - principal and interest	-	910,000	-	-	224,164	317,342	449,579
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	32,383	910,000	1,599,027	9,147,969	2,304,481	8,421,484	449,579
Excess (deficiency) of receipts over disbursements	(32,383)	6,006	(891,261)	(9,147,406)	(2,303,150)	(3,425,331)	1
Cash and investments - ending	\$ 57,166	\$ 1	\$ 6,345,014	\$ 410,412	\$ 7,093,801	\$ 3,187,079	\$ 18

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

	Parking Meter	2016A Downtown Hotel	2016B IU Medical School	2016A IU Medical School	2016 Jacobsville Project	Donations	Miscellaneous Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,242	\$ 1,055,749
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	146,807
Charges for services	168,844	-	-	-	-	1,385	1,960
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	143,195	8,243,444	12,396,829	20,595,823	498,967	61,823	81,890
Total receipts	312,039	8,243,444	12,396,829	20,595,823	498,967	63,208	230,657
Disbursements:							
Personal services	237,356	-	-	-	-	-	28,309
Supplies	2,077	-	-	-	-	3,816	-
Other services and charges	37,171	4,108,152	10,470,298	4,960,165	-	20,506	193,183
Debt service - principal and interest	-	89,783	113,368	317,085	497,739	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	1,250	1,250	3,500	1,200	-	2,903
Total disbursements	276,604	4,199,185	10,584,916	5,280,750	498,939	24,322	224,395
Excess (deficiency) of receipts over disbursements	35,435	4,044,259	1,811,913	15,315,073	28	38,886	6,262
Cash and investments - ending	\$ 35,435	\$ 4,044,259	\$ 1,811,913	\$ 15,315,073	\$ 28	\$ 87,128	\$ 1,062,011

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

	Law Enforcement	Golf Course Non Reverting	Local County Option Income Tax	Greenway Project	Sports Non-Reverting	Zoo Animal Revolving	Rental Rehab
Cash and investments - beginning	\$ 140,255	\$ (528,173)	\$ 6,093,760	\$ 836,246	\$ (219,172)	\$ 4,485	\$ 73,224
Receipts:							
Taxes	-	-	-	-	234	-	-
Licenses and permits	72,995	-	-	-	-	-	-
Intergovernmental receipts	-	-	16,020,981	98,687	-	-	-
Charges for services	62,070	1,271,266	1,000	-	149,131	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	55,505	2,669	1,026,859	-	488	-	-
Total receipts	190,570	1,273,935	17,048,840	98,687	149,853	-	-
Disbursements:							
Personal services	-	767,212	228,515	-	230,488	-	-
Supplies	5,494	218,844	329,355	-	5,758	-	-
Other services and charges	146,937	458,666	7,235,368	-	33,991	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	5,444	149,188	290,224	-	2,540	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	8,920,800	-	232	-	-
Total disbursements	152,431	1,450,166	16,863,226	290,224	270,469	2,540	-
Excess (deficiency) of receipts over disbursements	38,139	(176,231)	185,614	(191,537)	(120,616)	(2,540)	-
Cash and investments - ending	\$ 178,394	\$ (704,404)	\$ 6,279,374	\$ 644,709	\$ (339,788)	\$ 1,945	\$ 73,224

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

	EDA Revolving Loan Fund	Home Admin Investment Trust	Community Dev Block Grant	Old Post Office	Economic Development Loan	Emergency Shelter Grant	Building Code Books
Cash and investments - beginning	\$ 870,320	\$ 93,672	\$ (32,594)	\$ 53,015	\$ 822,193	\$ (55,085)	\$ 2,603
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	1,218,660	3,168,693	-	-	253,861	-
Charges for services	-	-	2,095	20,513	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	397	4,351	966,029	-	274,860	-	-
Total receipts	397	1,223,011	4,136,817	20,513	274,860	253,861	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	1,140	990	-	-	-	-
Other services and charges	185	1,219,599	3,558,348	-	123,204	253,861	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	17,890	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	500,000	-	-	-	-
Total disbursements	185	1,220,739	4,077,228	-	123,204	253,861	-
Excess (deficiency) of receipts over disbursements	212	2,272	59,589	20,513	151,656	-	-
Cash and investments - ending	\$ 870,532	\$ 95,944	\$ 26,995	\$ 73,528	\$ 973,849	\$ (55,085)	\$ 2,603

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

	Bicycle License Revolving	Sidewalk Program	ERC Capital Non Reverting	Housing Trust	HUD Fair Housing	Equal Emp Opportunity Commission	Master TIF Projects
Cash and investments - beginning	\$ 3,761	\$ 67,392	\$ 1,388,647	\$ 46,385	\$ 150,589	\$ 213,201	\$ 5,379,456
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	111,930	4,174	3,600	61,750	59,294	6,451,326
Total receipts	-	111,930	4,174	3,600	61,750	59,294	6,451,326
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	1,028	421,592	-	9,071	21,950	531,319
Debt service - principal and interest	-	-	-	-	-	-	2,780,532
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	9,273	9,273	3,573,618
Total disbursements	-	1,028	421,592	-	18,344	31,223	6,885,469
Excess (deficiency) of receipts over disbursements	-	110,902	(417,418)	3,600	43,406	28,071	(434,143)
Cash and investments - ending	\$ 3,761	\$ 178,294	\$ 971,229	\$ 49,985	\$ 193,995	\$ 241,272	\$ 4,945,313

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

	Food And Beverage Tax Distribution	Locust Hill Perpetual Care	Oakhill Perpetual Care	EMA Revolving Donation Fund	Coleman Trust	Mattie J Bayard Trust	R T Legler Trust
Cash and investments - beginning	\$ 663,596	\$ 137,432	\$ 661,970	\$ 2,567	\$ 12,080	\$ 6,121	\$ 2,312
Receipts:							
Taxes	813,436	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	29	239	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	2,660	9,790	-	68	37	17
Total receipts	813,436	2,689	10,029	-	68	37	17
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	2,696	1,352	-	-	-	-
Other services and charges	610	15,895	31,694	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	31,040	30,705	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,030,040	-	-	-	-	-	-
Total disbursements	1,030,650	49,631	63,751	-	-	-	-
Excess (deficiency) of receipts over disbursements	(217,214)	(46,942)	(53,722)	-	68	37	17
Cash and investments - ending	\$ 446,382	\$ 90,490	\$ 608,248	\$ 2,567	\$ 12,148	\$ 6,158	\$ 2,329

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

	CDBG-City Bank Of Evansville	CDBG-EDA Revolving Loan Fifth Third	Historic Preservation	Park District Bond Refunding 2010	TIF Redevelopment Bond	General Obligation # 2	Sidewalk Improvement Bond
Cash and investments - beginning	\$ 254,306	\$ 672,246	\$ 6,215	\$ 518,465	\$ 8,113	\$ 298,692	\$ 78,419
Receipts:							
Taxes	-	-	-	1,008,815	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	80,550	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	315	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	126	255,200	-	-	-	-	-
Total receipts	126	255,200	315	1,089,365	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	254,432	926,681	937	-	-	282,204	-
Debt service - principal and interest	-	-	-	1,086,515	8,113	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	1,000	-	-	-
Total disbursements	254,432	926,681	937	1,087,515	8,113	282,204	-
Excess (deficiency) of receipts over disbursements	(254,306)	(671,481)	(622)	1,850	(8,113)	(282,204)	-
Cash and investments - ending	\$ -	\$ 765	\$ 5,593	\$ 520,315	\$ -	\$ 16,488	\$ 78,419

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

	Unemployment Insurance	Workers Compensation Insurance	Liability Insurance	Hospitalization Insurance	Evansville Civil City Payroll	Accounts Payable Clearing	Oakhill Lease Escrow
Cash and investments - beginning	\$ 616,625	\$ 150,266	\$ 697,513	\$ (730,057)	\$ 217,433	\$ (34,784)	\$ 5,377
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	221,912	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	7,807	1,054,979	2,483,182	28,996,079	31,567,639	33,056	-
Total receipts	7,807	1,054,979	2,483,182	28,996,079	31,567,639	254,968	-
Disbursements:							
Personal services	23,571	90,518	-	30,232,456	-	-	-
Supplies	-	537	-	166	-	1	-
Other services and charges	-	989,990	2,734,693	2,919,290	-	234,226	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	250,000	-	250,000	92,282	31,541,086	-	-
Total disbursements	273,571	1,081,045	2,984,693	33,244,194	31,541,086	234,227	-
Excess (deficiency) of receipts over disbursements	(265,764)	(26,066)	(501,511)	(4,248,115)	26,553	20,741	-
Cash and investments - ending	\$ 350,861	\$ 124,200	\$ 196,002	\$ (4,978,172)	\$ 243,986	\$ (14,043)	\$ 5,377

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

	Sewer Bond	Sewer Improvement Fund	Sewer Bond Construction	Sewer Reserve Fund	Sewer Payroll	Sewer Operating	Water Improvement Fund
Cash and investments - beginning	\$ 8,963,573	\$ 6,249,944	\$ 28,298,634	\$ 15,488,317	\$ 16,609	\$ 5,126,774	\$ 347,011
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	57,612,793	-
Penalties	-	-	-	-	-	796,508	-
Other receipts	20,011,184	12,791,663	41,233,968	894,160	2,741,620	3,267,393	866,235
Total receipts	20,011,184	12,791,663	41,233,968	894,160	2,741,620	61,676,694	866,235
Disbursements:							
Personal services	-	-	-	-	-	4,660,219	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	2,429,745	-
Debt service - principal and interest	17,362,114	-	26,866,344	-	-	-	-
Capital outlay	-	4,556,914	4,876,764	-	-	-	531,953
Utility operating expenses	-	-	-	-	-	14,649,405	-
Other disbursements	717,149	5,330,000	2,296,380	-	2,735,776	39,986,001	-
Total disbursements	18,079,263	9,886,914	34,039,488	-	2,735,776	61,725,370	531,953
Excess (deficiency) of receipts over disbursements	1,931,921	2,904,749	7,194,480	894,160	5,844	(48,676)	334,282
Cash and investments - ending	\$ 10,895,494	\$ 9,154,693	\$ 35,493,114	\$ 16,382,477	\$ 22,453	\$ 5,078,098	\$ 681,293

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

	Waterworks Payroll	Waterworks Reserve	Water Utility-Operating	Water Utility-Bond & Int Sinking	Water Utility-Consumer Meter Deposit	Water Utility-Construction	Totals
Cash and investments - beginning	\$ 21,939	\$ 4,345,964	\$ 2,508,615	\$ 90,951	\$ 1,296,638	\$ 12,391,462	\$ 193,351,751
Receipts:							
Taxes	-	-	1,345,446	-	-	-	64,310,173
Licenses and permits	-	-	-	-	-	-	2,550,392
Intergovernmental receipts	-	-	-	-	-	-	49,364,456
Charges for services	-	-	-	-	-	-	14,381,723
Fines and forfeits	-	-	-	-	-	-	287,919
Utility fees	-	-	29,224,364	-	438,893	-	87,276,050
Penalties	-	-	117,873	-	-	-	914,381
Other receipts	3,768,571	3,742,723	3,938,434	73,951,293	1,005,795	38,223,437	408,394,072
Total receipts	3,768,571	3,742,723	34,626,117	73,951,293	1,444,688	38,223,437	627,479,166
Disbursements:							
Personal services	-	-	6,549,812	-	-	-	129,093,675
Supplies	-	-	-	-	-	-	3,851,557
Other services and charges	-	-	3,178,988	-	-	-	102,058,804
Debt service - principal and interest	-	-	-	34,356,657	-	8,834,700	108,042,261
Capital outlay	-	-	-	-	-	-	20,966,840
Utility operating expenses	-	-	10,065,082	-	76	-	24,714,563
Other disbursements	3,760,052	14,003	14,558,585	36,485,168	316,051	99,294	182,659,654
Total disbursements	3,760,052	14,003	34,352,467	70,841,825	316,127	8,933,994	571,387,354
Excess (deficiency) of receipts over disbursements	8,519	3,728,720	273,650	3,109,468	1,128,561	29,289,443	56,091,812
Cash and investments - ending	\$ 30,458	\$ 8,074,684	\$ 2,782,265	\$ 3,200,419	\$ 2,425,199	\$ 41,680,905	\$ 249,443,563

CITY OF EVANSVILLE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2016

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 615,016	\$ 4,355,351
Waterworks	619,249	2,005,295
Governmental activities	<u>4,301,373</u>	<u>7,441,975</u>
Totals	<u>\$ 5,535,638</u>	<u>\$ 13,802,621</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending 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	41,884	9/13/2011	8/1/2026
Evansville Local Improvement Bond Bank	Energy savings contract - City County Central Dispatch	7,678	9/30/2011	8/1/2026
Evansville Local Improvement Bond Bank	Fire Apparatus/Ferrara Igniter Quint	81,040	3/8/2011	2/1/2022
Evansville Redevelopment Authority	Ford Center	8,057,743	8/1/2010	2/1/2039
EVSC	Building @ 713 N. Governor St.	1	12/8/2008	12/31/2018
FH5	Building @ 917 W. Indiana St.	28,498	8/1/2013	7/31/2016
Inland Marine Inc.	Ohio River dock lease for LST Landing Ship Tank - WWII Historic Vessel	49,677	5/1/2005	12/31/2017
Old National Bank	30 Police Vehicles w/ Equipment	203,461	6/22/2016	8/22/2020
PNC Equipment Finance LLC	2 Fire Apparatus/Ferrara Intruder II	71,588	4/22/2009	4/22/2019
SBC formerly Indiana Bell Telephone Co.	Maintain Utility Poles	247	6/22/1978	12/31/2050
Southern Railway Co.	Maintain 66 in. Storm Sewer Pipeline	780	6/2/1988	12/31/2050
Vectren Corp. formerly Sigecom	Attach and Equip Utility Poles	11,880	11/15/1978	12/31/2050
Total governmental activities		8,621,199		
Waterworks:				
Xerox	Xerox 9301 Copier (1 of 2)	679	3/30/2012	3/29/2017
Xerox	Xerox 9301 Copier (2 of 2)	226	1/27/2012	1/26/2017
Total Waterworks		905		
Total of annual lease payments		\$ 8,622,104		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Park District Refunding Bonds of 2010	\$ 4,525,000	\$ 1,093,484
General obligation bonds	Parks District Refunding Bonds 2012 (MPZ 2003)	7,985,000	1,574,250
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2011 Berry Plastics Project)	19,515,000	1,045,000
Revenue bonds	Redevelopment District Tax Increment Revenue Bond Serier 2014 Haier Project	1,500,000	62,663
Revenue bonds	Economic Development Revenue Bond Series 2015	9,190,000	1,364,746
Revenue bonds	Redevelopment Revenue Series 2015A Hotel Project	10,235,000	745,250
Revenue bonds	Lease Rental Revenue Refunding Series 2016	92,425,000	-
Revenue bonds	Redevelopment Revenue Bonds Series 2016A Medical Project	18,000,000	1,206,038
Revenue bonds	Redevelopment Revenue Bonds Series 2016B Medical Project	12,345,000	1,043,075
Revenue bonds	Redevelopment Revenue Bonds Series 2015C Medical Project	9,225,000	-
Revenue bonds	Redevelopment Revenue Bonds Series 2015D Medical Project	12,080,000	-
Revenue bonds	Redevelopment Revenue Bonds Series 2016A Hotel Project	7,500,000	302,075
Revenue bonds	Redevelopment District Revenue Bonds - Jacobsville Project	15,420,000	997,750
Notes and loans payable	Mead Johnson TIF Ban	198,003	-
Total governmental activities		220,143,003	9,434,331
Wastewater:			
Revenue bonds	Sewage Works Revenue Bond Series 2016A	25,855,000	649,408
Revenue bonds	Sewer Works Revenue Bond Series 2016B (SRF)	12,715,000	138,452
Revenue bonds	Sewer Works Revenue Bond Series 2016C (SRF)	8,835,000	96,203
Revenue bonds	Sewage Works Revenue Bonds Series 2011D (SRF)	1,211,000	40,309
Revenue bonds	Sewage Works Revenue Bonds Series 2011C (SRF)	3,084,000	264,931
Revenue bonds	Sewage Works Revenue Bonds Series 2010 B-1 (Taxable Build America Bonds - Direct Pay Option)	24,870,000	1,920,152
Revenue bonds	Sewage Works Revenue Bonds Series 2010A (SRF)	7,115,000	220,854
Revenue bonds	Sewage Works Revenue Bonds of 2009	27,725,498	780,086
Revenue bonds	Sewage Works Revenue Bonds of 2008 Series B (SRF)	12,488,000	1,274,109
Revenue bonds	Sewage Works Revenue Bond Series 2014 B	5,291,000	356,111
Revenue bonds	Sewage Works Revenue Bond Series 2014 C	24,290,000	1,732,419
Revenue bonds	Sewage Works Revenue Bond Series 2014 D	33,957,000	2,166,140
Revenue bonds	Sewage Works Revenue Bonds of 2007 Series A	21,428,000	2,545,553
Revenue bonds	Sewage Works Replacement Revenue Bonds of 2004 (SRF)	4,144,000	493,995
Revenue bonds	Sewage Works Revenue Bond Series 2012 E	5,971,000	146,692
Revenue bonds	Sewage Works Bond Bank Bonds - 2013 B	28,890,000	1,610,300
Revenue bonds	Sewage Works Revenue Bond Series 2013 A	22,780,000	3,456,700
Revenue bonds	Sewage Works Revenue Bond Series 2014 A	7,120,000	572,728
Total Wastewater		277,769,498	18,465,142
Waterworks:			
Revenue bonds	Waterworks District Refunding Bonds of 2014 B	18,205,000	2,358,125
Revenue bonds	Waterworks District Revenue Bonds of 2013 A	29,005,000	1,357,600
Revenue bonds	Waterworks District Revenue Bonds - 2013 B	15,475,000	872,481
Revenue bonds	Waterworks District Revenue Bonds - 2016A	39,640,000	863,271
Revenue bonds	Waterworks District Refunding Bonds - 2016B	31,370,000	552,335
Total Waterworks		133,695,000	6,003,812
Totals		\$ 631,607,501	\$ 33,903,285

CITY OF EVANSVILLE
SCHEDULE OF CAPITAL ASSETS
December 31, 2016

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

	Ending Balance
Governmental activities:	
Land	\$ 19,772,306
Infrastructure	554,239,766
Buildings	155,148,392
Improvements other than buildings	40,906,707
Machinery, equipment, and vehicles	50,656,399
Construction in progress	<u>39,098,169</u>
Total governmental activities	<u>859,821,739</u>
Wastewater:	
Land	3,779,669
Infrastructure	254,573,653
Buildings	160,656,930
Improvements other than buildings	4,566,586
Machinery, equipment, and vehicles	14,620,554
Construction in progress	<u>64,248,775</u>
Total Wastewater	<u>502,446,167</u>
Waterworks:	
Land	432,435
Infrastructure	131,166,218
Buildings	39,491,179
Improvements other than buildings	1,874,075
Machinery, equipment, and vehicles	30,604,854
Construction in progress	<u>9,175,354</u>
Total Waterworks	<u>212,744,115</u>
Total capital assets	<u>\$ 1,575,012,021</u>

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Evansville's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for 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, 2016.

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

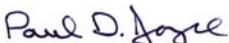
Report on Internal Control over Compliance

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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


Paul D. Joyce, CPA
State Examiner

November 16, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF EVANSVILLE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
URBAN AND COMMUNITY FORESTRY PROGRAM URBAN FORESTRY - UTREE	INDIANA DEPARTMENT OF NATURAL RESOURCES	10.675	E9-15-UTREE9	\$ -	\$ 4,876
Total - Department of Agriculture				-	4,876
<u>Department of Commerce</u>					
Economic Development Cluster ECONOMIC ADJUSTMENT ASSISTANCE DMD - EDA REVOLVING LOAN FUND	DIRECT	11.307	61902232	-	652,898
Total - Department of Commerce				-	652,898 (A)
<u>Department of Housing and Urban Development</u>					
CDBG - Entitlement Grants Cluster					
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS DMD - CDBG FY 2014	DIRECT	14.218	B-14-MC-18-0002	864,145	1,255,658
DMD - CDBG FY2015		14.218	B-15-MC-18-0002	486,907	758,875
DMD - CDBG FY 2016		14.218	B-16-MC-18-0002	1,465,466	1,325,550
Total - CDBG - Entitlement Grants Cluster				2,816,519	3,340,083
EMERGENCY SOLUTIONS GRANT PROGRAM					
DMD-FY2013 EMERGENCY SOLUTIONS GRANT	DIRECT	14.231	E-14-MC-18-0002	40,291	41,642
DMD - FY2015 EMERGENCY SOLUTIONS GRANT PROGRAM		14.231	E-15-MC-18-0002	108,380	108,380
DMD - EMERGENCY SOLUTIONS GRANT PROGRAM		14.231	E-16-MC-18-0002	103,839	103,839
Total - EMERGENCY SOLUTIONS GRANT PROGRAM				252,511	253,861
HOME INVESTMENT PARTNERSHIPS PROGRAM					
DMD-FY2009-HOME INVESTMENT PARTNERSHIPS PROGRAM	DIRECT	14.239	M-12-MC-18-0201	139,703	154,905
DMD-FY2013-HOME INVESTMENT PARTNERSHIPS PROGRAM		14.239	M-13-MC-18-0201	305,043	306,169
DMD - HOME-FY2014		14.239	M-14-MC-18-0201	443,766	443,766
DMD-FY2015-HOME INVESTMENT PARTNERSHIPS PROGRAM		14.239	M-15-MC-18-0201	296,790	304,996
DMD - M-16-MC-18-0201		14.239	M-16-MC-18-0201	13,842	8,825
Total - HOME INVESTMENT PARTNERSHIPS PROGRAM				1,199,143	1,218,661
ECONOMIC DEVELOPMENT INITIATIVE - SPECIAL PROJECT, NEIGHBORHOOD INITIATIVE AND MISCELLANEOUS GRANTS DMD-EDI SPECIAL PROJECT					
	DIRECT	14.251	B-09-SP-IN-0112	-	1,000
NEIGHBORHOOD STABILIZATION PROGRAM (RECOVERY ACT FUNDED) DMD-FY2008- NEIGHBORHOOD STABILIZATION PROGRAM					
	DIRECT	14.256	B-08-MN-18-0003	83,203	98,120
FAIR HOUSING INITIATIVES PROGRAM					
HUMAN RELATIONS - FF205K135016	DIRECT	14.408	FF205K135016	-	5,000
HUMAN RELATIONS - FF205K165016		14.408	FF205K165016	-	56,750
Total - FAIR HOUSING INITIATIVES PROGRAM				-	61,750
Total - Department of Housing and Urban Development				4,351,375	4,973,475
<u>Department of Justice</u>					
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM					
EPD-JAG 2013-DJ-BX-0733	DIRECT	16.738	2013-DJ-BX-0733	3,734	546
EPD - JAG FY2014; 2014-DJ-BX-0486		16.738	2014-DJ-BX-0486	7,857	23,336
EPD - JAG FY2015; 2015-DJ-BX-0800		16.738	2015-DJ-BX-0800	-	25,394
Total - EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM				11,591	49,276
SUPERVISED VISITATION, SAFE HAVENS FOR CHILDREN DMD-SAFE HAVEN					
	DIRECT	16.527	2012-CW-AX-K01510	107,804	114,808
MISSING CHILDREN'S ASSISTANCE					
INDIANA STATE POLICE					
EPD-ICAC-FY2013; 2011-MC-CX-K005		16.543	2011-MC-CX-K005	-	3,643
EPD 0 2011-MC-FX-K0018-FY2014		16.543	2014-MC-FX-K018	-	1,844
Total - MISSING CHILDREN'S ASSISTANCE				-	5,487
Total - Department of Justice				119,395	169,571
<u>Department of Transportation</u>					
Federal Transit Cluster					
FEDERAL TRANSIT FORMULA GRANTS					
METS - IN-2016-017-00	DIRECT	20.507	IN-2016-017-00	-	1,807,328
METS 5307 GRANT		20.507	IN-90-0684	-	167,225
METS - IN-90-X647		20.507	IN-90-X647	-	86,675
METS - IN-90-X665		20.507	IN-90-X665	-	452,397
METS - IN-95-X049		20.507	IN-95-X049	-	296,317
Total - FEDERAL TRANSIT FORMULA GRANTS				-	2,809,942
BUS AND BUS FACILITIES FORMULA PROGRAM					
METS - IN-34-0004	DIRECT	20.526	IN-34-0004	-	231,062
Total - Federal Transit Cluster				-	3,041,004

CITY OF EVANSVILLE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
Highway Planning and Construction Cluster					
HIGHWAY PLANNING AND CONSTRUCTION					
INDIANA DEPARTMENT OF TRANSPORTATION					
ENG; DES 0100574 PED. OVERPASS-PHASE 1-PE		20.205	DES 0100574	-	18,065
ENG. DES 0100574 PED OVERPASS PHASE 2 - CE		20.205	DES 0100574	-	138,980
ENG - DES 1006029; SIGN UPGRADES VARIOUS LOCATIONS; PE		20.205	DES 1006029	-	25,000
ENG - DES 1006031-SIGN UPGRADES-PHASE 2 CE		20.205	DES 1006031	-	26,855
PARKS-GREENWAY; HI RAIL		20.205	DES 1006085	-	79,263
ENG - DES 1173696 TEKOPPEL SAFE ROUTES TO SCHOOL CE		20.205	DES 1173696	-	23,589
ENG - DES1383064		20.205	DES 1383064	-	13,045
ENG-DES 1383065 - WEINBACH AVE ROAD DIET		20.205	DES 1383065	-	200,761
ENG-DES 1383066 Washington-2nd-Parrott Sts		20.205	DES 1383066	-	26,190
ENG - DES1006080-LINCOLN AVE TO NEWBURGH RD		20.205	DES1006080	-	513
Total - HIGHWAY PLANNING AND CONSTRUCTION					552,261
Total - Highway Planning and Construction Cluster					552,261
Transit Services Programs Cluster					
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES					
METS - IN-16-X016-02 5310 GRANT FY2015					
DIRECT					
		20.513	IN-16-X016	-	88,722
Total - Transit Services Programs Cluster					88,722
Highway Safety Cluster					
STATE AND COMMUNITY HIGHWAY SAFETY					
VANDERBURGH COUNTY					
EPD - OPERATION PULLOVER; D3-16-10195		20.600	D3-16-10195	-	105,547
EPD -JAG 2015-DJ-BX-0800		20.600	D3-16-10242	-	16,385
EPD		20.600	D3-16-10916	-	5,006
Total - STATE AND COMMUNITY HIGHWAY SAFETY					126,938
OCCUPANT PROTECTION INCENTIVE GRANTS					
INDIANA CRIMINAL JUSTICE INSTITUTE					
EPD		20.602	D3-16-10265	-	10,992
Total - Highway Safety Cluster					137,930
Total - Department of Transportation					3,819,917
Equal Employment Opportunity Commission					
EMPLOYMENT DISCRIMINATION_TITLE VII					
OF THE CIVIL RIGHTS ACT OF 1964					
HR - EEC45015C004P0002					
DIRECT					
		30.001	EEC45015C004P0002	-	44,200
Total - Equal Employment Opportunity Commission					44,200
Environmental Protection Agency					
Clean Water State Revolving Fund Cluster					
CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS					
EWSU-SRF2014D					
INDIANA FINANCE AUTHORITY					
		66.458	WW14218214	-	5,895,487
Total - Clean Water State Revolving Fund Cluster					5,895,487
Total - Environmental Protection Agency					5,895,487
Department of Health and Human Services					
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS					
OF REGIONAL AND NATIONAL SIGNIFICANCE					
SUBSTANCE ABUSE COUNCIL					
OF VANDERBURGH COUNTY					
EPD - PICTURE TELLS A STORY; 15LE11		93.243	15LE11	-	1,200
EPD - 16LE10		93.243	16LE10	-	2,410
Total - Department of Health and Human Services					3,610
Department of Homeland Security					
EMERGENCY MANAGEMENT PERFORMANCE GRANTS					
VANDERBURGH COUNTY					
EMA-EMW-2015-EP-00037		97.042	EMW-2015-EP-00037	-	35,202
ASSISTANCE TO FIREFIGHTERS GRANT					
DIRECT					
EFD EMW-2014-FO-02210		97.044	EMW-2014-FO-02210	-	214,749
Total - Department of Homeland Security					249,951
Total federal awards expended				\$	4,470,770
				\$	15,813,985

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 Loans (RLF) at 12/31/16	\$				-
Revolving Loan Fund (RLF) Cash and Investment Balance at 12/31/16			870,531		
Administrative expenses paid out of RLF income during 2016					-
Unpaid principal of all loans written off during 2016					-
Total Calculation Basis					870,531
Multiplied by Original Federal Share of Revolving Loan Funds (RLF)					75%
Amount Reported in Schedule of Expenditures of Federal Awards					\$ 652,898

CITY OF EVANSVILLE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

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

Note 2. *Summary of Significant Accounting Policies*

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

CITY OF EVANSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
14.239	Economic Development Cluster	Unmodified
	HOME Investment Partnerships Program	Unmodified
	Federal Transit Cluster	Unmodified
	Clean Water State Revolving Fund Cluster	Unmodified

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

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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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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 NW MARTIN LUTHER KING, JR. BOULEVARD
EVANSVILLE, INDIANA 47708
(812) 436-4919

Lloyd Winnecke, Mayor

Russell G. Lloyd Jr. CPA, Controller

November 7, 2017

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: 2015.

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

Status of Audit Finding: The City made efforts to correct this finding in late 2015 and 2016 by making system changes to the bank reconciliation procedures.

While the City concurs with this finding; in fact the Controller or Deputy Controller does review the bank reconciliations but have not always marked, initialed or signed off to indicate the monthly bank reconciliations were reviewed. The Controller closely monitors bank balances daily within the duties of cash management and inquires of staff responsible for transactions, balance changes and exceptions.

Description of Corrective Action Plan:

The City will employ additional internal control procedures by the Controller's Office staff to make it easier for senior management to review bank reconciliations. Staff will present the Controller or Deputy Controller with bank reconciliations for each critical account in a timely manner for either manual or electronic sign off.

The City and Utilities have implemented numerous procedural enhancements and adjustments to the treasury and bank system in the past few years including additional internal controls adding segregation of duties and supervisory electronic review and approval of general ledger transactions and cash bank accounts.

The City and Utility senior accounting management will continue to review internal control procedures over the treasury cash management and bank reconciliation system with the goal of adding additional effective potential system improvements. The Controller, Utility Chief Financial Officer and Utility Controller and City Deputy Controller are monitoring all critical City bank account reconciliation summaries and marking review notations.

Anticipated Completion Date: October 1, 2017

 CPA
Russell G. Lloyd Jr., CPA

Title: City Controller

Date: November 7, 2017

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/>.