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January 22, 2024

Board of Directors  
Evansville Local Public Improvement Bond Bank  
Vanderburgh County, Indiana

We have reviewed the audit report of the Evansville Local Public Improvement Bond Bank, which was opined upon by Harding, Shymanski & Company, PSC, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Evansville Local Public Improvement Bond Bank as of December 31, 2022, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Harding, Shymanski & Company, PSC prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

***THE EVANSVILLE LOCAL PUBLIC  
IMPROVEMENT BOND BANK***

***(A COMPONENT UNIT OF THE  
CITY OF EVANSVILLE)***

***Financial Report***

***December 31, 2022 and 2021***

## ***CONTENTS***

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<u>Independent Auditor's Report</u>	<u>Page 2</u>
-------------------------------------	---------------

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Financial Statements:

Statements of Financial Position	5
Statements of Activities	6
Statements of Net Position	7
Statements of Cash Flows	8
Notes to Financial Statements	9

### **INTERNAL CONTROL AND COMPLIANCE MATTERS**

Report Required Under Government Auditing Standards:

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	18
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## INDEPENDENT AUDITOR'S REPORT



HARDING, SHYMANSKI  
& COMPANY, P.S.C.

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and Consultants

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Board of Directors  
The Evansville Local Public Improvement Bond Bank

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of The Evansville Local Public Improvement Bond Bank, a component unit of the City of Evansville, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Evansville Local Public Improvement Bond Bank as of December 31, 2022 and 2021, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits 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 of America, and the Uniform Compliance Guidelines for Audit of State and Local Governments by Authorized Independent Public Accountants, issued by the Indiana State Board of Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Evansville Local Public Improvement Bond Bank and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## ***INDEPENDENT AUDITOR'S REPORT (CONTINUED)***



### ***Responsibilities of Management for the Financial Statements (Continued)***

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Evansville Local Public Improvement Bond Bank's ability to continue as a going concern one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and; therefore, is not a guarantee that an audit conducted in accordance with generally accepted accounting standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards (GAAS) and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Evansville Local Public Improvement Bond Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Evansville Local Public Improvement Bond Bank's ability to continue as a going concern for a reasonable period of time.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**



***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

***Other Matter***

Management has elected not to include management's discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board. Accordingly, the omission of management's discussion and analysis is a departure from accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2023, on our consideration of The Evansville Local Public Improvement Bond Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Evansville Local Public Improvement Bond Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Evansville Local Public Improvement Bond Bank's internal control over financial reporting and compliance.

*Wardig, Szymanski & Company, P.S.C.*

Evansville, Indiana  
October 11, 2023

**THE EVANSVILLE LOCAL PUBLIC IMPROVEMENT BOND BANK**  
**(A COMPONENT UNIT OF THE CITY OF EVANSVILLE)**

STATEMENTS OF FINANCIAL POSITION  
December 31, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 3,846,965	\$ 2,563,201
Certificates of deposit	500,000	900,000
Loans receivable from qualified entities	1,954,812	3,580,641
Interest receivable	<u>132,468</u>	<u>112,434</u>
<b>Total current assets</b>	<u>6,434,245</u>	<u>7,156,276</u>
Noncurrent Assets		
Long-term loans receivable from qualified entities	5,353,515	4,760,653
Long-term interest receivable	<u>41,993</u>	<u>69,207</u>
<b>Total noncurrent assets</b>	<u>5,395,508</u>	<u>4,829,860</u>
<b>Total assets</b>	<u>\$ 11,829,753</u>	<u>\$ 11,986,136</u>
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities		
Other payables	<u>\$ 82,000</u>	<u>\$ 0</u>
Net Position		
Restricted for encumbrances	62,051	79,833
Unrestricted	<u>11,685,702</u>	<u>11,906,303</u>
<b>Total net position</b>	<u>11,747,753</u>	<u>11,986,136</u>
<b>Total liabilities and net position</b>	<u>\$ 11,829,753</u>	<u>\$ 11,986,136</u>

See notes to financial statements.

**THE EVANSVILLE LOCAL PUBLIC IMPROVEMENT BOND BANK**  
**(A COMPONENT UNIT OF THE CITY OF EVANSVILLE)**

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2022 and 2021

	2022	2021
Revenues:		
Interest income from cash investments	\$ 36,847	\$ 20,867
Interest income from taxable notes	86,579	61,970
Interest income from energy savings performance contracts	7,212	8,088
Interest income for fire truck lease/purchase agreement	<u>294</u>	<u>1,730</u>
<b>Total revenues</b>	<b><u>130,932</u></b>	<b><u>92,655</u></b>
Expenses:		
Professional fees	44,315	20,068
Payments for services provided by non-profit organizations	<u>325,000</u>	<u>325,000</u>
<b>Total expenses</b>	<b><u>369,315</u></b>	<b><u>345,068</u></b>
<b>Change in net position</b>	<b><u><u>\$ (238,383)</u></u></b>	<b><u><u>\$ (252,413)</u></u></b>

See notes to financial statements.

***THE EVANSVILLE LOCAL PUBLIC IMPROVEMENT BOND BANK  
(A COMPONENT UNIT OF THE CITY OF EVANSVILLE)***

STATEMENTS OF NET POSITION

Years Ended December 31, 2022 and 2021

	<b>2022</b>	2021
Net position at beginning of year	<b>\$ 11,986,136</b>	\$ 12,238,549
Change in net position	<u><b>(238,383)</b></u>	<u>(252,413)</u>
Net position at end of year	<u><b>\$ 11,747,753</b></u>	<u>\$ 11,986,136</u>

See notes to financial statements.

**THE EVANSVILLE LOCAL PUBLIC IMPROVEMENT BOND BANK**  
**(A COMPONENT UNIT OF THE CITY OF EVANSVILLE)**

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net position	\$ (238,383)	\$ (252,413)
Adjustments to reconcile change in net position to net cash used in operating revenues		
Change in interest receivable	<u>7,180</u>	<u>(44,087)</u>
<b>Net cash used in operating activities</b>	<b><u>(231,203)</u></b>	<b><u>(296,500)</u></b>
Cash Flows from Investing Activities		
Purchase of certificates of deposit	(500,000)	0
Proceeds from certificates of deposit	900,000	1,750,000
Maturities of loans receivable to qualified entities	1,667,865	226,386
Purchases of loans receivable to qualified entities	<u>(552,898)</u>	<u>(4,684,100)</u>
<b>Net cash provided by (used in) investing activities</b>	<b><u>1,514,967</u></b>	<b><u>(2,707,714)</u></b>
Net increase (decrease) in cash and cash equivalents	1,283,764	(3,004,214)
Cash and cash equivalents at beginning of year	<u>2,563,201</u>	<u>5,567,415</u>
Cash and cash equivalents at end of year	<b><u>\$ 3,846,965</u></b>	<b><u>\$ 2,563,201</u></b>
Supplemental Schedule of Noncash Investing Activities		
Purchases of loans receivable to qualified entities included in other payables	<b><u>\$ 82,000</u></b>	<b><u>\$ 0</u></b>

See notes to financial statements.

***THE EVANSVILLE LOCAL PUBLIC IMPROVEMENT BOND BANK  
(A COMPONENT UNIT OF THE CITY OF EVANSVILLE)***

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

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***Note 1 – Nature of Business and Significant Accounting Policies***

***Organization***

The Evansville Local Public Improvement Bond Bank (Bond Bank), a component unit of the City of Evansville (City), was created pursuant to Indiana Code 5-1.4 and Section 3.40.010 of the City codes, as supplemented and amended. The Bond Bank is an instrumentality of the City but is not a City agency and has no taxing power. It has separate corporate and sovereign capacity.

The Bond Bank was funded in 2006 with a \$15,000,000 payment made pursuant to agreements between the City and Aztar Indiana Gaming Company L.L.C. The Bond Bank's primary purpose is to purchase securities issued by "qualified entities" under Indiana Code 5-1.4-2, including the City and the City's Redevelopment District, and to fund capital investments among other things.

***Basis of Presentation***

The financial statements of the Bond Bank have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the Bond Bank recognizes revenue in the period earned and expenses in the period incurred. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

***Net Position***

The Bond Bank's resources are classified for accounting and financial reporting purposes into the following net position categories:

*Restricted* – Net position subject to imposed stipulations as to use. This net position is restricted for earmarked bond anticipation notes and other contracts, and specific expenses, as determined by the Bond Bank's Board of Directors.

*Unrestricted* – Net position which is available for the use of the Bond Bank.

***Concentrations of Credit Risk***

Financial instruments, which potentially subject the Bond Bank to concentrations of credit risk, consist principally of cash, cash equivalents, and certificates of deposit. At times, such cash and cash equivalents and certificate of deposits in banks may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

***THE EVANSVILLE LOCAL PUBLIC IMPROVEMENT BOND BANK  
(A COMPONENT UNIT OF THE CITY OF EVANSVILLE)***

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

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***Note 1 – Nature of Business and Significant Accounting Policies (Continued)***

*Cash and Cash Equivalents*

For purposes of reporting the statements of cash flows, the Bond Bank considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

*Certificates of Deposit*

Certificates of deposit are valued at cost, which approximates fair value.

*Investments*

Investments consist of money market funds, which are included within cash and cash equivalents on the statements of financial position. Investments are recorded at fair value, based on quoted market prices of the investment or similar investments. For investments at December 31, 2022 and 2021, fair value approximates cost. Changes in the fair value of investments (interest income) are included in the statements of activities.

*Federal Income Taxes*

The Bond Bank is exempt from federal income taxes under Internal Revenue Code Section 115.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**THE EVANSVILLE LOCAL PUBLIC IMPROVEMENT BOND BANK**  
**(A COMPONENT UNIT OF THE CITY OF EVANSVILLE)**

NOTES TO FINANCIAL STATEMENTS  
 December 31, 2022 and 2021

***Note 2 – Deposits and Investments***

The Bond Bank’s deposits and investments at December 31, 2022 and 2021 are summarized as follows:

	2022	
	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 1,828,603	\$ 1,828,603
Certificates of deposit	500,000	500,000
Cash and cash equivalents	<u>2,018,362</u>	<u>2,018,362</u>
	<u>\$ 4,346,965</u>	<u>\$ 4,346,965</u>
	2021	
	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 1,497,139	\$ 1,497,139
Certificates of deposit	900,000	900,000
Cash and cash equivalents	<u>1,066,062</u>	<u>1,066,062</u>
	<u>\$ 3,463,201</u>	<u>\$ 3,463,201</u>

Included in money market funds are investments in TrustINDiana and The Hoosier Fund. These are local government investment pools which seek to allow local units of government to invest in common pools of investment assets that preserve the principal of the public’s funds, remain highly liquid, and maximize the returns on the investments. There are no unfunded commitments or restrictions on redemptions. At December 31, 2022, the Bond Bank had \$300,108 invested in TrustINDiana and \$1,415,016 in The Hoosier Fund. At December 31, 2021, the Bond Bank had no investment in TrustINDiana and \$1,394,025 invested in The Hoosier Fund.

Certificates of deposit at December 31, 2022 and 2021 consist of amounts on deposit at financial institutions, with interest rates ranging from 0.55 percent to 4.3 percent and with various maturity dates.

**THE EVANSVILLE LOCAL PUBLIC IMPROVEMENT BOND BANK**  
**(A COMPONENT UNIT OF THE CITY OF EVANSVILLE)**

NOTES TO FINANCIAL STATEMENTS  
 December 31, 2022 and 2021

**Note 2 – Deposits and Investments (Continued)**

Custodial credit risk is the risk that in the event of bank failure, the Bond Bank's deposits may not be returned to it. The Bond Bank's deposits are insured up to \$250,000 per financial institution by the FDIC. Any cash deposits in excess of the \$250,000 FDIC limits are insured by the Public Deposit Insurance Fund which is administered by the Indiana Board for Depositories.

As of December 31, 2022, the Bond Bank had deposits and investments with maturities as follows:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>		
	<u>Total</u>	<u>Less Than 1</u>	<u>1-5</u>
Money market funds	\$ 1,828,603	\$ 1,828,603	\$ 0
Certificates of deposit	<u>500,000</u>	<u>500,000</u>	<u>0</u>
Totals	<u>\$ 2,328,603</u>	<u>\$ 2,328,603</u>	<u>\$ 0</u>

As of December 31, 2021, the Bond Bank had deposits and investments with maturities as follows:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>		
	<u>Total</u>	<u>Less Than 1</u>	<u>1-5</u>
Money market funds	\$ 1,497,139	\$ 1,497,139	\$ 0
Certificates of deposit	<u>900,000</u>	<u>900,000</u>	<u>0</u>
Totals	<u>\$ 2,397,139</u>	<u>\$ 2,397,139</u>	<u>\$ 0</u>

**THE EVANSVILLE LOCAL PUBLIC IMPROVEMENT BOND BANK  
(A COMPONENT UNIT OF THE CITY OF EVANSVILLE)**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

**Note 3 – Loans to Qualified Entities**

Commitments to purchase and outstanding balances for the Indiana taxable bond anticipation notes, as well as other contracts, are as follows:

Issuer and Commitment to Purchase	Outstanding Balance	
	2022	2021
Issued by City of Evansville, Redevelopment District, not to exceed \$2,000,000	\$ 1,688,421	\$ 1,688,421 (A)
Issued by City of Evansville, Fire Department, 2020	800,000	1,200,000 (B)
Issued by City of Evansville, Fire Department, 2021	205,000	205,000 (C)
Issued by City of Evansville, Redevelopment District, not to exceed \$2,250,000	0	1,134,116 (D)
Issued by City of Evansville, Redevelopment District, not to exceed \$2,500,000	2,479,000	2,332,058 (E)
Issued by City of Evansville, Redevelopment District, not to exceed \$1,950,000	1,673,087	1,185,132 (F)
Issued by City of Evansville, Energy Savings Performance Contracts	313,899	408,766 (G)
Issued by City of Evansville, Fire Truck Purchase Agreement	0	38,881 (H)
Issued by City of Evansville, Redevelopment District, Revenue Note	148,920	148,920 (I)
	7,308,327	8,341,294
Current maturities	(1,954,812)	(3,580,641)
	\$ 5,353,515	\$ 4,760,653

(A) The taxable note accrued interest at 1.5 percent annually. Principal and interest are due May 1, 2023. The proceeds from the sale of the note were used to provide interim financing for the cost of certain public infrastructure in the City of Evansville and such other purposes as may be permitted by the Resolution adopted by the City of Evansville Redevelopment Commission.

**THE EVANSVILLE LOCAL PUBLIC IMPROVEMENT BOND BANK**  
**(A COMPONENT UNIT OF THE CITY OF EVANSVILLE)**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

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***Note 3 – Loans to Qualified Entities (Continued)***

(B) The taxable note accrued interest at 1.5 percent annually. Principal and interest are due January 15, 2024. The proceeds from the sale of the note in 2020 were used to provide financing for certain firefighting vehicles and such other purposes as may be permitted by the Resolution adopted by the City of Evansville.

(C) The taxable note accrued interest at 1.5 percent annually. Principal and interest are due December 22, 2023. The proceeds from the sale of the note in 2021 were used to provide financing for the expansion of a fire department training facility and such other purposes as may be permitted by the Resolution adopted by the City of Evansville.

(D) The taxable note accrued interest at 1.5 percent annually. Principal and interest were due December 30, 2022. The proceeds from the sale of the note in 2020 and 2021 were used to provide financing for the construction of certain economic development facilities and such other purposes as may be permitted by the Resolution adopted by the City of Evansville Redevelopment Commission. During 2022, principal was paid in full. Interest will be billed in 2023.

(E) The taxable note accrued interest at 1.5 percent annually. Principal and interest were due December 30, 2022. The proceeds from the sale of the note in 2020 and 2021 were used to provide financing for the construction of certain economic development facilities and such other purposes as may be permitted by the Resolution adopted by the City of Evansville Redevelopment Commission. In 2022, the maturity date was extended to December 30, 2025; and in November 2022, the City of Evansville Redevelopment District refinanced the note which increased the outstanding principal balance to \$2,479,000.

(F) The taxable note accrued interest at 1.5 percent annually. Principal and interest are due August 17, 2023. The proceeds from the sale of the note in 2021 were used to provide for the funding of certain redevelopment projects and such other purposes as may be permitted by the Resolution adopted by the City of Evansville Redevelopment Commission. In 2022, the City of Evansville Redevelopment Commission took an additional draw of \$487,955 making the outstanding balance \$1,673,087.

**Energy Savings Performance Contracts**

(G) During 2011, the Bond Bank agreed to finance installment payment contracts with various City departments to provide energy efficient capital improvements from a contractor for an amount not to exceed \$1,993,130. At December 31, 2022 and 2021, \$313,899 and \$408,766, respectively, were outstanding. The installment payment contracts require semi-annual installment payments from various City departments with interest at 1.5 percent maturing various dates through August 2026.

**THE EVANSVILLE LOCAL PUBLIC IMPROVEMENT BOND BANK**  
**(A COMPONENT UNIT OF THE CITY OF EVANSVILLE)**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

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***Note 3 – Loans to Qualified Entities (Continued)***

*Equipment Purchase Agreement*

(H) During 2011, the Bond Bank financed the purchase of a fire truck for the City for \$818,961. Principal and interest payments are due on February 1 and August 1 of each year. The agreement provides for interest at 1.5 percent and was due February 1, 2022. At December 31, 2021, the outstanding balance was \$38,881. During 2022, principal was paid in full. Interest will be billed in 2023.

*Revenue Note*

(I) In October 2018, the Bond Bank refinanced the remaining principal balance of \$198,003 from the Redevelopment District Indiana Taxable Bond Anticipation Note of 2016 as the Redevelopment District Taxable Tax Increment Refunding Revenue Note of 2018. The refinanced note provides for no interest and is due October 22, 2028. At December 31, 2022 and 2021, the outstanding balance was \$148,920 for both years.

Long-term Indiana taxable bond anticipation notes, as well as other contracts, maturities are as follows:

2023	\$ 1,954,812
2024	2,566,300
2025	2,558,052
2026	80,242
2027	0
Thereafter	<u>148,921</u>
	<u>\$ 7,308,327</u>

***Note 4 – Bonds Payable***

In November 2013, the Bond Bank issued \$44,755,000 of debt on behalf of not-for-profit qualified water and sewage utilities. Under the provisions of these debt issues, the bonds are payable solely from the revenues generated by the qualified water and sewage utilities. The debt did not constitute a general or moral obligation of the Bond Bank nor were debt service reserve funds maintained for these debt issues. The Bond Bank was not obligated in any manner for repayment of the bonds. The Bond Bank has not recorded these debt issues and the related utilities' obligations in the accompanying financial statements.

As of January 2021, the debt was refinanced with a third-party and the original bonds were retired. Therefore, there is no outstanding balance for these qualified water and sewer utilities as of December 31, 2022 and 2021.

***THE EVANSVILLE LOCAL PUBLIC IMPROVEMENT BOND BANK  
(A COMPONENT UNIT OF THE CITY OF EVANSVILLE)***

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

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***Note 5 – Related Party Transactions***

Administrative expenses related to the Bond Bank were primarily paid by the City.

Related party transactions presented on the statements of activities include all receipts other than interest income from cash and cash equivalents, money market funds, and certificates of deposit, and all disbursements other than professional fees.

***Note 6 – Fair Value of Financial Instruments***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Bond Bank uses various methods including market, income, and cost approaches. Based on these approaches, the Bond Bank often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs.

The Bond Bank utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Bond Bank is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

**THE EVANSVILLE LOCAL PUBLIC IMPROVEMENT BOND BANK  
(A COMPONENT UNIT OF THE CITY OF EVANSVILLE)**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

**Note 6 – Fair Value of Financial Instruments (Continued)**

While the Bond Bank believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended December 31, 2022 and 2021, there were no changes to the Bond Bank's valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations.

The following is a description of the valuation methodology used for instruments measured at fair value:

Money Market Funds

Valued at the published net asset value, as reported by each fund, of the shares held by the Bond Bank at the reporting date. Those funds are deemed to be actively traded.

At December 31, 2022 and 2021, the balances of assets and liabilities measured at fair value on a reoccurring basis are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>December 31, 2022</u>				
Money market funds	<u>\$ 1,828,603</u>	<u>\$ 1,828,603</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>December 31, 2021</u>				
Money market funds	<u>\$ 1,497,139</u>	<u>\$ 1,497,139</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Note 7 – Subsequent Events**

In April 2023, the Bond Bank agreed to purchase a Redevelopment District Taxable Tax Increment Revenue Note, Series 2023 (SP Evansville, LLC Project) issued by the City of Evansville for an amount not to exceed \$525,000 with principal and interest due April 27, 2025. Interest will accrue at 1.5 percent annually. The proceeds from the sale of the 2023 note are to be used to pay a portion of the principal and/or interest on City of Evansville, Indiana, Junior Economic Development Tax Increment Revenue Bonds, Series 2018 (SP Evansville, LLC Project). The note will be payable from the sources provided in the Note Resolution.

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



**HARDING, SHYMANSKI  
& COMPANY, P.S.C.**

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Board of Directors  
The Evansville Local Public Improvement Bond Bank

We have audited, in accordance with the 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 statements of The Evansville Local Public Improvement Bond Bank, a component unit of the City of Evansville, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, net position, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered The Evansville Local Public Improvement Bond Bank'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 statements, but not for the purpose of expressing an opinion on the effectiveness of The Evansville Local Public Improvement Bond Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of The Evansville Local Public Improvement Bond Bank'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
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(CONTINUED)**



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.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether The Evansville Local Public Improvement Bond Bank's financial statements are free from 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 Evansville Local Public Improvement Bond Bank'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 Bond Bank's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wardig, Szymanski & Company, P.S.C.*

Evansville, Indiana  
October 11, 2023