

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF NEW ALBANY
FLOYD COUNTY, INDIANA

January 1, 2016 to December 31, 2016



FILED

11/29/2018

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--|---------------------------------|--|
| City Controller | Linda Moeller | 01-01-16 to 12-31-18 |
| Mayor | Jeff Gahan | 01-01-12 to 12-31-19 |
| President of the Board of Public Works and Safety | Warren Nash | 01-01-16 to 12-31-18 |
| President of the Common Council | Pat McLaughlin Dr. Al Knable | 01-01-16 to 12-31-17 01-01-18 to 12-31-18 |
| Utility Office Manager | April Dickey | 01-01-16 to 12-31-18 |



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF NEW ALBANY, FLOYD COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of New Albany (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 (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free 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 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 October 23, 2018, 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 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 City'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 City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

October 23, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
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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 NEW ALBANY, FLOYD 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 New Albany (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 October 23, 2018, 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.

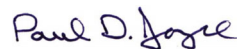
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

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

October 23, 2018

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

| Fund | Cash and Investments 01-01-16 | Receipts | Disbursements | Cash and Investments 12-31-16 |
|--------------------------------------|-------------------------------------|----------------|----------------|-------------------------------------|
| General | \$ 58,595 | \$ 23,005,134 | \$ 23,057,503 | \$ 6,226 |
| Motor Vehicle Highway | 51,549 | 1,453,946 | 1,349,298 | 156,197 |
| Local Road And Street | 452,298 | 674,844 | 491,011 | 636,131 |
| Parking Meter | 102,222 | 98,413 | 83,972 | 116,663 |
| Park Nonreverting Operating | 14,579 | 42,396 | 49,874 | 7,101 |
| Abandoned Vehicle | 160,379 | 174,144 | 146,920 | 187,603 |
| Coyle Bond | 205,996 | - | 114,412 | 91,584 |
| Law Enforcement Continuing Education | 27,545 | 45,313 | 25,298 | 47,560 |
| Unsafe Building | 121,158 | 94,370 | 211,591 | 3,937 |
| Riverboat | 2,510,422 | 836,226 | 2,040,698 | 1,305,950 |
| Rainy Day | 711,896 | 3,870,205 | 1,855,804 | 2,726,297 |
| Grant Line Bond TIF | 2,320,708 | 1,358 | 41,704 | 2,280,362 |
| Redevelopment Bond (Proceeds) | 6,218,679 | 2,443,018 | 1,869,122 | 6,792,575 |
| Cumulative Park | 80,629 | 111,946 | 131,805 | 60,770 |
| Cumulative Capital Improvement | 86,899 | 92,702 | 128,475 | 51,126 |
| CEDIT Capital Projects | 2,391,239 | 3,369,577 | 3,719,307 | 2,041,509 |
| Police Pension | 996,738 | 1,578,701 | 1,894,779 | 680,660 |
| Fire Pension | 282,138 | 2,034,817 | 2,183,549 | 133,406 |
| Federal Grants | 520 | - | - | 520 |
| Police/Child Victim | 22 | - | - | 22 |
| Communications Non Reverting | 15,336 | - | - | 15,336 |
| New Direction | 197 | - | - | 197 |
| Walking Patrol | 15,035 | - | - | 15,035 |
| Farmer's Market | 1,000 | - | - | 1,000 |
| TIF Grant Line Debt Reserve | 533,016 | - | - | 533,016 |
| TIF Spring Street Debt Reserve | 202,950 | - | - | 202,950 |
| TIF Financing | 220,000 | - | 220,000 | - |
| TIF Daisy Lane Bond Proceeds | 276,450 | - | - | 276,450 |
| Donations | 108,684 | 108,605 | 94,885 | 122,404 |
| Federal Surplus Property | 22,640 | 51,168 | 24,258 | 49,550 |
| Grant Line Road TIF | 2,175,355 | 880,783 | 1,281,124 | 1,775,014 |
| Park East TIF | 2,446,164 | 1,772,026 | 1,005,806 | 3,212,384 |
| State Street TIF | 3,212,754 | 885,678 | 1,678,442 | 2,419,990 |
| Garage TIF | 384,116 | 513,742 | 726,462 | 171,396 |
| Old Monon TIF | 665,890 | 638,770 | 439,522 | 865,138 |
| Abatement | 285,677 | 93,553 | 199,911 | 179,319 |
| Ambulance/Ems Non Rev | 31,663 | 2,103 | 29,468 | 4,298 |
| Animal Control Runs Non Revert | 55,874 | 17,999 | 10,327 | 63,546 |
| City Redevelopment | 7,402 | 506,995 | 510,588 | 3,809 |
| Community Promotions | 64 | - | - | 64 |
| Fire Run Contracts Non Rev | 137,554 | 50,145 | 75,500 | 112,199 |
| Loop Island | 11,978 | 8,598 | 14,378 | 6,198 |
| Shelterhouse Parks | 41,831 | - | 745 | 41,086 |
| State Street Garage | 156,172 | 28,199 | 71,763 | 112,608 |
| Tree Board | 3,777 | - | 2,115 | 1,662 |
| Veterinary Non.Rev. | 47,220 | 28,831 | 38,458 | 37,593 |
| Homes Improvement | 120,011 | 4,850 | 24 | 124,837 |
| Rental Rehab | 44,023 | 16,743 | 56,789 | 3,977 |
| Highway 111 | 893 | 1,801 | 1,980 | 714 |
| Stormwater | 2,083,362 | 1,961,644 | 1,857,046 | 2,187,960 |
| Sanitation 2 | 188,071 | 2,487,233 | 2,291,372 | 383,932 |
| Reserve Liability | 63,449 | 199,980 | 262,953 | 476 |
| Park East Pledged TIF | 644,690 | 47 | 644,737 | - |
| Caesar's Donations | 879,233 | 1,474,893 | 1,562,665 | 791,461 |
| Self Insurance | 113,445 | 6,037,183 | 6,130,167 | 20,461 |
| Cemetery Endowment | 184,003 | 21,883 | 3,991 | 201,895 |
| Payroll | - | 24,009,245 | 24,009,245 | - |
| Stormwater Bond | 2,165,802 | 8,556 | 311,179 | 1,863,179 |
| SRF Debt Serv. Reserve | 592,936 | 868 | - | 593,804 |
| SRF Bond and Interest | 1,803,004 | 5,413,919 | 6,067,372 | 1,149,551 |
| Sanitation 1 | 355,414 | 2,481,575 | 2,487,233 | 349,756 |
| 2012 Debt Service Reserve | 2,476,786 | 1,142,410 | - | 3,619,196 |
| Sewer Bond 2016A | - | 13,434,531 | 1,022,672 | 12,411,859 |
| Wastewater Utility-Operating | 7,648,098 | 16,783,724 | 17,784,030 | 6,647,792 |
| Sewer Operating Reserve | 60,622 | - | - | 60,622 |
| Totals | \$ 47,276,852 | \$ 120,995,390 | \$ 110,312,329 | \$ 57,959,913 |

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

CITY OF NEW ALBANY
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 nonbusinesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF NEW ALBANY
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, 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.

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

E. Disbursements

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

Personal services. 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 NEW ALBANY
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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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 NEW ALBANY
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:

CITY OF NEW ALBANY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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 NEW ALBANY
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. Other Postemployment Benefits

The City provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all policeman and fireman who retire from the City with at least 20 years of service and to Local 1861 Union and CWA Communications Union employees who retire from the City with at least 10 years of service. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained from the City.

Note 8. Fund Name Reclassifications

For the year ended December 31, 2015, certain changes have been made to some of the fund names on the financial statement. The following schedule presents a summary of fund name reclassifications:

CITY OF NEW ALBANY
 NOTES TO FINANCIAL STATEMENT
 (Continued)

| Fund Name Prior Report | Fund Name Current Report |
|----------------------------|-------------------------------|
| TIF Charlestown Rd | Redevelopment Bond (Proceeds) |
| Park Cumulative Capital | Cumulative Park |
| EDIT | CEDIT Capital Projects |
| Local Law Grant | Federal Grants |
| Crimes Against Children | Police/Child Victim |
| Redev 05 Bond Reserve | TIF Financing |
| Interest-Federal Equit Shr | Federal Surplus Property |
| Tax Abatement | Abatement |
| Emergency Medical Services | Ambulance/Ems Non Rev |
| Parks Shelterhouse N/R | Shelterhouse Parks |
| Home Rehab Program | Homes Improvement |
| Rehab Loan Escrow | Rental Rehab |
| NA Highway 111 Fund | Highway 111 |
| Sanitation Fund | Sanitation 2 |
| Medical/Drug Fund | Self Insurance |
| Fairview Cemetery Perp Car | Cemetery Endowment |

Note 9. Subsequent Events

On November 14, 2017, the Redevelopment Commission (Commission) adopted Resolution RC-07-17 authorizing the refunding of District Tax Increment Revenue Bond obligations. The Series 2007 State Street TIF was refunded as Series 2018A in the amount of \$1,065,000 at an interest rate of 3.05 percent over 4 years; the Series 2008 Grant Line/Park East TIF was refunded as Series 2018B in the amount of \$3,945,000 at an interest rate of 3.31 percent for 9 years; and the Series 2008 State Street Garage TIF was refunded as 2018C in the amount of \$725,000 at an interest rate of 3.05 percent for 7 years. The Common Council also approved the refunding by adopting Resolution 17R-36 on November 16, 2017. The Commission completed the refunding of the bonds on January 31, 2018.

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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 NEW ALBANY
 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 | Parking Meter | Park Nonreverting Operating | Abandoned Vehicle |
|--|------------|-----------------------------|--------------------------------|------------------|-----------------------------------|----------------------|
| Cash and investments - beginning | \$ 58,595 | \$ 51,549 | \$ 452,298 | \$ 102,222 | \$ 14,579 | \$ 160,379 |
| Receipts: | | | | | | |
| Taxes | 13,835,400 | - | - | - | - | - |
| Licenses and permits | 719,906 | - | - | - | - | - |
| Intergovernmental receipts | 7,122,348 | 1,416,366 | 427,920 | - | - | - |
| Charges for services | 1,129,118 | 3,676 | 246,924 | 6,420 | 42,396 | 153,169 |
| Fines and forfeits | - | - | - | 91,993 | - | 20,975 |
| Utility fees | - | - | - | - | - | - |
| Other receipts | 198,362 | 33,904 | - | - | - | - |
| Total receipts | 23,005,134 | 1,453,946 | 674,844 | 98,413 | 42,396 | 174,144 |
| Disbursements: | | | | | | |
| Personal services | 19,285,215 | 1,021,969 | - | 38,468 | - | - |
| Supplies | 778,297 | 137,097 | - | - | - | 12,742 |
| Other services and charges | 2,917,632 | 190,232 | 427,430 | 45,504 | 33,927 | 103,214 |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | 76,359 | - | 63,581 | - | 15,947 | 30,964 |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - |
| Total disbursements | 23,057,503 | 1,349,298 | 491,011 | 83,972 | 49,874 | 146,920 |
| Excess (deficiency) of receipts over disbursements | (52,369) | 104,648 | 183,833 | 14,441 | (7,478) | 27,224 |
| Cash and investments - ending | \$ 6,226 | \$ 156,197 | \$ 636,131 | \$ 116,663 | \$ 7,101 | \$ 187,603 |

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

| | Coyle Bond | Law Enforcement Continuing Education | Unsafe Building | Riverboat | Rainy Day | Grant Line Bond TIF |
|--|---------------|---|--------------------|--------------|--------------|------------------------------|
| Cash and investments - beginning | \$ 205,996 | \$ 27,545 | \$ 121,158 | \$ 2,510,422 | \$ 711,896 | \$ 2,320,708 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | 3,870,205 | - |
| Licenses and permits | - | 34,860 | - | - | - | - |
| Intergovernmental receipts | - | - | - | 836,226 | - | - |
| Charges for services | - | 10,453 | 94,370 | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | 1,358 |
| Total receipts | - | 45,313 | 94,370 | 836,226 | 3,870,205 | 1,358 |
| Disbursements: | | | | | | |
| Personal services | - | - | 36,591 | - | - | - |
| Supplies | - | 523 | - | - | - | - |
| Other services and charges | 114,412 | 24,775 | 175,000 | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | 1,930,698 | 1,855,804 | 41,704 |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | 110,000 | - | - |
| Total disbursements | 114,412 | 25,298 | 211,591 | 2,040,698 | 1,855,804 | 41,704 |
| Excess (deficiency) of receipts over disbursements | (114,412) | 20,015 | (117,221) | (1,204,472) | 2,014,401 | (40,346) |
| Cash and investments - ending | \$ 91,584 | \$ 47,560 | \$ 3,937 | \$ 1,305,950 | \$ 2,726,297 | \$ 2,280,362 |

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

| | Redevelopment Bond (Proceeds) | Cumulative Park | Cumulative Capital Improvement | CEDIT Capital Projects | Police Pension | Fire Pension |
|--|-------------------------------------|--------------------|--------------------------------------|------------------------------|-------------------|-----------------|
| Cash and investments - beginning | \$ 6,218,679 | \$ 80,629 | \$ 86,899 | \$ 2,391,239 | \$ 996,738 | \$ 282,138 |
| Receipts: | | | | | | |
| Taxes | 2,433,568 | 103,623 | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | 7,424 | 92,702 | 3,133,692 | 1,578,701 | 2,034,817 |
| Charges for services | - | 899 | - | 11,425 | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | 9,450 | - | - | 224,460 | - | - |
| Total receipts | 2,443,018 | 111,946 | 92,702 | 3,369,577 | 1,578,701 | 2,034,817 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | 967,796 | 1,893,255 | 2,182,969 |
| Supplies | - | - | - | 1,496 | 215 | 35 |
| Other services and charges | - | - | - | 348,445 | 984 | 545 |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | 1,869,122 | 131,805 | 128,475 | 2,401,570 | 325 | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - |
| Total disbursements | 1,869,122 | 131,805 | 128,475 | 3,719,307 | 1,894,779 | 2,183,549 |
| Excess (deficiency) of receipts over disbursements | 573,896 | (19,859) | (35,773) | (349,730) | (316,078) | (148,732) |
| Cash and investments - ending | \$ 6,792,575 | \$ 60,770 | \$ 51,126 | \$ 2,041,509 | \$ 680,660 | \$ 133,406 |

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

| | Federal Grants | Police/Child Victim | Communications Non Reverting | New Direction | Walking Patrol | Farmer's Market |
|---|-------------------|------------------------|------------------------------------|------------------|-------------------|--------------------|
| Cash and investments - beginning | \$ 520 | \$ 22 | \$ 15,336 | \$ 197 | \$ 15,035 | \$ 1,000 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - |
| Total receipts | - | - | - | - | - | - |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - |
| Total disbursements | - | - | - | - | - | - |
| Excess (deficiency) of receipts over disbursements | - | - | - | - | - | - |
| Cash and investments - ending | \$ 520 | \$ 22 | \$ 15,336 | \$ 197 | \$ 15,035 | \$ 1,000 |

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

| | TIF Grant Line Debt Reserve | TIF Spring Street Debt Reserve | TIF Financing | TIF Daisy Lane Bond Proceeds | Donations | Federal Surplus Property |
|--|---|--|------------------|--|------------|--------------------------------|
| Cash and investments - beginning | \$ 533,016 | \$ 202,950 | \$ 220,000 | \$ 276,450 | \$ 108,684 | \$ 22,640 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | 51,156 |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | - | - | - | - | 108,605 | 12 |
| Total receipts | - | - | - | - | 108,605 | 51,168 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | 2,500 |
| Other services and charges | - | - | - | - | 94,885 | 21,758 |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | 220,000 | - | - | - |
| Total disbursements | - | - | 220,000 | - | 94,885 | 24,258 |
| Excess (deficiency) of receipts over disbursements | - | - | (220,000) | - | 13,720 | 26,910 |
| Cash and investments - ending | \$ 533,016 | \$ 202,950 | \$ - | \$ 276,450 | \$ 122,404 | \$ 49,550 |

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

| | Grant Line Road TIF | Park East TIF | State Street TIF | Garage TIF | Old Monon TIF | Abatement |
|--|------------------------------|---------------------|------------------------|---------------|---------------------|------------|
| Cash and investments - beginning | \$ 2,175,355 | \$ 2,446,164 | \$ 3,212,754 | \$ 384,116 | \$ 665,890 | \$ 285,677 |
| Receipts: | | | | | | |
| Taxes | 877,767 | 1,767,743 | 881,131 | 513,457 | 637,691 | 93,553 |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | 3,016 | 4,283 | 4,547 | 285 | 1,079 | - |
| Total receipts | 880,783 | 1,772,026 | 885,678 | 513,742 | 638,770 | 93,553 |
| Disbursements: | | | | | | |
| Personal services | 105,518 | - | - | - | - | 75,081 |
| Supplies | - | - | - | - | - | - |
| Other services and charges | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | 1,175,606 | 1,005,806 | 1,678,442 | 726,462 | 439,522 | 124,830 |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - |
| Total disbursements | 1,281,124 | 1,005,806 | 1,678,442 | 726,462 | 439,522 | 199,911 |
| Excess (deficiency) of receipts over disbursements | (400,341) | 766,220 | (792,764) | (212,720) | 199,248 | (106,358) |
| Cash and investments - ending | \$ 1,775,014 | \$ 3,212,384 | \$ 2,419,990 | \$ 171,396 | \$ 865,138 | \$ 179,319 |

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

| | Ambulance/Ems Non Rev | Animal Control Runs Non Rever | City Redevelopment | Community Promotions | Fire Run Contracts Non Rev | Loop Island |
|---|-----------------------------|---|-----------------------|-------------------------|--|----------------|
| Cash and investments - beginning | \$ 31,663 | \$ 55,874 | \$ 7,402 | \$ 64 | \$ 137,554 | \$ 11,978 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | 8,598 |
| Licenses and permits | - | 13,769 | - | - | - | - |
| Intergovernmental receipts | - | - | 433,491 | - | - | - |
| Charges for services | 2,103 | 4,230 | 73,458 | - | 50,145 | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | - | - | 46 | - | - | - |
| Total receipts | 2,103 | 17,999 | 506,995 | - | 50,145 | 8,598 |
| Disbursements: | | | | | | |
| Personal services | - | - | 222,431 | - | - | - |
| Supplies | 29,468 | 2,493 | - | - | - | - |
| Other services and charges | - | 7,834 | - | - | 500 | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | 288,157 | - | 75,000 | 14,378 |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - |
| Total disbursements | 29,468 | 10,327 | 510,588 | - | 75,500 | 14,378 |
| Excess (deficiency) of receipts over disbursements | (27,365) | 7,672 | (3,593) | - | (25,355) | (5,780) |
| Cash and investments - ending | \$ 4,298 | \$ 63,546 | \$ 3,809 | \$ 64 | \$ 112,199 | \$ 6,198 |

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

| | Shelterhouse Parks | State Street Garage | Tree Board | Veterinary Non.Rev. | Homes Improvement | Rental Rehab |
|--|-----------------------|---------------------------|---------------|------------------------|----------------------|-----------------|
| Cash and investments - beginning | \$ 41,831 | \$ 156,172 | \$ 3,777 | \$ 47,220 | \$ 120,011 | \$ 44,023 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - |
| Charges for services | - | 28,199 | - | 28,831 | 4,850 | 16,743 |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - |
| Total receipts | - | 28,199 | - | 28,831 | 4,850 | 16,743 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | 71,763 | - | 20,722 | - | - |
| Other services and charges | - | - | 2,115 | 17,736 | - | 56,789 |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | 745 | - | - | - | 24 | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - |
| Total disbursements | 745 | 71,763 | 2,115 | 38,458 | 24 | 56,789 |
| Excess (deficiency) of receipts over disbursements | (745) | (43,564) | (2,115) | (9,627) | 4,826 | (40,046) |
| Cash and investments - ending | \$ 41,086 | \$ 112,608 | \$ 1,662 | \$ 37,593 | \$ 124,837 | \$ 3,977 |

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

| | Highway 111 | Stormwater | Sanitation 2 | Reserve Liability | Park East Pledged TIF | Caesar's Donations |
|--|----------------|--------------|-----------------|----------------------|--------------------------------|-----------------------|
| Cash and investments - beginning | \$ 893 | \$ 2,083,362 | \$ 188,071 | \$ 63,449 | \$ 644,690 | \$ 879,233 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - |
| Charges for services | 1,800 | - | - | - | 47 | 474,893 |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Other receipts | 1 | 1,961,644 | 2,487,233 | 199,980 | - | 1,000,000 |
| Total receipts | 1,801 | 1,961,644 | 2,487,233 | 199,980 | 47 | 1,474,893 |
| Disbursements: | | | | | | |
| Personal services | - | 892,528 | - | - | - | - |
| Supplies | - | 125,587 | - | - | - | - |
| Other services and charges | 1,980 | 385,621 | 2,291,372 | 262,953 | - | 1,562,665 |
| Debt service - principal and interest | - | 369,892 | - | - | - | - |
| Capital outlay | - | 76,573 | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | 6,845 | - | - | 644,737 | - |
| Total disbursements | 1,980 | 1,857,046 | 2,291,372 | 262,953 | 644,737 | 1,562,665 |
| Excess (deficiency) of receipts over disbursements | (179) | 104,598 | 195,861 | (62,973) | (644,690) | (87,772) |
| Cash and investments - ending | \$ 714 | \$ 2,187,960 | \$ 383,932 | \$ 476 | \$ - | \$ 791,461 |

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

| | Self Insurance | Cemetery Endowment | Payroll | Stormwater Bond | SRF Debt Serv. Reserve | SRF Bond and Interest |
|--|-------------------|-----------------------|------------|--------------------|---------------------------------|--------------------------------|
| Cash and investments - beginning | \$ 113,445 | \$ 184,003 | \$ - | \$ 2,165,802 | \$ 592,936 | \$ 1,803,004 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - |
| Charges for services | - | 21,610 | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | 868 | 3,707 |
| Other receipts | 6,037,183 | 273 | 24,009,245 | 8,556 | - | 5,410,212 |
| Total receipts | 6,037,183 | 21,883 | 24,009,245 | 8,556 | 868 | 5,413,919 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | 6,130,167 | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | 6,067,372 |
| Capital outlay | - | 3,991 | - | 297,001 | - | - |
| Utility operating expenses | - | - | - | 14,178 | - | - |
| Other disbursements | - | - | 24,009,245 | - | - | - |
| Total disbursements | 6,130,167 | 3,991 | 24,009,245 | 311,179 | - | 6,067,372 |
| Excess (deficiency) of receipts over disbursements | (92,984) | 17,892 | - | (302,623) | 868 | (653,453) |
| Cash and investments - ending | \$ 20,461 | \$ 201,895 | \$ - | \$ 1,863,179 | \$ 593,804 | \$ 1,149,551 |

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

| | Sanitation 1 | 2012 Debt Service Reserve | Sewer Bond 2016A | Wastewater Utility-Operating | Sewer Operating Reserve | Totals |
|--|-----------------|------------------------------------|------------------------|---------------------------------|-------------------------------|---------------|
| Cash and investments - beginning | \$ 355,414 | \$ 2,476,786 | \$ - | \$ 7,648,098 | \$ 60,622 | \$ 47,276,852 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | 25,022,736 |
| Licenses and permits | - | - | - | - | - | 768,535 |
| Intergovernmental receipts | - | - | - | - | - | 17,134,843 |
| Charges for services | - | - | - | - | - | 2,405,759 |
| Fines and forfeits | - | - | - | - | - | 112,968 |
| Utility fees | 2,481,575 | 2,911 | - | 16,773,767 | - | 19,262,828 |
| Other receipts | - | 1,139,499 | 13,434,531 | 9,957 | - | 56,287,721 |
| Total receipts | 2,481,575 | 1,142,410 | 13,434,531 | 16,783,724 | - | 120,995,390 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | 1,717,122 | - | 28,438,943 |
| Supplies | - | - | - | - | - | 1,182,938 |
| Other services and charges | - | - | - | 288,798 | - | 15,507,273 |
| Debt service - principal and interest | - | - | - | - | - | 6,437,264 |
| Capital outlay | - | - | - | 4,707,785 | - | 19,160,676 |
| Utility operating expenses | - | - | - | 5,766,563 | - | 5,780,741 |
| Other disbursements | 2,487,233 | - | 1,022,672 | 5,303,762 | - | 33,804,494 |
| Total disbursements | 2,487,233 | - | 1,022,672 | 17,784,030 | - | 110,312,329 |
| Excess (deficiency) of receipts over disbursements | (5,658) | 1,142,410 | 12,411,859 | (1,000,306) | - | 10,683,061 |
| Cash and investments - ending | \$ 349,756 | \$ 3,619,196 | \$ 12,411,859 | \$ 6,647,792 | \$ 60,622 | \$ 57,959,913 |

CITY OF NEW ALBANY
SCHEDULE OF LEASES AND DEBT
December 31, 2016

| Lessor | Purpose | Annual Lease Payment | Lease Beginning Date | Lease Ending Date |
|------------------------------------|----------------------------|----------------------|----------------------|-------------------|
| Governmental activities: | | | | |
| ally | Redevelopment Vehicle 5720 | \$ 7,290 | 04/27/2016 | 04/27/2020 |
| ally | Fire Vehicle 3545 | 15,643 | 03/26/2013 | 03/26/2017 |
| ally | Police Vehicle 0221 | 12,624 | 09/05/2015 | 08/05/2018 |
| ally | Fire Vehicle 5172 | 16,903 | 03/26/2013 | 03/26/2017 |
| ally | Police Vehicle 0857 | 16,668 | 03/05/2016 | 02/05/2019 |
| ally | Parks Truck 3257 | 5,459 | 02/20/2013 | 02/19/2017 |
| ally | Fire Vehicle 8462 | 5,385 | 04/27/2016 | 04/27/2020 |
| ally | Fire Vehicle 5439 | 8,351 | 12/20/2013 | 12/20/2018 |
| ally | Fire Vehicle 9475 | 14,930 | 07/29/2015 | 07/29/2019 |
| ally | Parks 9982 | 4,661 | 09/28/2016 | 08/28/2019 |
| ally | Fire Vehicle 9052 | 7,240 | 12/20/2013 | 12/20/2018 |
| New Albany Redevelopment Authority | Scribner Aquatic Center | 1,231,000 | 12/12/2005 | 02/01/2022 |
| New Albany Redevelopment Authority | Park Facilities | 1,685,000 | 03/12/2013 | 01/01/2036 |
| P&B Towers | Fire Radio Tower | 15,532 | 04/12/2012 | 04/12/2022 |
| TCF Equipment Finance | Street Sweeper 7741 | 42,443 | 08/16/2017 | 04/18/2024 |
| TCF Equipment Finance | Street Sweeper 4223 | 31,558 | 03/16/2016 | 03/16/2020 |
| Wells Fargo Financial Leasing | Parks Mowers 0287 & 0632 | 9,335 | 04/18/2016 | 01/01/2018 |
| Total governmental activities | | <u>3,130,022</u> | | |
| Wastewater: | | | | |
| Sun Trust | Freightliner Aquatech 0283 | <u>63,403</u> | 06/27/2013 | 07/01/2017 |
| Total of annual lease payments | | <u>\$ 3,193,425</u> | | |

| Type | Description of Debt | Purpose | Ending Principal Balance | Principal and Interest Due Within One Year |
|-------------------------------|---|---------|--------------------------|--|
| Governmental activities: | | | | |
| Revenue bonds | NARC Installment Purchase Contract (Road Extension Project) | | \$ 3,500,000 | \$ 235,664 |
| Revenue bonds | TIF Bonds Series 2015A Coyle Property | | 985,000 | 73,389 |
| Revenue bonds | TIF Bonds Series 2015B Coyle Property | | 3,235,000 | 234,769 |
| Revenue bonds | TIF Bonds State Street (Daisy Lane Project) | | 1,425,000 | 269,347 |
| Revenue bonds | TIF Bonds State Street Parking Garage | | 1,385,000 | 198,825 |
| Revenue bonds | TIF Park East and Grant Line Series 2008 | | 4,440,000 | 523,558 |
| Notes and loans payable | Fire Ladder Truck Loan | | 811,387 | 172,669 |
| Notes and loans payable | Firehouse Loan | | 4,014,654 | 416,222 |
| Total governmental activities | | | <u>19,796,041</u> | <u>2,124,443</u> |
| Wastewater: | | | | |
| Revenue bonds | Sewage Works Refunding Bonds Series 2012 | | 5,070,000 | 371,550 |
| Revenue bonds | Sewage Works Revenue Bonds of 2006 (SRF) | | 697,000 | 110,610 |
| Revenue bonds | Sewage Works Revenue Bonds of 2010 (SRF) | | 5,568,000 | 482,326 |
| Revenue bonds | Sewage Works Revenue Bonds of 2014 | | 24,668,000 | 2,472,964 |
| Revenue bonds | Sewage Works Revenue Bonds Series 2016A | | 13,500,000 | 330,691 |
| Revenue bonds | Sewage Works Revenue Refunding Bonds Series 2016B | | 3,190,000 | 1,299,028 |
| Notes and loans payable | WTP Land Acquisition | | 2,250,000 | 250,000 |
| Total Wastewater | | | <u>54,943,000</u> | <u>5,317,169</u> |
| Totals | | | <u>\$ 74,739,041</u> | <u>\$ 7,441,612</u> |

CITY OF NEW ALBANY
 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 | \$ 24,219,113 |
| Infrastructure | 242,064,340 |
| Buildings | 30,965,213 |
| Improvements other than buildings | 46,346,796 |
| Machinery, equipment, and vehicles | 24,828,103 |
| Construction in progress | <u>5,640,768</u> |
| Total governmental activities | <u>374,064,333</u> |
| Wastewater: | |
| Land | 980,572 |
| Infrastructure | 104,117,173 |
| Buildings | 1,251,253 |
| Improvements other than buildings | 12,844,066 |
| Machinery, equipment, and vehicles | <u>6,501,266</u> |
| Total Wastewater | <u>125,694,330</u> |
| Total capital assets | <u><u>\$ 499,758,663</u></u> |

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CITY OF NEW ALBANY, FLOYD COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the City of New Albany's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2016. The City's major federal program is 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 the City's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the 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 its major federal program for the year ended December 31, 2016.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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

October 23, 2018

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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 NEW ALBANY
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 | Passed Through to Subrecipient | Total Federal Awards Expended |
|---|--------------------------------------|---------------------------|--|-----------------------------------|-------------------------------------|
| <u>Department of Housing and Urban Development</u> | | | | | |
| Community Development Block Grants/Entitlement Grants | Direct Grant | 14.218 | | | |
| FY14 | | | B-14-MC-180018 | \$ - | \$ 31,129 |
| FY15 | | | B-15 MC-180018 | 28,310 | 330,471 |
| FY16 | | | B-16-MC-180018 | 6,841 | 71,892 |
| Total - Community Development Block Grants/Entitlement Grants | | | | 35,150 | 433,492 |
| Total - Department of Housing and Urban Development | | | | 35,150 | 433,492 |
| <u>Department of Justice</u> | | | | | |
| Equitable Sharing Program | Direct Grant | 16.922 | | | |
| Federal Equitable Share | | | 2016 | - | 24,258 |
| Total - Department of Justice | | | | - | 24,258 |
| <u>Department of Transportation</u> | | | | | |
| Highway Planning and Construction Cluster | | | | | |
| Highway Planning and Construction | Indiana Department of Transportation | 20.205 | | | |
| Spring & Market (1-way/2-way) Road Construction | | | DES#0901275 | - | 132,035 |
| Ohio River Greenway-Water St./18th St | | | DES#0902325 | - | 1,807 |
| McDonald Lane Rehabilitation | | | DES#0300779 | - | 100,267 |
| Reconstruction of Mt. Tabor | | | DES#0710808 | - | 235,411 |
| Grant Line Bike/Ped Way | | | DES#0710810 | - | 2,397 |
| Grant Line 111 South | | | DES#0901276 | - | 69,914 |
| Spring St/Silver St Intersection | | | DES#1006046 | - | 45,971 |
| Charlestown Rd/Beechwood Ave Intersection | | | DES#1006047 | - | 2,764 |
| Warning Regulatory Sign Inventory & Implementation Plan | | | DES#1172394 | - | 10,025 |
| Comprehensive Transportation Safety Plan | | | DES#1173185 | - | 15,201 |
| Sign Inventory Highway Plan & MUCTD Upgrade | | | DES#1173188 | - | 191,887 |
| State St Traffic Signals | | | DES#800745 | - | 131,244 |
| Total - Highway Planning and Construction Cluster | | | | - | 938,923 |
| Highway Safety Cluster | | | | | |
| State and Community Highway Safety | Indiana Criminal Justice Institute | 20.600 | | | |
| Fiscal Year 2016 | | | D3-15-8960 | - | 22,371 |
| Total - Highway Safety Cluster | | | | - | 22,371 |
| Total - Department of Transportation | | | | - | 961,294 |
| <u>Department of Homeland Security</u> | | | | | |
| Assistance to Firefighters Grant | Direct Grant | 97.044 | | | |
| Fire Air Canisters | | | EMW-2014-FO-04062 | - | 226,728 |
| Total - Department of Homeland Security | | | | - | 226,728 |
| Total federal awards expended | | | | \$ 35,150 | \$ 1,645,772 |

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

CITY OF NEW ALBANY
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 NEW ALBANY
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 program: | |
| Material weakness identified? | no |
| Significant deficiency identified? | none reported |
| Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? | no |

Identification of Major Program and type of auditor's report issued on compliance for it:

| <u>Name of Federal Program or Cluster</u> | <u>Opinion Issued</u> |
|---|-----------------------|
| Highway Planning and Construction Cluster | Unmodified |

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

| | |
|--|----|
| Auditee qualified as low-risk auditee? | no |
|--|----|

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENT

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



New Albany Redevelopment Commission

Department of Redevelopment
Room 325, City-County Building
311 Hauss Square
New Albany, Indiana 47150-3586
Phone: 1.812.948.5333 FAX: 1.812.948.6803

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001 Reporting

Original Assigned SBA Audit Report Number: B47669

Report Period: 1/1/2016 to 12/31/2016


Pass-Through Entity or Federal Grantor Agency: Department of Housing and Urban Development

Contact Person Responsible for Corrective Action: Josh Staten

Contact Phone Number: 812-948-5333

Status of Audit Finding:

Internal controls were implemented in December, 2016 to provide additional verification procedures for figures reported in the HUD program for contracts. Procedures as described in the Corrective Action Plan signed and dated December 16, 2016 have continued to be followed and reviewed.



Josh Staten
Director of Redevelopment
September 4, 2018

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/>.