

**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, 2017 to December 31, 2017



**FILED**  
11/30/2018



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	10
Notes to Financial Statement .....	11-16
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	18-27
Schedule of Leases and Debt .....	28
Schedule of Capital Assets.....	29
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance .....	32-33
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	36
Notes to Schedule of Expenditures of Federal Awards .....	37
Schedule of Findings and Questioned Costs .....	38-40
Auditee-Prepared Document:	
Corrective Action Plan .....	42
Other Reports.....	43

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Linda Moeller	01-01-17 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	01-01-17 to 12-31-18
President of the Common Council	Pat McLaughlin Dr. Al Knable	01-01-17 to 12-31-17 01-01-18 to 12-31-18
Utility Office Manager	April Dickey	01-01-17 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, 2017, 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, 2017.

***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, 2017, 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

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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, 2017, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider to be a material weakness.

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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001.

**City of New Albany's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

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, 2017

Fund	Cash and Investments		Cash and Investments	
	01-01-17	Receipts	Disbursements	12-31-17
General	\$ 6,226	\$ 24,527,358	\$ 24,504,104	\$ 29,480
Motor Vehicle Highway	156,196	1,379,959	1,495,174	40,981
Local Road And Street	636,132	618,596	668,622	586,106
Parking Meter	116,663	112,664	150,890	78,437
Park Nonreverting Operating	7,101	28,758	32,980	2,879
Abandoned Vehicle	187,603	147,520	177,093	158,030
Coyle Bond	91,585	-	91,585	-
Law Enforcement Continuing Education	47,561	26,412	34,965	39,008
Unsafe Building	3,938	36,776	38,612	2,102
Riverboat	1,305,950	859,645	963,691	1,201,904
Rainy Day	2,726,297	-	1,569,859	1,156,438
Grant Line Bond TIF	2,280,363	7,606	74,838	2,213,131
Redevelopment Bond (Proceeds)	6,792,576	2,935,822	2,399,426	7,328,972
Cumulative Park	60,770	117,486	135,627	42,629
Cumulative Capital Improvement	51,126	88,453	71,722	67,857
CEDIT Capital Projects	2,041,508	3,545,415	3,832,167	1,754,756
Police Pension	680,661	1,858,616	1,891,462	647,815
Fire Pension	133,405	2,036,769	2,121,217	48,957
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 Daisy Lane Bond Proceeds	276,450	-	-	276,450
Rental Housing	-	3,170	-	3,170
Community Crossing Matching Grant	-	1,000,000	1,000,000	-
Construction 2017C Bond	-	2,155,500	430,531	1,724,969
DSR Bond 2017C	-	239,500	-	239,500
Donations	122,404	83,602	133,059	72,947
Federal Surplus Property	49,551	219,396	19,286	249,661
Grant Line Road TIF	1,775,014	561,560	1,155,159	1,181,415
Park East TIF	3,212,384	963,770	939,992	3,236,162
State Street TIF	2,419,991	1,413,773	2,635,413	1,198,351
Garage TIF	171,396	685,491	515,403	341,484
Old Monon TIF	865,138	979,626	1,434,272	410,492
Abatement	179,319	48,811	71,691	156,439
Ambulance/Ems Non Rev	4,297	923	-	5,220
Animal Control Runs Non Revert	63,545	30,255	59,751	34,049
City Redevelopment	3,808	444,116	447,915	9
Community Promotions	64	-	-	64
Fire Run Contracts Non Rev	112,198	50,195	74,953	87,440
Loop Island	6,198	192,086	150,528	47,756
Shelterhouse Parks	41,086	-	32,740	8,346
State Street Garage	112,608	10,586	61,489	61,705
Tree Board	1,662	-	1,440	222
Veterinary Non.Rev.	37,593	31,111	63,720	4,984
Homes Improvement	124,837	4,808	25	129,620
Rental Rehab	3,978	-	3,966	12
Highway 111	714	-	714	-
Stormwater	2,187,960	1,987,392	1,908,089	2,267,263
Sanitation 2	383,933	2,446,111	2,439,087	390,957
Reserve Liability	476	288,000	287,398	1,078
Caesar's Donations	791,461	2,328,034	2,344,494	775,001
Self Insurance	20,461	7,062,713	7,021,367	61,807
Cemetery Endowment	201,894	21,308	43,732	179,470
Payroll	-	24,345,766	24,345,766	-
Stormwater Bond	1,863,180	6,769	1,608,191	261,758
SRF Debt Serv. Reserve	593,804	3,850	1,847	595,807
SRF Bond and Interest	1,149,553	5,902,392	5,067,169	1,984,776
Sanitation 1	349,755	2,448,686	2,446,111	352,330
2012 Debt Service Reserve	3,619,196	41,209	26,698	3,633,707
Sewer Bond 2016A	12,411,858	-	608,465	11,803,393
Wastewater Utility-Operating	6,647,792	16,487,611	17,160,005	5,975,398
Sewer Operating Reserve	60,622	-	-	60,622
<b>Totals</b>	<b>\$ 57,959,917</b>	<b>\$ 110,815,975</b>	<b>\$ 114,794,500</b>	<b>\$ 53,981,392</b>

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

CITY OF 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, 2017 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:

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

CITY OF NEW ALBANY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

CITY OF 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. Subsequent Events**

On November 14, 2017, the Redevelopment 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 Redevelopment Commission completed the refunding of the bonds on January 31, 2018.

#### 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, 2017

	General	Motor Vehicle Highway	Local Road And Street	Parking Meter	Park Nonreverting Operating	Abandoned Vehicle	Coyle Bond
Cash and investments - beginning	\$ 6,226	\$ 156,196	\$ 636,132	\$ 116,663	\$ 7,101	\$ 187,603	\$ 91,585
Receipts:							
Taxes	20,723,384	-	-	-	-	-	-
Licenses and permits	749,774	-	-	-	-	-	-
Intergovernmental receipts	1,543,430	1,377,319	545,472	-	-	-	-
Charges for services	1,234,982	2,640	73,124	112,664	28,758	128,015	-
Fines and forfeits	-	-	-	-	-	19,505	-
Utility fees	-	-	-	-	-	-	-
Other receipts	275,788	-	-	-	-	-	-
Total receipts	24,527,358	1,379,959	618,596	112,664	28,758	147,520	-
Disbursements:							
Personal services	20,080,954	1,233,988	-	31,678	-	-	-
Supplies	799,207	119,024	-	50	-	17,806	-
Other services and charges	3,469,760	142,162	400,145	84,998	32,880	113,637	91,585
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	114,556	-	268,477	34,164	-	45,650	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	39,627	-	-	-	100	-	-
Total disbursements	24,504,104	1,495,174	668,622	150,890	32,980	177,093	91,585
Excess (deficiency) of receipts over disbursements	23,254	(115,215)	(50,026)	(38,226)	(4,222)	(29,573)	(91,585)
Cash and investments - ending	\$ 29,480	\$ 40,981	\$ 586,106	\$ 78,437	\$ 2,879	\$ 158,030	\$ -

CITY OF NEW ALBANY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Law Enforcement Continuing Education	Unsafe Building	Riverboat	Rainy Day	Grant Line Bond TIF	Redevelopment Bond (Proceeds)	Cumulative Park
Cash and investments - beginning	\$ 47,561	\$ 3,938	\$ 1,305,950	\$ 2,726,297	\$ 2,280,363	\$ 6,792,576	\$ 60,770
Receipts:							
Taxes	-	-	-	-	-	2,926,050	108,109
Licenses and permits	17,158	-	-	-	-	-	-
Intergovernmental receipts	-	-	859,645	-	-	-	8,563
Charges for services	9,254	36,776	-	-	-	-	814
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	7,606	9,772	-
Total receipts	26,412	36,776	859,645	-	7,606	2,935,822	117,486
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	616	-	-	-	-	-	-
Other services and charges	34,349	38,612	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	898,691	1,569,859	74,838	2,399,426	135,627
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	65,000	-	-	-	-
Total disbursements	34,965	38,612	963,691	1,569,859	74,838	2,399,426	135,627
Excess (deficiency) of receipts over disbursements	(8,553)	(1,836)	(104,046)	(1,569,859)	(67,232)	536,396	(18,141)
Cash and investments - ending	\$ 39,008	\$ 2,102	\$ 1,201,904	\$ 1,156,438	\$ 2,213,131	\$ 7,328,972	\$ 42,629

CITY OF NEW ALBANY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Cumulative Capital Improvement	CEDIT Capital Projects	Police Pension	Fire Pension	Federal Grants	Police/Child Victim	Communications Non Reverting
Cash and investments - beginning	\$ 51,126	\$ 2,041,508	\$ 680,661	\$ 133,405	\$ 520	\$ 22	\$ 15,336
Receipts:							
Taxes	-	3,536,134	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	88,453	-	1,858,616	2,036,769	-	-	-
Charges for services	-	9,281	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	88,453	3,545,415	1,858,616	2,036,769	-	-	-
Disbursements:							
Personal services	-	1,083,707	1,890,156	2,120,697	-	-	-
Supplies	-	2,512	266	40	-	-	-
Other services and charges	-	399,730	1,040	480	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	71,722	2,346,218	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	71,722	3,832,167	1,891,462	2,121,217	-	-	-
Excess (deficiency) of receipts over disbursements	16,731	(286,752)	(32,846)	(84,448)	-	-	-
Cash and investments - ending	\$ 67,857	\$ 1,754,756	\$ 647,815	\$ 48,957	\$ 520	\$ 22	\$ 15,336

CITY OF NEW ALBANY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	New Direction	Walking Patrol	Farmer's Market	TIF Grant Line Debt Reserve	TIF Spring Street Debt Reserve	TIF Daisy Lane Bond Proceeds	Rental Housing
Cash and investments - beginning	\$ 197	\$ 15,035	\$ 1,000	\$ 533,016	\$ 202,950	\$ 276,450	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	3,170
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	3,170
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	-	-	-	-	-	-	3,170
Cash and investments - ending	\$ 197	\$ 15,035	\$ 1,000	\$ 533,016	\$ 202,950	\$ 276,450	\$ 3,170

CITY OF NEW ALBANY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Community Crossing Matching Grant	Construction 2017C Bond	DSR Bond 2017C	Donations	Federal Surplus Property	Grant Line Road TIF	Park East TIF
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 122,404	\$ 49,551	\$ 1,775,014	\$ 3,212,384
Receipts:							
Taxes	-	-	-	-	-	559,390	959,151
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	219,330	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,000,000	2,155,500	239,500	83,602	66	2,170	4,619
Total receipts	1,000,000	2,155,500	239,500	83,602	219,396	561,560	963,770
Disbursements:							
Personal services	-	-	-	-	-	130,714	-
Supplies	-	-	-	-	-	-	-
Other services and charges	1,000,000	-	-	133,059	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	369,079	-	-	11,686	1,024,445	939,992
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	61,452	-	-	7,600	-	-
Total disbursements	1,000,000	430,531	-	133,059	19,286	1,155,159	939,992
Excess (deficiency) of receipts over disbursements	-	1,724,969	239,500	(49,457)	200,110	(593,599)	23,778
Cash and investments - ending	\$ -	\$ 1,724,969	\$ 239,500	\$ 72,947	\$ 249,661	\$ 1,181,415	\$ 3,236,162

CITY OF NEW ALBANY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	State Street TIF	Garage TIF	Old Monon TIF	Abatement	Ambulance/Ems Non Rev	Animal Control Runs Non Rever	City Redevelopment
Cash and investments - beginning	\$ 2,419,991	\$ 171,396	\$ 865,138	\$ 179,319	\$ 4,297	\$ 63,545	\$ 3,808
Receipts:							
Taxes	1,411,789	685,378	978,733	-	-	-	-
Licenses and permits	-	-	-	-	-	18,545	-
Intergovernmental receipts	-	-	-	-	-	-	407,113
Charges for services	-	-	-	48,811	923	11,710	36,983
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,984	113	893	-	-	-	20
Total receipts	1,413,773	685,491	979,626	48,811	923	30,255	444,116
Disbursements:							
Personal services	-	-	-	24,990	-	-	155,441
Supplies	-	-	-	-	-	39,721	-
Other services and charges	-	-	-	-	-	20,030	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	2,635,413	515,403	1,434,272	46,701	-	-	292,474
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	2,635,413	515,403	1,434,272	71,691	-	59,751	447,915
Excess (deficiency) of receipts over disbursements	(1,221,640)	170,088	(454,646)	(22,880)	923	(29,496)	(3,799)
Cash and investments - ending	\$ 1,198,351	\$ 341,484	\$ 410,492	\$ 156,439	\$ 5,220	\$ 34,049	\$ 9

CITY OF NEW ALBANY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Community Promotions	Fire Run Contracts Non Rev	Loop Island	Shelterhouse Parks	State Street Garage	Tree Board	Veterinary Non.Rev.
Cash and investments - beginning	\$ 64	\$ 112,198	\$ 6,198	\$ 41,086	\$ 112,608	\$ 1,662	\$ 37,593
Receipts:							
Taxes	-	-	192,070	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	50,195	-	-	10,586	-	31,111
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	16	-	-	-	-
Total receipts	-	50,195	192,086	-	10,586	-	31,111
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	61,489	-	44,872
Other services and charges	-	12,000	-	-	-	1,440	18,848
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	62,953	150,528	32,740	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	74,953	150,528	32,740	61,489	1,440	63,720
Excess (deficiency) of receipts over disbursements	-	(24,758)	41,558	(32,740)	(50,903)	(1,440)	(32,609)
Cash and investments - ending	\$ 64	\$ 87,440	\$ 47,756	\$ 8,346	\$ 61,705	\$ 222	\$ 4,984

CITY OF NEW ALBANY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Homes Improvement	Rental Rehab	Highway 111	Stormwater	Sanitation 2	Reserve Liability	Caesar's Donations
Cash and investments - beginning	\$ 124,837	\$ 3,978	\$ 714	\$ 2,187,960	\$ 383,933	\$ 476	\$ 791,461
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	4,808	-	-	-	-	-	1,191,034
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	1,987,392	2,446,111	288,000	1,137,000
Total receipts	4,808	-	-	1,987,392	2,446,111	288,000	2,328,034
Disbursements:							
Personal services	-	-	-	989,158	-	-	-
Supplies	-	-	-	148,381	-	-	-
Other services and charges	-	3,966	50	305,769	2,439,087	287,398	2,344,494
Debt service - principal and interest	-	-	-	372,372	-	-	-
Capital outlay	25	-	-	66,361	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	664	26,048	-	-	-
Total disbursements	25	3,966	714	1,908,089	2,439,087	287,398	2,344,494
Excess (deficiency) of receipts over disbursements	4,783	(3,966)	(714)	79,303	7,024	602	(16,460)
Cash and investments - ending	\$ 129,620	\$ 12	\$ -	\$ 2,267,263	\$ 390,957	\$ 1,078	\$ 775,001

CITY OF NEW ALBANY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Self Insurance	Cemetery Endowment	Payroll	Stormwater Bond	SRF Debt Serv. Reserve	SRF Bond and Interest
Cash and investments - beginning	\$ 20,461	\$ 201,894	\$ -	\$ 1,863,180	\$ 593,804	\$ 1,149,553
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	14,003	21,035	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	3,850	14,705
Other receipts	7,048,710	273	24,345,766	6,769	-	5,887,687
Total receipts	7,062,713	21,308	24,345,766	6,769	3,850	5,902,392
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	7,021,367	10,132	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	5,067,169
Capital outlay	-	33,600	-	1,450,024	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	24,345,766	158,167	1,847	-
Total disbursements	7,021,367	43,732	24,345,766	1,608,191	1,847	5,067,169
Excess (deficiency) of receipts over disbursements	41,346	(22,424)	-	(1,601,422)	2,003	835,223
Cash and investments - ending	\$ 61,807	\$ 179,470	\$ -	\$ 261,758	\$ 595,807	\$ 1,984,776

CITY OF NEW ALBANY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Sanitation 1	2012 Debt Service Reserve	Sewer Bond 2016A	Wastewater Utility-Operating	Sewer Operating Reserve	Totals
Cash and investments - beginning	\$ 349,755	\$ 3,619,196	\$ 12,411,858	\$ 6,647,792	\$ 60,622	\$ 57,959,917
Receipts:						
Taxes	-	-	-	-	-	32,080,188
Licenses and permits	-	-	-	-	-	785,477
Intergovernmental receipts	-	-	-	-	-	8,944,710
Charges for services	-	-	-	-	-	3,057,507
Fines and forfeits	-	-	-	-	-	22,675
Utility fees	2,448,686	19,255	-	16,478,640	-	18,965,136
Other receipts	-	21,954	-	8,971	-	46,960,282
Total receipts	2,448,686	41,209	-	16,487,611	-	110,815,975
Disbursements:						
Personal services	-	-	-	1,758,946	-	29,500,429
Supplies	-	-	-	-	-	1,233,984
Other services and charges	-	-	-	-	-	18,407,018
Debt service - principal and interest	-	-	-	-	-	5,439,541
Capital outlay	-	-	608,150	3,178,708	-	20,811,782
Utility operating expenses	2,446,111	-	-	6,713,627	-	9,159,738
Other disbursements	-	26,698	315	5,508,724	-	30,242,008
Total disbursements	2,446,111	26,698	608,465	17,160,005	-	114,794,500
Excess (deficiency) of receipts over disbursements	2,575	14,511	(608,465)	(672,394)	-	(3,978,525)
Cash and investments - ending	\$ 352,330	\$ 3,633,707	\$ 11,803,393	\$ 5,975,398	\$ 60,622	\$ 53,981,392

CITY OF NEW ALBANY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
ally	Police Vehicle 0857	\$ 16,668	03/05/2016	02/05/2019
ally	Fire Vehicle 8462	5,385	04/27/2016	04/27/2020
ally	Fire Vehicle 8808	15,309	08/07/2017	08/07/2020
ally	Fire Vehicle 9475	14,930	07/29/2015	07/29/2019
ally	Redevelopment Vehicle 5720	7,290	04/27/2016	04/27/2020
ally	Police Vehicle 0221	12,624	09/05/2015	08/05/2018
ally	Parks Maintenance Truck 0568	6,006	02/28/2017	02/27/2022
ally	Parks Maintenance Truck 8579	6,006	02/28/2017	02/27/2022
ally	Parks Maintenance Truck 9809	3,489	02/28/2017	02/27/2022
ally	Parks 9982	4,661	09/28/2016	08/28/2019
ally	Parks Maintenance Truck 3529	3,747	02/28/2017	02/27/2022
ally	Parks Maintenance Truck 8077	3,683	02/28/2017	02/27/2022
New Albany Redevelopment Authority	New Money Lease (2017B)	113,851	05/25/2017	02/01/2029
New Albany Redevelopment Authority	Refunding of Series 2006 (2017A) Scribner	978,566	05/25/2017	02/01/2022
New Albany Redevelopment Authority	New Money Revenue (2017C)	75,775	05/25/2017	02/01/2029
New Albany Redevelopment Authority	Park Facilities	1,668,738	03/12/2013	01/01/2036
New Washington State Bank	Police Vehicle 0410	10,090	07/12/2017	06/12/2021
P&B Towers	Fire Radio Tower	2,994	03/01/2006	03/01/2020
P&B Towers	Fire Radio Tower	18,905	04/12/2012	04/12/2022
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 of annual lease payments		<u>\$ 3,009,610</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	TIF Bonds Series 2015A Coyle Property	\$ 945,000	\$ 72,005
Revenue bonds	TIF Bonds Series 2015B Coyle Property	3,110,000	235,357
Revenue bonds	TIF Bonds State Street (Daisy Lane Project)	1,210,000	265,375
Revenue bonds	TIF Bonds State Street Parking Garage	1,260,000	197,125
Revenue bonds	TIF Park East and Grant Line Series 2008	4,125,000	522,852
Revenue bonds	TIF Refunding Bonds	-	65,652
Revenue bonds	TIF Refunding Bonds Series 2018 A	-	10,135
Revenue bonds	TIF Refunding Bonds Series 2018 C	-	16,331
Revenue bonds	NARC Installment Purchase Contract (Road Extension Project)	3,366,179	235,664
Notes and loans payable	Fire Ladder Truck Loan	656,414	172,669
Notes and loans payable	Firehouse Loan	3,717,997	416,122
Total governmental activities		<u>18,390,590</u>	<u>2,209,287</u>
Wastewater:			
Revenue bonds	Sewage Works Refunding Bonds Series 2012	4,815,000	374,000
Revenue bonds	Sewage Works Revenue Bonds of 2006 (SRF)	605,000	110,154
Revenue bonds	Sewage Works Revenue Bonds of 2010 (SRF)	5,182,000	481,649
Revenue bonds	Sewage Works Revenue Bonds of 2014	22,755,000	2,467,539
Revenue bonds	Sewage Works Revenue Bonds Series 2016A	13,500,000	491,938
Revenue bonds	Sewage Works Revenue Refunding Bonds Series 2016B	1,930,000	1,965,126
Notes and loans payable	WTP Land Acquisition	2,000,000	250,000
Total Wastewater		<u>50,787,000</u>	<u>6,140,406</u>
Totals		<u>\$ 69,177,590</u>	<u>\$ 8,349,693</u>

CITY OF NEW ALBANY  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2017

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	\$ 24,374,924
Infrastructure	251,028,426
Buildings	31,249,079
Improvements other than buildings	46,491,926
Machinery, equipment, and vehicles	25,564,344
Construction in progress	<u>7,500,104</u>
Total governmental activities	<u>386,208,803</u>
Wastewater:	
Land	980,844
Infrastructure	106,270,308
Buildings	1,389,331
Improvements other than buildings	12,875,206
Machinery, equipment, and vehicles	6,813,509
Construction in progress	<u>6,593</u>
Total Wastewater	<u>128,335,791</u>
Total capital assets	<u>\$ 514,544,594</u>

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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, 2017. 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, 2017.

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, 2017

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
<b>Department of Housing and Urban Development</b>					
Community Development Block Grants/Entitlement Grants	Direct Grant	14.218			
FY15 CDBG			B-15 MC-180018	\$ -	\$ 141,749
FY16 CDBG			B-16-MC-180018	36,672	212,790
FY17 CDBG			B-17-MC-180018	16,132	52,574
Total - Community Development Block Grants/Entitlement Grants				52,804	407,113
Total - Department of Housing and Urban Development				52,804	407,113
<b>Department of Justice</b>					
Equitable Sharing Program	Direct Grant	16.922			
Federal Equitable Share			2017	-	19,286
Total - Department of Justice				-	19,286
<b>Department of Transportation</b>					
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	-	223,090
Ohio River Greenway-Water St./18th St			DES#0902325	-	74,954
McDonald Lane Rehabilitation			DES#0300779	-	388,199
Reconstruction of Mt. Tabor			DES#0710808	-	1,085,380
Grant Line Bike/Ped Way			DES#0710810	-	285
Grant Line 111 South			DES#0901276	-	210,768
Spring St/Silver St Intersection			DES#1006046	-	49,204
Comprehensive Transportation Safety Plan			DES#1173185	-	4,739
Sign Inventory Highway Plan & MUCTD Upgrade			DES#1173188	-	45,102
State St Traffic Signals			DES#800745	-	197,217
Total - Highway Planning and Construction Cluster				-	2,278,938
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600			
Fiscal Year 2016			D3-15-8960	-	22,347
Total - Highway Safety Cluster				-	22,347
Total - Department of Transportation				-	2,301,285
Total federal awards expended				\$ 52,804	\$ 2,727,684

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 County under programs of the federal government for the year ended December 31, 2017. 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 County, it is not intended to and does not present the financial position of the County.

**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?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

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
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**Section II - Financial Statement Findings**

**FINDING 2017-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Condition*

The City had not established effective internal controls to prevent, or detect and correct, errors in the grant information entered into the Indiana Gateway for Government Units financial reporting system, which is the source of the Schedule of Expenditures of Federal Awards (SEFA).

*Context*

Due to the lack of effective controls, the SEFA contained the following errors:

1. The Equitable Share Program expenditures were overstated by \$200,110.

CITY OF NEW ALBANY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. The Highway Planning and Construction Cluster expenditures were overstated by \$38,414.
3. The State and Community Highway Safety Grant expenditures were understated by \$7,296.
4. Some program and project titles, pass-through entities, and identifying numbers were incorrect or were missing.

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities. . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

CITY OF NEW ALBANY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

The City's management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

The failure to establish and properly implement internal controls enabled material misstatements to go undetected. The SEFA contained the errors identified in the *Context*.

*Recommendation*

We recommended that the City's management establish controls to ensure accurate reporting of the SEFA.

*Views of Responsible Officials*

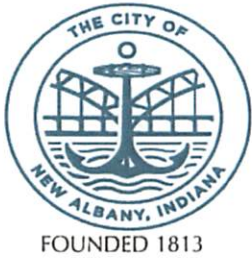
For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

No matters are reportable.

AUDITEE-PREPARED DOCUMENT

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



**City of New Albany**  
**Linda Moeller, City Controller**

**CORRECTIVE ACTION PLAN**

**FINDING 2017-001**

Contact Person Responsible for Corrective Action: Linda S. Moeller  
Contact Phone Number: 812-948-5333

Views of Responsible Official:

1. The finding that the Equitable Share Program was overstated by \$200,110 is misleading. One of the 15 columns in the Grant section of the Annual Report is a drop down to choose that it is an Advance or Reimbursement grant. A mouse click error chose Reimbursement. It had been reported correctly in prior years. The correction has been made to change the type of Grant to Advance in the Annual Report. The amount of funds reported was not changed and remains reported correctly.
2. The overstated amount on the Highway Planning and Construction Cluster was the result of an entry error on the tracking ledger. When the entry was identified and corrected there were no deficiencies.
3. The State and Community Highway Safety Grant (OPO) was understated on the annual report by \$7,296.02. Revenue of \$863.15 and \$6432.87 was receipted into a revenue account for State Grants in error. There were no deficiencies in funds.
4. Program titles that were deemed incorrect included the symbol "&" for the word and. The abbreviation "HWY" for Highway. These were very minor updates but all corrected in the annual report.

Description of Corrective Action Plan:

Prior to figures being provided to the Controller for reporting in the Annual Report the figures will be authenticated by an additional person in that office and signed.  
Upon completion of the Annual Report by the Controller, the Financial Data By Fund and Grants segments will be reviewed and signed by an individual in the Controller's Office as verification of accuracy prior to submitting in Gateway.  
A policy has been established to better outline the steps and responsibilities of the Operation Pullover Grant.

Anticipated Completion Date: 10/4/2018

Linda Moeller  
(Signature)

Controller  
(Title)

Oct 10 2018  
(Date)

#### OTHER REPORTS

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