

Council votes to address overdrawn balances

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Evansville's general fund is upside down by \$10 million, a problem created by limited incoming property tax revenue streams, city officials say.

City Council helped the administration work toward reducing their deficit by passing a lengthy finance ordinance Monday. The ordinance will allow the City to place \$4.5 million into the general fund that will help with ongoing balances moving forward, City Controller Russ Lloyd Jr. said.

Before the City can implement the appropriation, the state must approve the finance ordinance which is expected as early as the end of this month..

"The general fund was running negative for 10 out of 12 months," Lloyd Jr. told Council members Monday evening. "To improve it by \$4.5 million will be knocking out some of those negative months."

This isn't anything new.

The "overdrawn cash balance" issue has been noted

by the Indiana State Board of Accounts for more than 20 years spanning several administrations, officials said.

Within the finance ordinance, City Council members unanimously voted to shift funding in various accounts and eliminate positions through attrition to address the administration's "Corrective Action Plan" — a requirement of the Indiana State Board of Accounts after a government entity has repeat findings on its annual audit report.

The state's 2017 audit report for the City of Evansville — released in November 2018 — contained remarks about the city's "overdrawn cash balances."

Similar findings appeared on at least five reports prior to 2017.

"The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the Unit," according to the Indiana State Board of Accounts.

Despite the finding, city officials say the audit was "clean." The supplemental compliance report stated

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Russ Lloyd Jr., City Controller

the City had three "overdrawn cash balances" in the golf course (\$885,877), hospitalization debt (\$3.1 million) and sports non-reverting (\$212,313) accounts ending in Dec. 31, 2017.

Lloyd Jr. told C&P last year the sports non-reverting fund would be closed out with a final payment by the end of 2018; however, the hospitalization, golf course and general fund accounts will remain challenges.

The report also highlights eight additional funds that contained negative cash balances between Jan. 1

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