

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

ANNUAL FINANCIAL REPORT

2005

CITY OF EVANSVILLE

VANDERBURGH COUNTY, INDIANA



FILED
12/29/2006

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Lisa Acobert	01-01-05 to 12-31-06
Mayor	Jonathan Weinzapfel	01-01-04 to 12-31-07
President of the Board of Public Works	Jack McNeely	01-01-05 to 12-31-06
President of the Common Council	Steve Bagbey B. J. Watts	01-01-05 to 12-31-05 01-01-06 to 12-31-06
General Manager – Utilities	Harry Lawson	01-01-05 to 12-31-06
President of the Department of Waterworks Board	Randy Brown Stephen Titzer	01-01-05 to 12-31-05 01-01-06 to 12-31-06

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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
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evansville (City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2005, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated November 1, 2006, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

The Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities and Budgetary Comparison Schedules, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the table of contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedules, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

November 1, 2006



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Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

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

We have audited the financial statements of the City of Evansville (City), as of and for the year ended December 31, 2005, and have issued our report thereon dated November 1, 2006. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 1, 2006

Management's Discussion and Analysis

As management of the City of Evansville, Indiana ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2005. All amounts, unless otherwise indicated, are expressed in thousands of dollars. Information is presented on the cash basis of accounting which is an other comprehensive basis.

Financial Highlights

- The cash balances of the City's Governmental Funds increased by \$1,639 in 2005.
- The cash balances of the City's Business Type Funds decreased by \$7,221 in 2005.
- At the end of 2005, the unreserved fund balance for the general fund was \$1,229 or 2% of total general fund expenditures, excluding transfers out.
- The City's total bond related debt decreased by \$2,830 (8 percent) during the current fiscal year.
- The total bond related debt of the utilities decreased by \$2,940 (4 percent) during the fiscal year.
- The water utility issued \$9,245 of refunding bonds to defease the remaining outstanding Waterworks District Revenue Bonds of 1997.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of activities and net assets – cash and investment basis presents information on the City's cash and investments and information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported based on the timing of cash inflows and outflows. Thus, only cash receipts and disbursements are reported in this statement. Items that will result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation and leave) are not reported.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include: general government, public safety, highways, streets and roadways, sanitation, health and welfare, culture and recreation, urban redevelopment and housing and economic development and assistance. The business-type activities of the City include a water and wastewater operation.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful to evaluate a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The City maintains over 50 individual governmental funds. Information is presented separately in the statement of assets and fund balances and receipts, disbursements and changes in fund balances – cash and investment basis for the general, local income tax, riverboat, parks and recreation, park bonds of 2003 and local roads and streets funds, which are considered to be major funds. Data from the remaining City governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report. The City adopts an annual appropriated budget for its general fund, certain special revenue funds, debt service funds, capital projects funds, internal service funds and pension trust funds. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with this budget.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its printing supplies, hospitalization, unemployment, auto collision insurance, workmen's compensation and liability insurance. Because these services benefit the governmental-type functions, they have been included within the governmental activities on the Statement of Net Assets in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Wastewater operations, both of which are considered to be major funds of the City. Conversely, the City's internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found after the basic financial statements included in the audit.

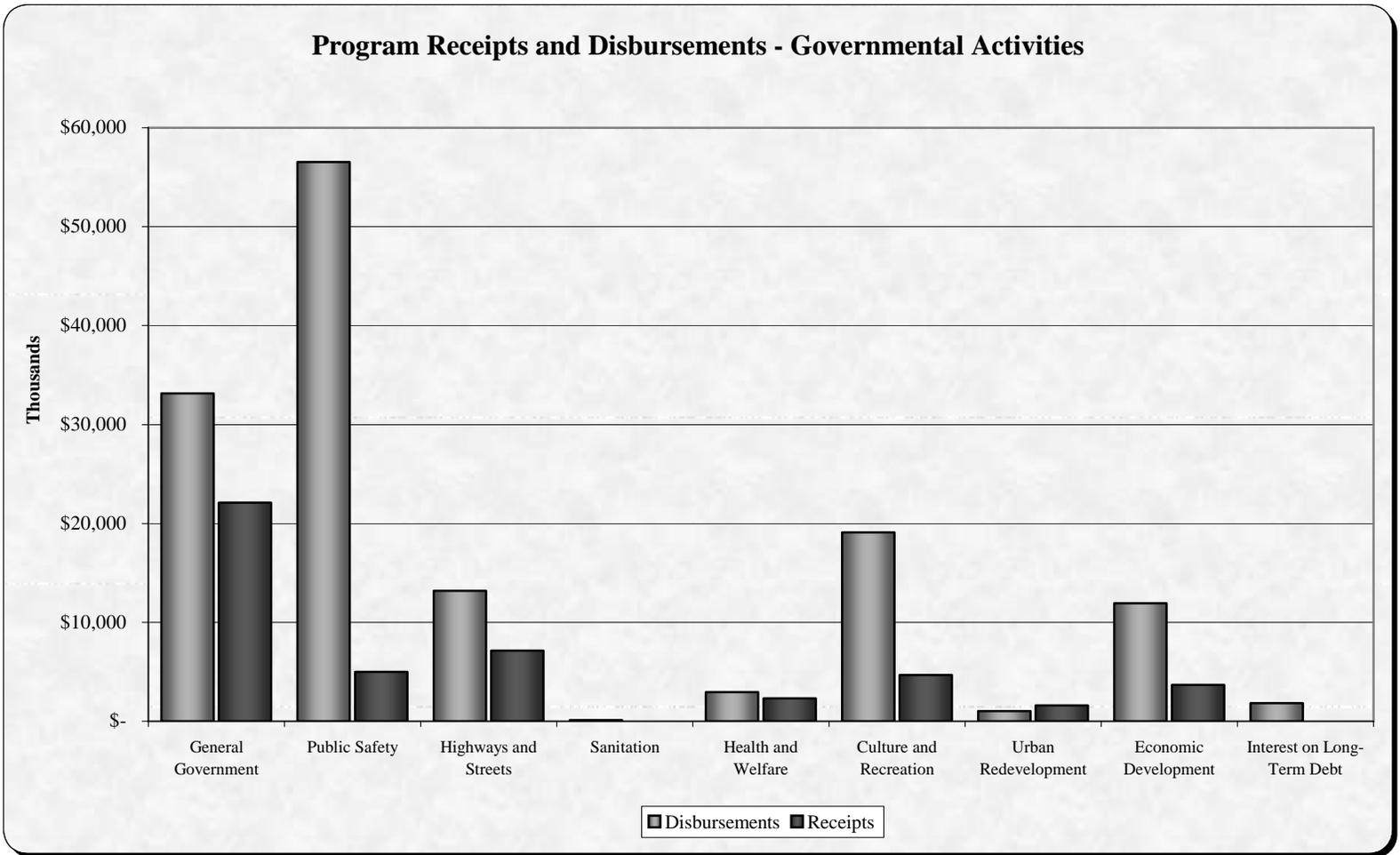
Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgets for its major funds. In addition, the City's progress in funding its obligation to provide pension benefits to certain employees is included as supplementary information.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information.

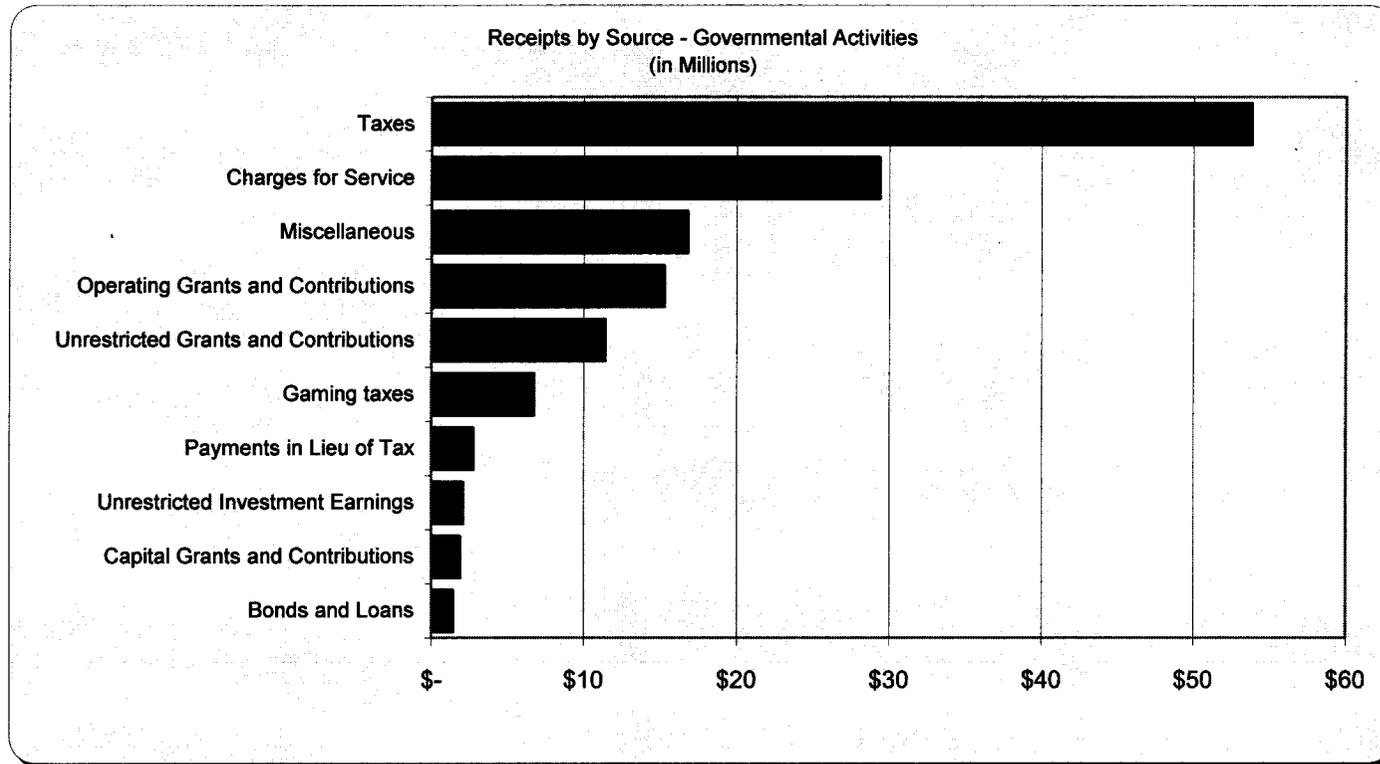
The City's overall cash and cash equivalents plus investments of \$109,260 has positioned the City in a strong financial position especially considering the current economic challenges facing local governments. The City continues to reduce its debt, \$5,770 in the current year. The City completed capital projects that included the purchase of two energy efficient buses for public transportation. Also completed in 2005 was the repair and replacement of the ageing Roberts Stadium drainage system. The City's property tax rate changed from \$1.2058 per \$100 of assessed value in 2002 to \$0.8600 in 2003, to \$0.9362 in 2004 and \$1.0599 in 2005. Changes from 2002 to 2003 are partly related to the State of Indiana property tax restructuring moving to a market-based system, resulting in an increased assessed valuation. In addition, Senate Enrolled Act 1 has forced the City to raise its maximum property tax levy each year in order to preserve the ability to raise the levy in ensuing years. Historically, the City had not adopted tax rates based on the maximum allowable levy.

The following displays the Disbursements and Program Receipts of the City's governmental activities:



Taxes, as in prior years, were the City's major source of revenue supporting its activities, primarily in the area of public safety, culture and recreation as well as economic development and assistance. Other sources of revenue consisted primarily of unrestricted grants and contributions, unrestricted investment earnings and payments in lieu of taxes from the City Utilities.

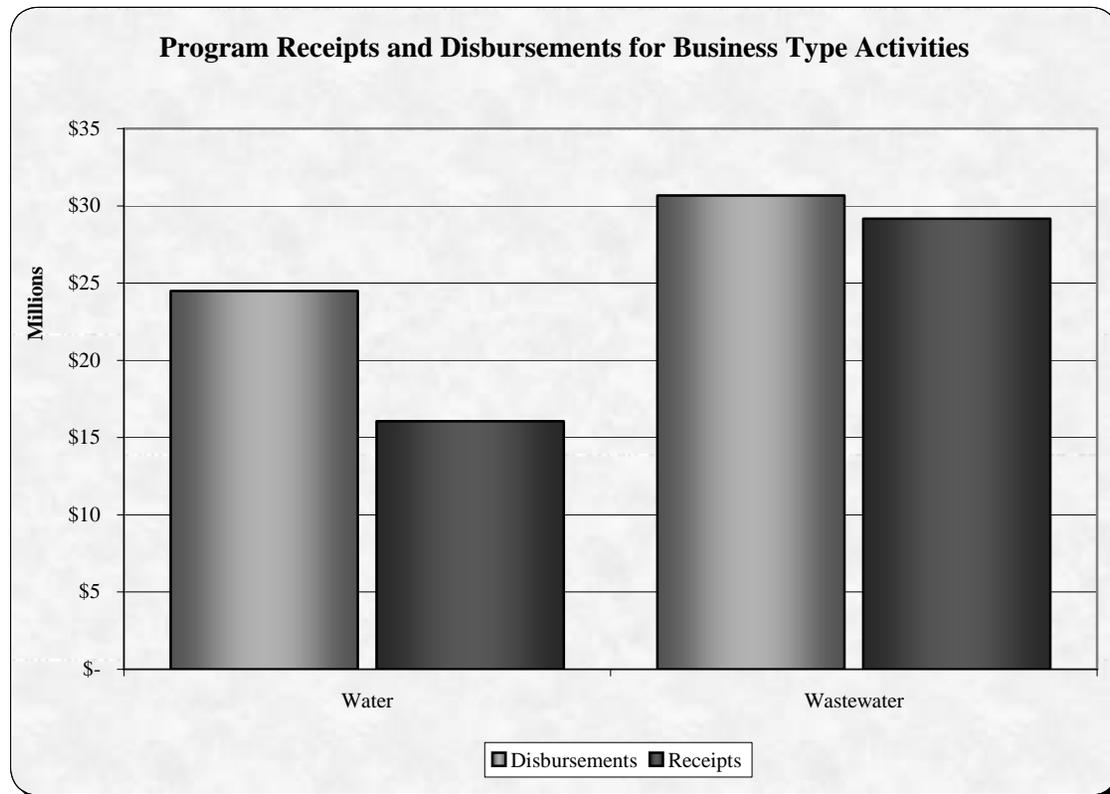
The following displays the Revenues by Source of the City's governmental activities:



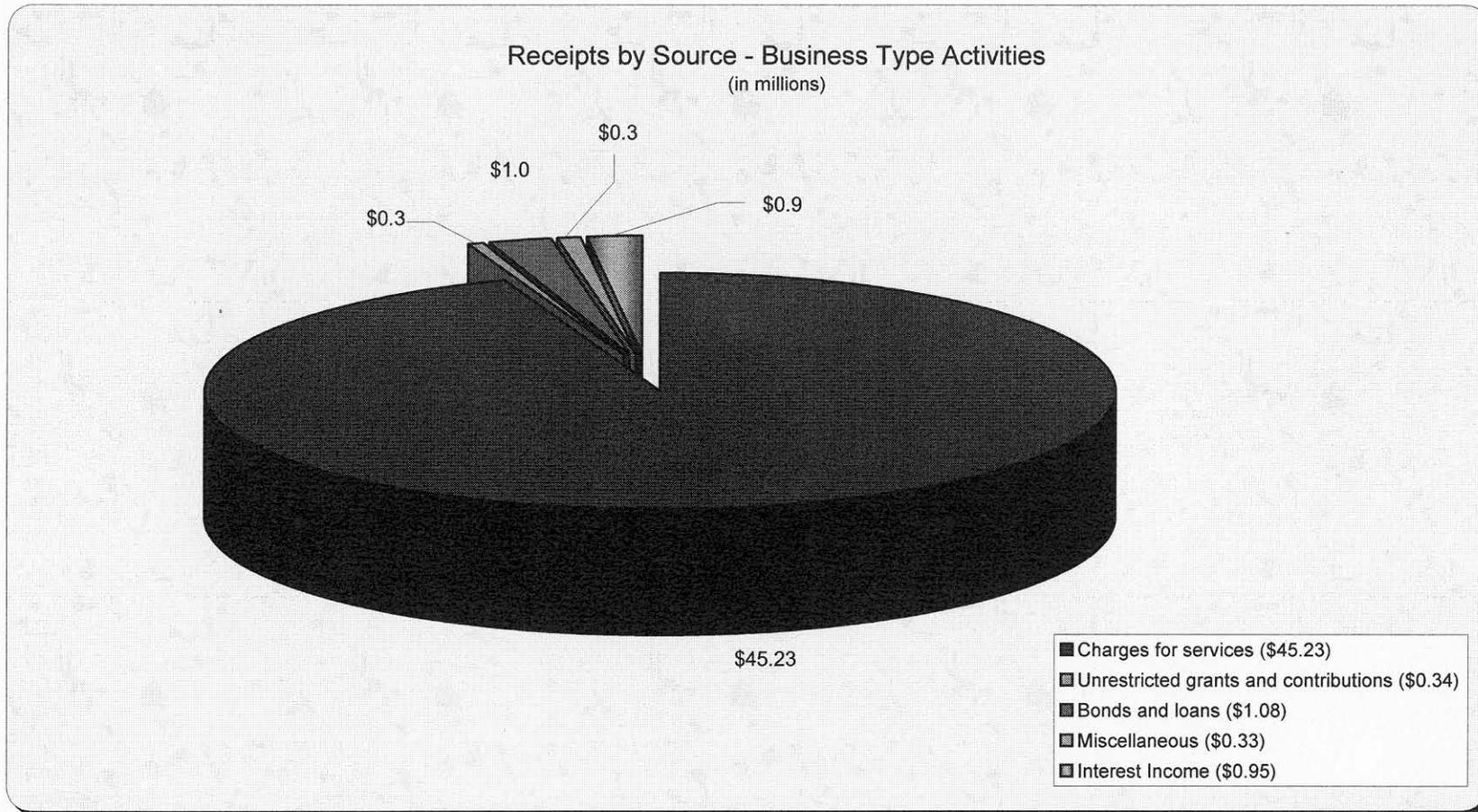
Business-type Activities

Business-type activities recorded a \$7.2 decrease in cash during 2005.

The following graph displays the Disbursements and Program Receipts of the City's business-type activities.



The following displays the Receipts by Source of the City's business-type activities.



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful to assess the City's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$73,966, an increase of \$1,639 in comparison with the prior year. Approximately, 7% of this total amount \$5,307 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to 1) debt service (\$3,352); 2) public safety (\$183); 3) highways and streets (\$10,072); 4) perpetual care (\$758); 5) culture and recreation (\$3,388); 6) economic development (\$5,294); 7) redevelopment (\$1,722); 8) self insurance (\$4,933); 9) capital projects (\$37,355) and other uses (\$1,602).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,229. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total expenditures of \$64,465, excluding transfers. Unreserved fund balance represents 2% of total general fund disbursements.

The fund balance of the City's general fund decreased by \$648 during 2005. Activity highlights include the following:

- Expenditures exceeded revenue by \$7,940 excluding other financing sources and uses.
- The majority (83%) of the disbursements related to public safety.
- The annual transfers of County Option Income Tax from the Local Income Tax Fund and other transfers in the total amount of \$7,393 are used to offset the operating deficit in the General Fund.

The City also has five other major governmental funds. These are the Local Income Tax Fund, the Riverboat Fund, the Parks and Recreation Fund, the Park Bonds of 2003 Fund and the Local Roads and Street Fund.

The fund balance of the City's local income tax fund decreased by \$908 during 2005. Highlights of the fund activity are as follows:

- Revenues exceeded expenditures by \$4,261, excluding other financing sources and uses.
- Of the \$11,112 of total revenues, \$10,974 was derived from intergovernmental revenue.
- 61% of the disbursements were expended for highways, streets and roadways.
- Net transfers of \$6,969 were made to other funds, causing the overall decrease in fund balance for the current year.

The fund balance of the City riverboat fund decreased by \$3,475 during 2005. Highlights of the fund activity are as follows:

- Disbursements exceeded receipts by \$1,039, excluding other financing sources and uses.
- Of the \$19,202 in total revenues, \$6,733 (35%) was derived from gaming revenues and \$11,866 (62%) was derived from charges for services.
- Net transfers of \$2,436 were made to other funds.

The fund balance of the City Parks and Recreation Fund increased by \$1,090 during 2005. Highlights of the fund activity are as follows:

- Receipts exceeded disbursements by \$2,637, excluding other financing sources and uses.
- Of the \$13,213 in total receipts, \$7,647 (58%) was derived from property taxes and \$2870 (22%) was derived from charges for services.
- Net transfers and Interfund loans of \$1,547 were made to other funds.

The fund balance of the City Park Bonds of 2003 Fund decreased by \$834 during 2005. Highlights of the fund activity are as follows:

- The fund received interest of \$414 in 2005 and disbursed \$1,248 for costs related to culture and recreation projects.

The fund balance of the City Local Roads and Streets Fund decreased by \$181 during 2005. Highlights of the fund activity are as follows:

- Disbursements exceeded receipts by \$181.
- Receipts were derived primarily from intergovernmental (state) distributions.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Fund balances at the end of 2005 totaled \$35,294, \$18,529 for the Water Utility and \$16,765 for the Wastewater Utility. In addition, the City's Internal Service funds recorded a fund balance of \$5,037 at the end of 2005. The total decrease in fund balance was \$7,091 and \$129 respectively. Other factors concerning the finances of these two utilities have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

A difference between the original budget and the final budget was a \$5,463 increase in appropriations and can be briefly summarized as follows:

- \$175 increase in diesel fuel for the City bus service do to the rise in fuel costs
- \$448 increases in public safety activities, in all categories primarily personnel services.
- \$59 increases in fire protection services primarily in capital outlays.
- \$1,280 increases in emergency management services, primarily related to Homeland Security and other capital outlays.
- \$1,900 increases to ambulance and paramedic services, primarily related to the ambulance service contract.

Overall, actual cash disbursements in the General Fund of \$64,055 were \$1,157 lower than the adjusted budget of \$65,725.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2005 amounts to \$180,104. This investment in capital assets includes land, building and systems, improvements, machinery and equipment and infrastructure.

Long-term debt. At the end of the current fiscal year, the City's governmental funds had total long-term debt outstanding, related to bonds and loans, of \$40,315. In addition, the business type funds had outstanding bonds and loans of \$85,114.

The following table reflects the City's long-term bonds and loans:

City of Evansville, Indiana, Summary of Long-Term Liabilities as of 12/31/2005

Description	Governmental-Type		Total
	Activities	Business-Type Activities	
General Obligation Debt	\$33,545	\$ -	\$ 33,545
TIF Debt	6,770	-	6,770
Revenue Bonds	-	71,865	71,865
Subtotals	40,315	71,865	112,180
Loans Payable	-	13,249	13,249
Subtotals	40,315	85,114	125,429
Less:			
Short-Term Portion	(3,615)	(2,900)	(6,515)
Total Long-Term Debt	\$36,700	\$82,214	\$118,914

The City's total debt for governmental and business-type activities decreased by \$5,885 during 2005. The City maintains a "AA-" rating from Standard & Poor's and Fitch Investor Services and a "A1" rating from Moody's Investor Service for general obligation debt. Both ratings indicate high quality and strong capacity to pay the City's bonds.

Additional information of the City's long-term debt can be found in the Supplementary Information of the audit report.

Economic Factors and 2006 Budgets and Rates

- The tax rates proposed for 2006 for the City, increased from \$0.9362 in 2004 to \$1.0599 in 2005 and \$1.1790 in 2006.
- The homestead tax credit will be in excess of 8%, which consists of a 6% state credit and a 2% City credit.
- The utilities continue improvements through the State Revolving Fund loan program.

All of the above factors were considered in preparing the City's budget for the 2006 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Evansville, City Controller's Office, One Northwest Martin Luther King Jr. Blvd. Room 300, Civic Center Complex, Evansville, Indiana, 47708

CITY OF EVANSVILLE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2005

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 33,164,069	\$ 21,033,425	\$ 634,156	\$ 445,300	\$ (11,051,188)	\$ -	\$ (11,051,188)
Public safety	56,544,252	2,526,179	1,031,921	1,439,526	(51,546,626)	-	(51,546,626)
Highways and streets	13,205,285	588,954	6,549,424	-	(6,066,907)	-	(6,066,907)
Sanitation	127,829	-	-	-	(127,829)	-	(127,829)
Health and welfare	2,929,701	-	2,300,670	-	(629,031)	-	(629,031)
Culture and recreation	19,094,675	4,682,913	1,735	-	(14,410,027)	-	(14,410,027)
Urban redevelopment and housing	1,023,859	-	1,604,625	-	580,766	-	580,766
Economic development	11,923,093	551,258	3,133,415	-	(8,238,420)	-	(8,238,420)
Interest on long-term debt	1,831,267	-	-	-	(1,831,267)	-	(1,831,267)
Total governmental activities	<u>139,844,030</u>	<u>29,382,729</u>	<u>15,255,946</u>	<u>1,884,826</u>	<u>(93,320,529)</u>	<u>-</u>	<u>(93,320,529)</u>
Business-type activities:							
Water	24,478,041	16,065,338	-	-	-	(8,412,703)	(8,412,703)
Wastewater	30,662,147	29,165,828	-	-	-	(1,496,319)	(1,496,319)
Total business-type activities	<u>55,140,188</u>	<u>45,231,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,909,022)</u>	<u>(9,909,022)</u>
Total primary government	<u>\$ 194,984,218</u>	<u>\$ 74,613,895</u>	<u>\$ 15,255,946</u>	<u>\$ 1,884,826</u>	<u>(93,320,529)</u>	<u>(9,909,022)</u>	<u>(103,229,551)</u>
General receipts:							
Property taxes					48,738,617	-	48,738,617
Financial institutions tax					539,865	-	539,865
Auto and aircraft tax					4,537,479	-	4,537,479
Payment in lieu of taxes					2,748,978	-	2,748,978
Gaming taxes					6,732,901	-	6,732,901
Grants and contributions not restricted to specific programs					11,383,914	335,670	11,719,584
Bonds and loans					1,435,500	1,079,054	2,514,554
Miscellaneous					16,772,678	325,323	17,098,001
Unrestricted investment earnings					2,070,020	948,172	3,018,192
Total general receipts					<u>94,959,952</u>	<u>2,688,219</u>	<u>97,648,171</u>
Change in net assets					1,639,423	(7,220,803)	(5,581,380)
Net assets - beginning					<u>72,326,580</u>	<u>42,515,224</u>	<u>114,841,804</u>
Net assets - ending					<u>\$ 73,966,003</u>	<u>\$ 35,294,421</u>	<u>\$ 109,260,424</u>
<u>Assets</u>							
Cash and investments					\$ 5,306,551	\$ 14,076,573	\$ 19,383,124
Restricted assets:							
Cash and investments					67,812,289	20,715,174	88,527,463
Cash with fiscal agent					847,163	502,674	1,349,837
Total assets					<u>\$ 73,966,003</u>	<u>\$ 35,294,421</u>	<u>\$ 109,260,424</u>
<u>Net Assets</u>							
Restricted for:							
Capital projects					\$ 37,355,245	\$ -	\$ 37,355,245
Debt service					3,351,958	18,347,936	21,699,894
Public safety					183,290	-	183,290
Highways and streets					10,071,714	-	10,071,714
Perpetual care					757,506	-	757,506
Culture and recreation					3,388,259	-	3,388,259
Economic development					5,294,035	-	5,294,035
Redevelopment					1,721,561	-	1,721,561
Self-insurance					4,933,412	-	4,933,412
Other purposes					1,602,472	2,869,912	4,472,384
Unrestricted					5,306,551	14,076,573	19,383,124
Total net assets					<u>\$ 73,966,003</u>	<u>\$ 35,294,421</u>	<u>\$ 109,260,424</u>

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

CITY OF EVANSVILLE
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2005

	General	Local Income Tax	Riverboat	Parks and Recreation	Park Bonds of 2003	Local Roads and Streets	Other Governmental Funds	Totals
Receipts:								
Taxes	\$ 37,115,560	\$ -	\$ -	\$ 7,647,317	\$ -	\$ -	\$ 3,975,740	\$ 48,738,617
Licenses and permits	551,438	-	-	-	-	-	39,206	590,644
Intergovernmental	6,968,625	10,974,009	12,500	901,463	-	1,389,892	13,298,585	33,545,074
Charges for services	9,810,404	59,110	11,866,324	2,869,552	-	-	2,692,968	27,298,358
Gaming taxes	-	-	6,732,901	-	-	-	-	6,732,901
Fines and forfeits	452,501	-	-	-	-	-	-	452,501
Interest	810,035	55,362	405,717	30,421	414,465	97,444	227,901	2,041,345
Other	816,291	23,529	184,071	1,763,951	-	2,032	599,411	3,389,285
Total receipts	56,524,854	11,112,010	19,201,513	13,212,704	414,465	1,489,368	20,833,811	122,788,725
Disbursements:								
General government	9,934,761	1,118,517	6,025,495	-	-	-	513,458	17,592,231
Public safety	53,207,128	254,656	313,302	-	-	-	1,317,600	55,092,686
Highways and streets	-	4,153,202	2,272,216	-	-	1,670,201	4,346,310	12,441,929
Sanitation	127,829	-	-	-	-	-	-	127,829
Health and welfare	795,844	132,205	-	-	-	-	1,950,316	2,878,365
Culture and recreation	-	957,836	532,212	10,575,539	1,248,821	-	1,955,203	15,269,611
Urban redevelopment and housing	-	-	-	-	-	-	1,022,616	1,022,616
Economic development	-	-	8,430,018	-	-	-	2,266,097	10,696,115
Debt service:								
Principal	-	-	-	-	-	-	3,185,000	3,185,000
Interest	-	-	659,760	-	-	-	1,171,067	1,830,827
Administrative charges	-	-	-	-	-	-	440	440
Capital outlay:								
General government	-	166,152	305,378	-	-	-	2,653	474,183
Public safety	399,412	44,524	844,758	-	-	-	162,872	1,451,566
Highways and streets	-	16,309	324,858	-	-	-	67,189	408,356
Health and welfare	-	7,899	20,365	-	-	-	23,072	51,336
Culture and recreation	-	-	512,543	-	-	-	202,521	715,064
Urban redevelopment and housing	-	-	-	-	-	-	1,243	1,243
Economic development	-	-	-	-	-	-	6,978	6,978
Total disbursements	64,464,974	6,851,300	20,240,905	10,575,539	1,248,821	1,670,201	18,194,635	123,246,375
Excess (deficiency) of revenue over disbursements	(7,940,120)	4,260,710	(1,039,392)	2,637,165	(834,356)	(180,833)	2,639,176	(457,650)
Other financing sources (uses)								
Loan proceeds	-	-	-	-	-	-	1,435,500	1,435,500
Interfund loans	-	-	-	(1,500,000)	-	-	-	(1,500,000)
Transfers in	7,393,416	1,800,000	-	19,124	-	-	1,164,465	10,377,005
Transfers out	(101,005)	(6,968,743)	(2,435,500)	(66,605)	-	-	(805,152)	(10,377,005)
Total other financing sources (uses)	7,292,411	(5,168,743)	(2,435,500)	(1,547,481)	-	-	1,794,813	(64,500)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(647,709)	(908,033)	(3,474,892)	1,089,684	(834,356)	(180,833)	4,433,989	(522,150)
Cash and investment fund balance - beginning	1,876,846	4,313,789	26,489,323	1,637,590	14,545,194	7,637,141	12,950,750	69,450,633
Cash and investment fund balance - ending	\$ 1,229,137	\$ 3,405,756	\$ 23,014,431	\$ 2,727,274	\$ 13,710,838	\$ 7,456,308	\$ 17,384,739	68,928,483
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:								
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								5,037,520
Net assets of governmental activities								\$ 73,966,003
Cash and Investment Assets - December 31								
Cash and investments	\$ 1,229,137	\$ 3,405,756	\$ -	\$ -	\$ -	\$ -	\$ 567,550	\$ 5,202,443
Restricted assets:								
Cash and investments	-	-	22,167,268	2,727,274	13,710,838	7,456,308	16,817,189	62,878,877
Cash with fiscal agent	-	-	847,163	-	-	-	-	847,163
Total cash and investment assets - December 31	\$ 1,229,137	\$ 3,405,756	\$ 23,014,431	\$ 2,727,274	\$ 13,710,838	\$ 7,456,308	\$ 17,384,739	\$ 68,928,483
Cash and Investment Fund Balance - December 31								
Restricted for:								
Culture and recreation	\$ -	\$ -	\$ -	\$ 2,727,274	\$ -	\$ -	\$ 660,985	\$ 3,388,259
Debt service	-	-	-	-	-	-	3,351,958	3,351,958
Capital projects	-	-	23,014,431	-	13,710,838	-	629,976	37,355,245
Perpetual care	-	-	-	-	-	-	757,506	757,506
Road projects	-	-	-	-	-	7,456,308	2,615,406	10,071,714
Redevelopment	-	-	-	-	-	-	1,721,561	1,721,561
Economic development	-	-	-	-	-	-	5,294,035	5,294,035
Public safety	-	-	-	-	-	-	183,290	183,290
Other purposes	-	-	-	-	-	-	1,602,472	1,602,472
Unrestricted	1,229,137	3,405,756	-	-	-	-	567,550	5,202,443
Total cash and investment fund balance - December 31	\$ 1,229,137	\$ 3,405,756	\$ 23,014,431	\$ 2,727,274	\$ 13,710,838	\$ 7,456,308	\$ 17,384,739	\$ 68,928,483

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

CITY OF EVANSVILLE
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2005

	Water Utility	Wastewater Utility	Total	Internal Service Funds
Operating receipts:				
Metered water receipts:	\$ 12,630,939	\$ -	\$ 12,630,939	\$ -
Measured revenue	-	20,646,852	20,646,852	-
Pretreatment	-	294,651	294,651	-
Surcharge	-	635,249	635,249	-
Refuse services	-	4,412,295	4,412,295	-
Tap fees	-	1,206,211	1,206,211	-
Allocation of joint costs	2,189,423	-	2,189,423	-
Other	1,244,976	1,970,570	3,215,546	-
Charges for goods and services	-	-	-	177,879
Employee/employer contributions	-	-	-	16,884,364
Total operating receipts	16,065,338	29,165,828	45,231,166	17,062,243
Operating disbursements:				
Equipment and capital improvements	7,998,110	5,076,088	13,074,198	-
Administration and general	-	-	-	643,848
Insurance claims and premiums	-	-	-	14,453,808
Salaries and wages	3,311,682	4,569,215	7,880,897	-
Employee pensions and benefits	1,612,903	2,069,715	3,682,618	-
Contractual services	7,097,480	9,281,300	16,378,780	-
Insurance disbursements	253,445	280,135	533,580	-
Payment in lieu of tax	542,654	2,162,072	2,704,726	-
Miscellaneous disbursements	1,108,019	110,344	1,218,363	-
Total operating disbursements	21,924,293	23,548,869	45,473,162	15,097,656
Excess (deficiency) of operating receipts over operating disbursements	(5,858,955)	5,616,959	(241,996)	1,964,587
Nonoperating receipts (disbursements):				
Loan proceeds	-	1,079,054	1,079,054	-
Interest and investment receipts	660,443	287,729	948,172	28,676
Customer deposit	189,371	-	189,371	-
Miscellaneous receipts	135,952	-	135,952	168,310
Debt service principal	(1,080,000)	(1,856,000)	(2,936,000)	-
Interest and investment disbursement	(1,473,748)	(2,257,278)	(3,731,026)	-
Loan to City	-	(3,000,000)	(3,000,000)	-
Total nonoperating receipts (disbursements)	(1,567,982)	(5,746,495)	(7,314,477)	196,986
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(7,426,937)	(129,536)	(7,556,473)	2,161,573
Capital contributions	335,670	-	335,670	-
Transfers in	27,089,220	6,346,131	33,435,351	-
Transfers out	(27,089,220)	(6,346,131)	(33,435,351)	-
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(7,091,267)	(129,536)	(7,220,803)	2,161,573
Cash and investment fund balance - beginning	<u>25,619,958</u>	<u>16,895,266</u>	<u>42,515,224</u>	<u>2,875,947</u>
Cash and investment fund balance - ending	<u>\$ 18,528,691</u>	<u>\$ 16,765,730</u>	<u>\$ 35,294,421</u>	<u>\$ 5,037,520</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 3,787,404	\$ 10,289,169	\$ 14,076,573	\$ 104,108
Restricted assets:				
Cash and investments	14,238,613	6,476,561	20,715,174	4,933,412
Cash with fiscal agent	502,674	-	502,674	-
Total cash and investment assets - December 31	\$ 18,528,691	\$ 16,765,730	\$ 35,294,421	\$ 5,037,520
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 13,263,181	\$ 5,084,755	\$ 18,347,936	\$ -
Self-insurance	-	-	-	4,933,412
Other purposes	1,478,106	1,391,806	2,869,912	-
Unrestricted	<u>3,787,404</u>	<u>10,289,169</u>	<u>14,076,573</u>	<u>104,108</u>
Total cash and investment fund balance - December 31	\$ 18,528,691	\$ 16,765,730	\$ 35,294,421	\$ 5,037,520

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

CITY OF EVANSVILLE
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2005

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 1,875,386	\$ -
Plan members	1,889	-
State	5,883,197	-
Other	111,318	-
Total contributions	7,871,790	-
Investment earnings:		
Interest	26,076	-
Agency fund additions	-	70,618,407
Total additions	7,897,866	70,618,407
Deductions:		
Benefits	10,619,359	-
Administrative and general	34,411	-
Agency fund deductions	-	69,406,365
Total deductions	10,653,770	69,406,365
Excess (deficiency) of total additions over total deductions	(2,755,904)	1,212,042
Cash and investment fund balance - beginning	3,515,701	884,268
Cash and investment fund balance - ending	\$ 759,797	\$ 2,096,310

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS

I. 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 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, and urban redevelopment and housing.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The City is a participant with Vanderburgh County in a joint venture to operate the Evansville-Vanderburgh County Building Authority which was created to construct and maintain the various governmental buildings. The Building Authority's continued existence depends on continued funding by the City. Complete financial statements for the Evansville-Vanderburgh County Building Authority can be obtained from the entity's administrative office.

Evansville-Vanderburgh Building Authority
Room 318, Administration Building
Evansville, IN 47708

The City is a participant with Vanderburgh County, the Town of Newburgh, and Warrick County of the State of Indiana, and the City of Henderson of the Commonwealth of Kentucky in a joint venture to operate the Evansville Urban Transportation Study. It was first established in October 1969, and, as required by the 1962 Federal Aid Highway Act, conducts a continuing comprehensive and cooperative process to meet Federal Aid Highway planning requirements. The Transportation Study's continued existence depends on continued funding by the City. Complete financial statements for the Evansville Urban Transportation Study can be obtained from the entity's administrative office.

Evansville Urban Transportation Study
Room 316, Administrative Building
Evansville, IN 47708

Related Organizations

The City's officials are also responsible for appointing members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints board members of the Evansville Housing Authority and the Evansville-Vanderburgh Airport Authority District.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The local income tax fund is a special revenue fund. It accounts for expenditures related to capital projects or improvements and various local culture and recreation grants and loans. Financing is provided by the County Option Income Tax revenue, grants and transfers.

The riverboat fund is a special revenue fund. It accounts for revenues received from the gaming operations and the related expenditures for projects to be funded from those revenues.

The parks and recreation fund is a special revenue fund. It accounts for all expenditures for the City operated park facilities. Funding is provided from a property tax levy and fees charged for use of the City park facilities.

The park bonds of 2003 fund is a capital project fund. It accounts for the proceeds of a park bond issue which are to be expended for improvements to the City owned and operated zoo.

The local roads and streets fund is a special revenue fund. It accounts for the local road and street distributions from the State and the related expenditures for road and street repairs and improvements.

The City reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations and collection systems.

Additionally, the City reports the following fund types:

The internal service funds account for supplies and insurance coverage provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 Police Officers' pension plan and the 1937 Firefighters' pension plan which accumulate resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for various individuals, organizations or other funds within the same governmental unit.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and wastewater function and various other functions concerned and charges between the government's internal service funds and various other functions concerned. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.

CITY OF EVANSVILLE
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

On or before August 31, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of an ordinance, approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At December 31, 2005, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and State statute:

Fund	2005
Home Investment Trust	\$ 12,258
Accounts Receivable/Payable Clearing	80,416

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2005, the City had the following investments:

<u>Investment Type</u>	<u>Primary Government Market Value</u>
Mutual Funds	<u>\$ 3,103,998</u>

Investment Policies

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years.

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
Mutual Bond Funds	\$ 1,041,757	\$ 2,062,241	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below.

Standard and Poor's Rating	City's Investments	
	Moody's Rating	Mutual Funds
Unrated	Unrated	\$ 3,103,998

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The City does not have a formal policy in regards to foreign currency risk.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2005, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2005</u>
General Fund	Other governmental	\$ 101,005
Local Income Tax	General Fund	6,895,031
	Parks and Recreation	19,124
	Other governmental	54,588
Riverboat	Local Income Tax	1,800,000
	Other governmental	635,500
Parks and Recreation	Other governmental	66,605
Other governmental	General Fund	498,385
	Other governmental	<u>306,767</u>
 Total		 <u>\$ 10,377,005</u>

The City typically uses transfers to fund ongoing operating subsidies.

IV. Other Information

A. Risk Management

The City is 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 (excluding postemployment benefits); and natural disasters.

The risks of theft of, damage to, and destruction of assets (excluding the risk of loss related to the involvement of the government's vehicles valued at less than \$50,000 in an at-fault accident); errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Torts

The City has chosen to establish a risk financing fund for risks associated with torts. The risk financing fund is accounted for in the Liability Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 to \$150,000 depending on the type of claim. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Damage to and Destruction of City Automobiles

The City has chosen to establish a risk financing fund for risks associated with damage to and destruction of assets related to the involvement of the government's vehicles valued at less than \$50,000 in an at-fault collision. The risk financing fund is accounted for in the Auto Collision Fund, an internal service fund, where assets are set aside for claim settlements. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

Medical Benefits to Employees, Retirees and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. Coverage is provided for life insurance, dental health care management, vision, prescription, wellness and employee assistance. The risk financing fund is accounted for in the Hospitalization Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$11,961,076 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

Job Related Illnesses or Injury to Employees

The City has chosen to establish a risk financing fund for risks associated with job related illnesses or injuries to employees. The risk financing fund is accounted for in the Workmen's Compensation Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$150,000. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

Unemployment Benefits

The City has chosen to establish a risk financing fund for risks associated with unemployment benefits. The risk financing fund is accounted for in the Unemployment Fund, an internal service fund, where assets are set aside for claim settlements. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporation

The City has entered into a capital lease with the Evansville Redevelopment Authority (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year totaled \$1,091,667.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Subsequent Events

On May 17, 2006, the Evansville Park Department signed a contract awarding the construction on AMAZONIA for \$11,144,000. AMAZONIA will be a 10,000 square foot rainforest exhibit. The cash and investment balance in the Park Bond 2003 Fund will be used to pay for the project.

D. Conduit Debt Obligation

From time to time, the City has issued economic development bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

E. Postemployment Benefits

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the City on or after attaining age 52 with at least 20 years of service. Currently, 332 retirees meet these eligibility requirements. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2005, disbursements of \$2,203,213 were recognized for postemployment benefits.

F. Rate Structure – Enterprise Funds

Water Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on November 24, 2004.

Wastewater Utility

The current rate structure was approved by the City Council on December 20, 2004.

G. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which 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 and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which 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 and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

Actuarial Information for the Above Plans

	City and Utilities PERF	Oak Hill Cemetery PERF	Redevelopment Commission PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 1,156,976	\$ 18,493	\$ -	\$ 12,279,900	\$ 9,169,100
Interest on net pension obligation	(61,619)	(115)	(507)	2,733,900	2,131,600
Adjustment to annual required contribution	<u>70,220</u>	<u>131</u>	<u>577</u>	<u>(4,776,200)</u>	<u>(3,724,000)</u>
Annual pension cost	1,165,577	18,509	70	10,237,600	7,576,700
Contributions made	<u>1,211,678</u>	<u>6,799</u>	<u>-</u>	<u>4,484,384</u>	<u>3,899,419</u>
Increase (decrease) in net pension obligation	(46,101)	11,710	70	5,753,216	3,677,281
Net pension obligation, beginning of year	<u>(849,918)</u>	<u>(1,585)</u>	<u>(6,989)</u>	<u>40,502,227</u>	<u>31,579,941</u>
Net pension obligation, end of year	<u>\$ (896,019)</u>	<u>\$ 10,125</u>	<u>\$ (6,919)</u>	<u>\$ 46,255,443</u>	<u>\$ 35,257,222</u>

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

	City and Utilities PERF	Oak Hill Cemetery PERF	Redevelop- ment Commission PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:					
City	5.5%	4.5%	1.5%	601%	599%
Plan members	3%	3%	3%	6%	6%
Actuarial valuation date	07-01-05	07-01-05	07-01-05	01-01-05	01-01-05
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level	Level	Level	Level	Level
	percentage of projected payroll, closed	percentage of projected payroll, closed	percentage of projected payroll, closed	percentage of projected payroll, closed	percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years	30 years	30 years
Amortization period (from date)	07-01-97	07-01-97	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	75% of expected actuarial value plus 25% of market value	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

Actuarial Assumptions	City and Utilities PERF	Oak Hill Cemetery PERF	Redevelop- ment Commission PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	7.25%	7.25%	7.25%	6%	6%
Projected future salary increases:					
Total	5%	5%	5%	4%	4%
Attributed to inflation	4%	4%	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%	0%	0%
Cost-of-living adjustments	2%	2%	2%	2.75/4%*	2.75/4%*

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
City and Utilities PERF	06-30-03	\$ 1,217,499	84%	\$ (745,721)
	06-30-04	1,027,023	110%	(849,918)
	06-30-05	1,165,577	118%	(896,019)
Oak Hill Cemetery PERF	06-30-03	6,670	105%	1,213
	06-30-04	4,722	159%	(1,585)
	06-30-05	18,509	144%	10,125

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Redevelopment Commission PERF	06-30-03	\$ 72	0%	\$ (7,060)
	06-30-04	71	0%	(6,989)
	06-30-05	70	0%	(6,919)
1925 Police Officers' Pension Plan	12-31-02	9,959,700	47%	35,828,268
	12-31-03	10,138,900	54%	40,502,227
	12-31-04	10,237,600	44%	46,255,443
1937 Firefighters' Pension Plan	12-31-02	8,013,400	54%	27,761,105
	12-31-03	7,572,100	50%	31,579,941
	12-31-04	7,576,700	51%	35,257,222

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2005, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	239	196
Terminated employees entitled to but not yet receiving benefits	-	-
Current active employees	32	19

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) 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 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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 EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2005, 2004, and 2003, were \$4,807,255, \$4,638,365, and \$4,338,197, respectively, equal to the required contributions for each year.

H. Potential Liability

The United States Department of Justice and Indiana Department of Environmental Management have been in negotiations with the City of Evansville concerning an enforcement action of the Clean Water Act. The goal is to obtain a consent decree against the City of Evansville concerning its combined sewer overflows. The amount of the consent decree is wholly unknown at this time, but is anticipated to be in the tens of millions of dollar range, which will be utilized to correct the existing system.

CITY OF EVANSVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

City and Utilities Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 26,157,091	\$ 26,798,365	\$ (641,274)	98%	\$ 20,817,307	(3%)
07-01-04	26,372,983	28,282,016	(1,909,033)	93%	21,306,381	(9%)
07-01-05	27,324,967	31,763,368	(4,438,401)	86%	22,008,817	(20%)

Oak Hill Cemetery Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 208,418	\$ 191,440	\$ 16,978	109%	\$ 140,368	12%
07-01-04	208,952	349,886	(140,934)	60%	161,952	(87%)
07-01-05	214,254	511,995	(297,741)	42%	266,145	(112%)

Redevelopment Commission Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 428,764	\$ 103,011	\$ 325,753	416%	\$ 37,169	876%
07-01-04	417,457	131,108	286,349	318%	71,442	401%
07-01-05	417,169	160,288	256,881	260%	84,200	305%

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 845,114	\$ 101,940,000	\$ (101,094,886)	1%	\$ 2,795,100	(3,617%)
01-01-01	886,825	102,142,900	(101,256,075)	1%	2,559,100	(3,957%)
01-01-02	3,759,278	101,686,700	(97,927,422)	4%	2,519,100	(3,887%)
01-01-03	3,647,956	98,306,900	(94,658,944)	4%	3,084,500	(3,069%)
01-01-04	924,783	102,479,700	(101,554,917)	1%	2,398,600	(4,234%)
01-01-05	721,196	96,885,000	(96,163,804)	1%	2,043,000	(4,707%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 442,850	\$ 82,099,900	\$ (81,657,050)	1%	\$ 2,445,700	(3,339%)
01-01-01	529,533	77,991,200	(77,461,667)	1%	1,999,300	(3,874%)
01-01-02	3,370,069	81,448,400	(78,078,331)	4%	2,100,500	(3,717%)
01-01-03	3,628,789	73,425,100	(69,796,311)	5%	2,630,100	(2,654%)
01-01-04	467,288	76,487,800	(76,020,512)	1%	1,791,400	(4,244%)
01-01-05	694,505	70,862,300	(70,167,795)	1%	1,530,200	(4,586%)

CITY OF EVANSVILLE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan				
	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
			1925 Police Officers' Pension Plan	12-31-99
	12-31-00	10,588,200	23%	18%
	12-31-01	10,877,200	22%	46%
	12-31-02	11,198,800	16%	25%
	12-31-03	11,755,200	15%	31%
	12-31-04	12,279,900	12%	25%
1937 Firefighters' Pension Plan	12-31-99	8,377,900	19%	24%
	12-31-00	8,566,100	13%	23%
	12-31-01	8,320,300	27%	20%
	12-31-02	8,992,600	28%	54%
	12-31-03	8,824,500	20%	29%
	12-31-04	9,169,100	15%	28%

CITY OF EVANSVILLE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For The Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive/ (Negative)
RECEIPTS				
Taxes	\$ 43,001,550	\$ 41,031,019	\$ 37,115,560	\$ (3,915,459)
Licenses and permits	419,820	551,488	551,438	(50)
Intergovernmental	5,092,317	5,467,065	6,968,625	1,501,560
Charges for services	6,095,467	7,121,573	9,810,404	2,688,831
Fines and forfeits	172,855	284,915	452,501	167,586
Interest	312,200	810,035	810,035	-
Other	1,471,902	1,903,575	816,291	(1,087,284)
Total receipts	56,566,111	57,169,670	56,524,854	(644,816)
DISBURSEMENTS				
Current:				
General government	10,022,987	10,436,569	9,934,761	501,808
Public safety	50,461,596	54,576,996	53,207,128	1,369,868
Sanitation	152,821	158,669	127,829	30,840
Health and welfare	791,183	863,014	795,844	67,170
Total current	61,428,587	66,035,248	64,065,562	1,969,686
Capital outlay:				
Public safety	-	856,517	399,412	457,105
Total capital outlay	-	856,517	399,412	457,105
Total disbursements	61,428,587	66,891,765	64,464,974	2,426,791
Excess (deficiency) of receipts over (under) expenditures	(4,862,476)	(9,722,095)	(7,940,120)	(3,071,607)
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	7,644,054	7,393,416	7,393,416	-
Transfers out	(101,005)	(101,005)	(101,005)	-
Total other financing sources and uses and special items	7,543,049	7,292,411	7,292,411	-
Net change in fund balances	2,680,573	(2,429,684)	(647,709)	1,781,975
Fund balances -- beginning	1,874,396	1,874,396	1,876,846	-
Fund balances -- ending	\$ 4,554,969	\$ (555,288)	\$ 1,229,137	\$ 1,781,975

CITY OF EVANSVILLE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
LOCAL INCOME TAX FUND
For The Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive/ (Negative)
RECEIPTS				
Taxes	\$ 10,767,745	\$ 10,924,375	\$ -	\$ (10,924,375)
Intergovernmental	47,920	570,316	10,974,009	10,403,693
Charges for services	8,000	15,205	59,110	43,905
Interest	70,000	55,362	55,362	-
Other	-	33,929	23,529	(10,400)
Total receipts	10,893,665	11,599,187	11,112,010	(487,177)
DISBURSEMENTS				
Current:				
General government	1,173,639	1,676,446	1,118,517	557,929
Public safety	145,000	446,723	254,656	192,067
Highways and streets	3,642,500	6,146,109	4,153,202	1,992,907
Health and welfare	130,500	191,859	132,205	59,654
Culture and recreation	1,028,010	1,215,410	957,836	257,574
Economic development	-	20,559	-	20,559
Total current	6,119,649	9,697,106	6,616,416	3,080,690
Capital outlay:				
General government	13,500	524,632	166,152	358,480
Public safety	-	190,781	44,524	146,257
Highways and streets	-	80,439	16,309	64,130
Health and welfare	5,000	8,143	7,899	244
Culture and recreation	-	4,891	-	4,891
Total capital outlay	18,500	808,886	234,884	574,002
Total disbursements	6,138,149	10,505,992	6,851,300	3,654,692
Excess (deficiency) of receipts over (under) expenditures	4,755,516	1,093,195	4,260,710	(4,141,869)
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	1,840,000	1,800,000	1,800,000	-
Transfers out	(7,163,778)	(6,970,544)	(6,968,743)	(1,801)
Total other financing sources and uses and special items	(5,323,778)	(5,170,544)	(5,168,743)	(1,801)
Net change in fund balances	(568,262)	(4,077,349)	(908,033)	3,169,316
Fund balances -- beginning	4,313,789	4,313,789	4,313,789	-
Fund balances -- ending	\$ 3,745,527	\$ 236,440	\$ 3,405,756	\$ 3,169,316

CITY OF EVANSVILLE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
RIVERBOAT
For The Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive/ (Negative)
RECEIPTS				
Intergovernmental	\$ 1,041,619	\$ 1,686,330	\$ 12,500	\$ (1,673,830)
Charges for services	3,177,198	11,264,947	11,866,324	601,377
Gaming taxes	6,887,011	7,339,829	6,732,901	(606,928)
Interest	162,000	405,717	405,717	-
Loan proceeds	102,109	90,087	-	(90,087)
Other	-	1,159,053	184,071	(974,982)
Total receipts	<u>11,369,937</u>	<u>21,945,963</u>	<u>19,201,513</u>	<u>(2,744,450)</u>
DISBURSEMENTS				
Current:				
General government	1,431,412	11,091,448	6,025,495	5,065,953
Public safety	360,887	708,139	313,302	394,837
Highways and streets	2,255,000	4,754,812	2,272,216	2,482,596
Culture and recreation	-	1,428,601	532,212	896,389
Economic Development	288,350	648,137	8,430,018	(7,781,881)
Total current	<u>4,335,649</u>	<u>18,631,137</u>	<u>17,573,243</u>	<u>1,057,894</u>
Debt Service:				
Principal retirement	656,860	660,509	659,760	749
Total debt service	<u>656,860</u>	<u>660,509</u>	<u>659,760</u>	<u>749</u>
Capital outlay:				
General government	1,068,396	4,154,072	305,378	3,848,694
Public safety	1,333,300	2,388,836	844,758	1,544,078
Highways and streets	262,000	530,268	324,858	205,410
Health and welfare	20,000	152,323	20,365	131,958
Culture and recreation	698,700	1,750,545	512,543	1,238,002
Total capital outlay	<u>3,382,396</u>	<u>8,976,044</u>	<u>2,007,902</u>	<u>6,968,142</u>
Total disbursements	<u>8,374,905</u>	<u>28,267,690</u>	<u>20,240,905</u>	<u>8,026,785</u>
Excess (deficiency) of receipts over (under) expenditures	<u>2,995,032</u>	<u>(6,321,727)</u>	<u>(1,039,392)</u>	<u>(10,771,235)</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers out	(2,610,500)	(2,640,500)	(2,435,500)	(205,000)
Total other financing sources and uses and special items	<u>(2,610,500)</u>	<u>(2,640,500)</u>	<u>(2,435,500)</u>	<u>(205,000)</u>
Net change in fund balances	384,532	(8,962,227)	(3,474,892)	5,487,335
Fund balances -- beginning	18,261,563	18,261,563	26,489,323	-
Fund balances -- ending	<u>\$ 18,646,095</u>	<u>\$ 9,299,336</u>	<u>\$ 23,014,431</u>	<u>\$ 5,487,335</u>

CITY OF EVANSVILLE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
PARK AND RECREATION FUND
For The Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive/ (Negative)
RECEIPTS				
Taxes	\$ 8,437,159	\$ 8,547,045	\$ 7,647,317	\$ 899,728
Intergovernmental	4,610	2,775	901,463	898,688
Charges for services	4,754,584	4,587,817	2,869,552	(1,718,265)
Interest	10,000	33,318	30,421	(2,897)
Other	1,019,542	903,756	1,763,951	860,195
Total receipts	14,225,895	14,074,711	13,212,704	937,449
DISBURSEMENTS				
Current:				
Health and welfare	1,500	1,500	-	1,500
Culture and recreation	10,754,503	13,208,836	12,075,539	1,133,297
Total disbursements	10,756,003	13,210,336	12,075,539	1,134,797
Excess (deficiency) of receipts over (under) expenditures	3,469,892	864,375	1,137,165	(197,348)
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	-	19,124	19,124	-
Transfers out	(66,605)	(66,605)	(66,605)	-
Total other financing sources and uses and special items	(66,605)	(47,481)	(47,481)	-
Net change in fund balances	3,403,287	816,894	1,089,684	272,790
Fund balances -- beginning	7,637,091	7,637,091	1,637,590	-
Fund balances -- ending	\$ 11,040,378	\$ 8,453,985	\$ 2,727,274	\$ 272,790

CITY OF EVANSVILLE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
PARK FUND OF 2003
For The Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive/ (Negative)</u>
RECEIPTS				
Interest		\$ 414,465	\$ 414,465	\$ -
Total receipts	-	414,465	414,465	-
DISBURSEMENTS				
Current:				
Culture and recreation		14,185,638	1,248,821	12,936,817
Total current	-	14,185,638	1,248,821	12,936,817
Excess (deficiency) of receipts over (under) expenditures	-	(13,771,173)	(834,356)	(12,936,817)
Net change in fund balances	-	(13,771,173)	(834,356)	12,936,817
Fund balances -- beginning	14,545,194	14,545,194	14,545,194	-
Fund balances -- ending	\$ 14,545,194	\$ 774,021	\$ 13,710,838	\$ 12,936,817

CITY OF EVANSVILLE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
LOCAL ROAD AND STREET FUND
For The Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive/ (Negative)</u>
RECEIPTS				
Intergovernmental	\$ 1,388,723	\$ 1,482,067	\$ 1,389,892	\$ (92,175)
Charges for services	550	-	-	-
Interest	75,000	97,444	97,444	-
Other		4,781	2,032	(2,749)
Total receipts	<u>1,464,273</u>	<u>1,584,292</u>	<u>1,489,368</u>	<u>(94,924)</u>
DISBURSEMENTS				
Current:				
Highways and streets	<u>1,464,273</u>	<u>8,478,745</u>	<u>1,670,201</u>	<u>6,808,544</u>
Total disbursements	<u>1,464,273</u>	<u>8,478,745</u>	<u>1,670,201</u>	<u>6,808,544</u>
Excess (deficiency) of receipts over (under) expenditures	<u>-</u>	<u>(6,894,453)</u>	<u>(180,833)</u>	<u>(6,903,468)</u>
Net change in fund balances	-	(6,894,453)	(180,833)	6,713,620
Fund balances -- beginning	<u>7,637,091</u>	<u>7,637,091</u>	<u>7,637,141</u>	<u>-</u>
Fund balances -- ending	<u>\$ 7,637,091</u>	<u>\$ 742,638</u>	<u>\$ 7,456,308</u>	<u>\$ 6,713,620</u>

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005

	Law Enforcement Education	Learning Center Sinking	Historic Preservation	Coleman Donations	EPA Permit	Law Enforcement Block Grant	Law Enforcement Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	8,707	-	-	-	30,380	-	-
Intergovernmental	-	-	-	-	-	62,086	-
Charges for services	22,154	25,000	445	-	-	-	-
Interest	-	3,872	-	182	-	1,261	1,471
Other	-	-	-	-	-	-	-
Total receipts	30,861	28,872	445	182	30,380	63,347	1,471
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	103,981	-	-	-	-	5,339	615
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Economic development	-	-	83	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Administrative charges	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	10,840
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	103,981	-	83	-	-	5,339	11,455
Excess (deficiency) of revenue over disbursements	(73,120)	28,872	362	182	30,380	58,008	(9,984)
Other financing sources (uses)							
Loan proceeds	-	-	-	-	-	-	-
Transfers in	92,525	-	-	-	-	-	-
Transfers out	-	-	-	-	(34,375)	(44,825)	(43,341)
Total other financing sources (uses)	92,525	-	-	-	(34,375)	(44,825)	(43,341)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,405	28,872	362	182	(3,995)	13,183	(53,325)
Cash and investment fund balance - beginning	77,733	158,243	3,962	10,612	33,780	499	54,870
Cash and investment fund balance - ending	\$ 97,138	\$ 187,115	\$ 4,324	\$ 10,794	\$ 29,785	\$ 13,682	\$ 1,545
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	97,138	187,115	4,324	10,794	29,785	13,682	1,545
Total cash and investment assets - December 31	\$ 97,138	\$ 187,115	\$ 4,324	\$ 10,794	\$ 29,785	\$ 13,682	\$ 1,545
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Capital projects	-	187,115	-	-	-	-	-
Perpetual care	-	-	-	-	-	-	-
Road projects	-	-	-	-	-	-	-
Redevelopment	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Public safety	97,138	-	-	-	29,785	13,682	1,545
Other purposes	-	-	4,324	10,794	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 97,138	\$ 187,115	\$ 4,324	\$ 10,794	\$ 29,785	\$ 13,682	\$ 1,545

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Motor Vehicle Highway	Law Enforcement 1998 Grant	Rainy Day	Municipal Code Revolving	Golf Course Nonreverting	TIF Redevelopment Projects	Emergency Management
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 307,623	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	4,679,849	-	-	-	-	-	-
Charges for services	195,153	-	-	3,375	1,454,335	-	-
Interest	9,128	763	18,036	-	2,906	10,118	-
Other	41,408	-	-	-	48	-	6,081
Total receipts	4,925,538	763	18,036	3,375	1,457,289	317,741	6,081
Disbursements:							
General government	-	-	-	2,679	-	-	-
Public safety	360,000	-	-	-	-	-	3,879
Highways and streets	4,321,891	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	1,451,262	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	102,205	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Administrative charges	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	150,862	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	4,681,891	150,862	-	2,679	1,451,262	102,205	3,879
Excess (deficiency) of revenue over disbursements	243,647	(150,099)	18,036	696	6,027	215,536	2,202
Other financing sources (uses)							
Loan proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	243,647	(150,099)	18,036	696	6,027	215,536	2,202
Cash and investment fund balance - beginning	1,000,461	153,333	549,514	8,058	521,272	971,996	4,039
Cash and investment fund balance - ending	\$ 1,244,108	\$ 3,234	\$ 567,550	\$ 8,754	\$ 527,299	\$ 1,187,532	\$ 6,241
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ 567,550	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	1,244,108	3,234	-	8,754	527,299	1,187,532	6,241
Total cash and investment assets - December 31	\$ 1,244,108	\$ 3,234	\$ 567,550	\$ 8,754	\$ 527,299	\$ 1,187,532	\$ 6,241
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ 527,299	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	-	-
Road projects	1,244,108	-	-	-	-	-	-
Redevelopment	-	-	-	-	-	1,187,532	-
Economic development	-	-	-	-	-	-	-
Public safety	-	3,234	-	-	-	-	6,241
Other purposes	-	-	-	8,754	-	-	-
Unrestricted	-	-	567,550	-	-	-	-
Total cash and investment fund balance - December 31	\$ 1,244,108	\$ 3,234	\$ 567,550	\$ 8,754	\$ 527,299	\$ 1,187,532	\$ 6,241

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	R T Legler Trust	Sports Program Nonreverting	Zoo Animal Revolving	Rental Rehab Program	Certified Technology Park	EDA Revolving Loan	Home Investment Trust
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	3,109,115	-	602,983
Charges for services	-	363,680	-	-	-	-	-
Interest	26	-	-	1,042	9,842	19,453	-
Other	-	7,353	4,378	2,333	-	131,927	-
Total receipts	26	371,033	4,378	3,375	3,118,957	151,380	602,983
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	361,607	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	3,017	603,491
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Administrative charges	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	6,803	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	-	361,607	6,803	-	-	3,017	603,491
Excess (deficiency) of revenue over disbursements	26	9,426	(2,425)	3,375	3,118,957	148,363	(508)
Other financing sources (uses)							
Loan proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	26	9,426	(2,425)	3,375	3,118,957	148,363	(508)
Cash and investment fund balance - beginning	1,962	41,786	84,899	290,906	-	670,927	(11,750)
Cash and investment fund balance - ending	\$ 1,988	\$ 51,212	\$ 82,474	\$ 294,281	\$ 3,118,957	\$ 819,290	\$ (12,258)
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	1,988	51,212	82,474	294,281	3,118,957	819,290	(12,258)
Total cash and investment assets - December 31	\$ 1,988	\$ 51,212	\$ 82,474	\$ 294,281	\$ 3,118,957	\$ 819,290	\$ (12,258)
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ 51,212	\$ 82,474	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	-	-
Road projects	-	-	-	-	-	-	-
Redevelopment	-	-	-	294,281	-	-	(12,258)
Economic development	-	-	-	-	3,118,957	819,290	-
Public safety	-	-	-	-	-	-	-
Other purposes	1,988	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 1,988	\$ 51,212	\$ 82,474	\$ 294,281	\$ 3,118,957	\$ 819,290	\$ (12,258)

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Community Development Block Grant	DMD/ Other Grants	Old Post Office	Economic Development Loan	Downtown Parking Garages	Continuum Care	Police Narcotics Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	3,035,280	345,288	-	-	-	641,372	89,603
Charges for services	60,884	-	-	-	551,258	-	-
Interest	6,225	34,123	1,827	45,016	9,520	-	-
Other	195,603	176,712	836	14,347	-	-	15,587
Total receipts	3,297,992	556,123	2,663	59,363	560,778	641,372	105,190
Disbursements:							
General government	266,852	-	-	-	241,333	-	-
Public safety	753,564	-	-	-	-	-	86,020
Highways and streets	-	-	-	-	-	-	-
Health and welfare	995,114	186,407	-	-	-	666,559	-
Culture and recreation	142,334	-	-	-	-	-	-
Urban redevelopment and housing	345,878	-	-	-	-	-	-
Economic development	850,483	309,777	-	940,000	63,549	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Administrative charges	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	2,653	-	-
Public safety	1,170	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	20,843	2,229	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	1,243	-	-	-	-	-	-
Economic development	6,978	-	-	-	-	-	-
Total disbursements	3,384,459	498,413	-	940,000	307,535	666,559	86,020
Excess (deficiency) of revenue over disbursements	(86,467)	57,710	2,663	(880,637)	253,243	(25,187)	19,170
Other financing sources (uses)							
Loan proceeds	-	-	-	-	-	-	-
Transfers in	15,247	54,588	-	-	-	-	-
Transfers out	-	(1,500)	-	-	(300,000)	(5,267)	-
Total other financing sources (uses)	15,247	53,088	-	-	(300,000)	(5,267)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(71,220)	110,798	2,663	(880,637)	(46,757)	(30,454)	19,170
Cash and investment fund balance - beginning	72,676	443,553	232,593	2,236,425	780,820	64,840	5,008
Cash and investment fund balance - ending	\$ 1,456	\$ 554,351	\$ 235,256	\$ 1,355,788	\$ 734,063	\$ 34,386	\$ 24,178
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	1,456	554,351	235,256	1,355,788	734,063	34,386	24,178
Total cash and investment assets - December 31	\$ 1,456	\$ 554,351	\$ 235,256	\$ 1,355,788	\$ 734,063	\$ 34,386	\$ 24,178
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	-	-
Road projects	-	-	-	-	-	-	-
Redevelopment	-	-	-	-	-	-	-
Economic development	-	-	-	1,355,788	-	-	-
Public safety	-	-	-	-	-	-	24,178
Other purposes	1,456	554,351	235,256	-	734,063	34,386	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 1,456	\$ 554,351	\$ 235,256	\$ 1,355,788	\$ 734,063	\$ 34,386	\$ 24,178

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Emergency Shelter Grant	Housing Trust	Fire Department Donation	Building Code Books	Oak Hill Perpetual Care	Locust Hill Perpetual Care
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	95,008	-	-	-	-	-
Charges for services	-	-	-	1,688	10,910	1,900
Interest	-	6,318	-	-	534	80
Other	-	2,798	-	-	-	-
Total receipts	95,008	9,116	-	1,688	11,444	1,980
Disbursements:						
General government	-	-	-	-	2,594	-
Public safety	-	-	-	4,202	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	102,236	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	70,230	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Administrative charges	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Total disbursements	102,236	70,230	-	4,202	2,594	-
Excess (deficiency) of revenue over disbursements	(7,228)	(61,114)	-	(2,514)	8,850	1,980
Other financing sources (uses)						
Loan proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,228)	(61,114)	-	(2,514)	8,850	1,980
Cash and investment fund balance - beginning	8,981	286,674	1,293	8,708	636,060	110,616
Cash and investment fund balance - ending	<u>\$ 1,753</u>	<u>\$ 225,560</u>	<u>\$ 1,293</u>	<u>\$ 6,194</u>	<u>\$ 644,910</u>	<u>\$ 112,596</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	1,753	225,560	1,293	6,194	644,910	112,596
Total cash and investment assets - December 31	<u>\$ 1,753</u>	<u>\$ 225,560</u>	<u>\$ 1,293</u>	<u>\$ 6,194</u>	<u>\$ 644,910</u>	<u>\$ 112,596</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Perpetual care	-	-	-	-	644,910	112,596
Road projects	-	-	-	-	-	-
Redevelopment	-	225,560	-	-	-	-
Economic development	-	-	-	-	-	-
Public safety	-	-	1,293	6,194	-	-
Other purposes	1,753	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 1,753</u>	<u>\$ 225,560</u>	<u>\$ 1,293</u>	<u>\$ 6,194</u>	<u>\$ 644,910</u>	<u>\$ 112,596</u>

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Bicycle License	Sidewalk Improvement Bond	Victory	Cumulative Capital Improvement	Greenway Project	Redevelopment Bonds of 1998
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	119	-	-	-	-	-
Intergovernmental	-	-	-	375,844	-	-
Charges for services	-	-	-	-	-	-
Interest	-	27,406	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	119	27,406	-	375,844	-	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	24,419	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Administrative charges	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	67,189	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	195,718	-
Urban redevelopment and housing	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Total disbursements	-	91,608	-	-	195,718	-
Excess (deficiency) of revenue over disbursements	119	(64,202)	-	375,844	(195,718)	-
Other financing sources (uses)						
Loan proceeds	-	1,435,500	-	-	-	-
Transfers in	-	-	-	-	635,500	-
Transfers out	-	-	-	(375,844)	-	-
Total other financing sources (uses)	-	1,435,500	-	(375,844)	635,500	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	119	1,371,298	-	-	439,782	-
Cash and investment fund balance - beginning	2,132	-	7,038	-	3,079	26,446
Cash and investment fund balance - ending	\$ 2,251	\$ 1,371,298	\$ 7,038	\$ -	\$ 442,861	\$ 26,446
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	2,251	1,371,298	7,038	-	442,861	26,446
Total cash and investment assets - December 31	\$ 2,251	\$ 1,371,298	\$ 7,038	\$ -	\$ 442,861	\$ 26,446
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	442,861	-
Perpetual care	-	-	-	-	-	-
Road projects	-	1,371,298	-	-	-	-
Redevelopment	-	-	-	-	-	26,446
Economic development	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Other purposes	2,251	-	7,038	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 2,251	\$ 1,371,298	\$ 7,038	\$ -	\$ 442,861	\$ 26,446

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	General Obligation Loan	Park Bond and Interest	Redevelopment Bond Retirement	Redevelopment TIF Bond Retirement	Mattie J. Bayard Trust	Totals
Receipts:						
Taxes	\$ 704,350	\$ 772,601	\$ 998,189	\$ 1,192,977	\$ -	\$ 3,975,740
Licenses and permits	-	-	-	-	-	39,206
Intergovernmental	66,014	90,899	105,244	-	-	13,298,585
Charges for services	710	470	1,006	-	-	2,692,968
Interest	-	-	-	18,752	-	227,901
Other	-	-	-	-	-	599,411
Total receipts	771,074	863,970	1,104,439	1,211,729	-	20,833,811
Disbursements:						
General government	-	-	-	-	-	513,458
Public safety	-	-	-	-	-	1,317,600
Highways and streets	-	-	-	-	-	4,346,310
Health and welfare	-	-	-	-	-	1,950,316
Culture and recreation	-	-	-	-	-	1,955,203
Urban redevelopment and housing	-	-	-	-	-	1,022,616
Economic development	-	-	-	-	-	2,266,097
Debt service:						
Principal	355,000	1,610,000	1,220,000	-	-	3,185,000
Interest	22,519	618,200	221,860	308,488	-	1,171,067
Administrative charges	-	400	-	40	-	440
Capital outlay:						
General government	-	-	-	-	-	2,653
Public safety	-	-	-	-	-	162,872
Highways and streets	-	-	-	-	-	67,189
Health and welfare	-	-	-	-	-	23,072
Culture and recreation	-	-	-	-	-	202,521
Urban redevelopment and housing	-	-	-	-	-	1,243
Economic development	-	-	-	-	-	6,978
Total disbursements	377,519	2,228,600	1,441,860	308,528	-	18,194,635
Excess (deficiency) of revenue over disbursements	393,555	(1,364,630)	(337,421)	903,201	-	2,639,176
Other financing sources (uses)						
Loan proceeds	-	-	-	-	-	1,435,500
Transfers in	-	66,605	300,000	-	-	1,164,465
Transfers out	-	-	-	-	-	(805,152)
Total other financing sources (uses)	-	66,605	300,000	-	-	1,794,813
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	393,555	(1,298,025)	(37,421)	903,201	-	4,433,989
Cash and investment fund balance - beginning	14,500	1,760,912	921,131	694,105	6,058	12,950,750
Cash and investment fund balance - ending	\$ 408,055	\$ 462,887	\$ 883,710	\$ 1,597,306	\$ 6,058	\$ 17,384,739
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 567,550
Restricted assets:						
Cash and investments	408,055	462,887	883,710	1,597,306	6,058	16,817,189
Total cash and investment assets - December 31	\$ 408,055	\$ 462,887	\$ 883,710	\$ 1,597,306	\$ 6,058	\$ 17,384,739
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 660,985
Debt service	408,055	462,887	883,710	1,597,306	-	3,351,958
Capital projects	-	-	-	-	-	629,976
Perpetual care	-	-	-	-	-	757,506
Road projects	-	-	-	-	-	2,615,406
Redevelopment	-	-	-	-	-	1,721,561
Economic development	-	-	-	-	-	5,294,035
Public safety	-	-	-	-	-	183,290
Other purposes	-	-	-	-	6,058	1,602,472
Unrestricted	-	-	-	-	-	567,550
Total cash and investment fund balance - December 31	\$ 408,055	\$ 462,887	\$ 883,710	\$ 1,597,306	\$ 6,058	\$ 17,384,739

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 As of and for the Year Ended December 31, 2005

	Printing and Supplies	Hospitalization	Unemployment	Auto Collision Insurance	Worker's Compensation	Liability Insurance	Total
Operating receipts:							
Charges for services	\$ 177,879	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,879
City/employee contributions	-	13,873,086	64,783	500	625,932	2,320,063	16,884,364
Total operating receipts	<u>177,879</u>	<u>13,873,086</u>	<u>64,783</u>	<u>500</u>	<u>625,932</u>	<u>2,320,063</u>	<u>17,062,243</u>
Operating disbursements:							
Insurance disbursements	-	11,388,931	66,774	24,063	699,729	2,274,311	14,453,808
Administrative services	<u>215,292</u>	<u>353,837</u>	<u>-</u>	<u>-</u>	<u>74,719</u>	<u>-</u>	<u>643,848</u>
Total operating disbursements	<u>215,292</u>	<u>11,742,768</u>	<u>66,774</u>	<u>24,063</u>	<u>774,448</u>	<u>2,274,311</u>	<u>15,097,656</u>
Excess (deficiency) of receipts over disbursements	<u>(37,413)</u>	<u>2,130,318</u>	<u>(1,991)</u>	<u>(23,563)</u>	<u>(148,516)</u>	<u>45,752</u>	<u>1,964,587</u>
Nonoperating receipts (disbursements):							
Interest and investment receipts	-	-	-	-	5,721	22,955	28,676
Miscellaneous receipts	<u>-</u>	<u>168,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,310</u>
Total nonoperating receipts (disbursements)	<u>-</u>	<u>168,310</u>	<u>-</u>	<u>-</u>	<u>5,721</u>	<u>22,955</u>	<u>196,986</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>(37,413)</u>	<u>2,298,628</u>	<u>(1,991)</u>	<u>(23,563)</u>	<u>(142,795)</u>	<u>68,707</u>	<u>2,161,573</u>
Cash and investment fund balance - beginning	<u>141,521</u>	<u>783,171</u>	<u>222,368</u>	<u>111,569</u>	<u>398,147</u>	<u>1,219,171</u>	<u>2,875,947</u>
Cash and investment fund balance - ending	<u>\$ 104,108</u>	<u>\$ 3,081,799</u>	<u>\$ 220,377</u>	<u>\$ 88,006</u>	<u>\$ 255,352</u>	<u>\$ 1,287,878</u>	<u>\$ 5,037,520</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ 104,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,108
Restricted assets:							
Cash and investments	<u>-</u>	<u>3,081,799</u>	<u>220,377</u>	<u>88,006</u>	<u>255,352</u>	<u>1,287,878</u>	<u>4,933,412</u>
Total cash and investment assets - December 31	<u>\$ 104,108</u>	<u>\$ 3,081,799</u>	<u>\$ 220,377</u>	<u>\$ 88,006</u>	<u>\$ 255,352</u>	<u>\$ 1,287,878</u>	<u>\$ 5,037,520</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Self-insurance	\$ -	\$ 3,081,799	\$ 220,377	\$ 88,006	\$ 255,352	\$ 1,287,878	\$ 4,933,412
Unrestricted	<u>104,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,108</u>
Total cash and investment fund balance - December 31	<u>\$ 104,108</u>	<u>\$ 3,081,799</u>	<u>\$ 220,377</u>	<u>\$ 88,006</u>	<u>\$ 255,352</u>	<u>\$ 1,287,878</u>	<u>\$ 5,037,520</u>

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2005

	<u>Fire Pension</u>	<u>Police Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Property taxes	\$ 760,525	\$ 1,114,861	\$ 1,875,386
Intergovernmental	2,665,633	3,217,564	5,883,197
Charges for services	766	1,123	1,889
Other	<u>22,454</u>	<u>88,864</u>	<u>111,318</u>
Total contributions	<u>3,449,378</u>	<u>4,422,412</u>	<u>7,871,790</u>
Investment receipts:			
Interest	<u>10,735</u>	<u>15,341</u>	<u>26,076</u>
Total additions	<u>3,460,113</u>	<u>4,437,753</u>	<u>7,897,866</u>
Deductions:			
Benefits and refunds	4,777,497	5,841,862	10,619,359
Administrative and general	<u>13,961</u>	<u>20,450</u>	<u>34,411</u>
Total deductions	<u>4,791,458</u>	<u>5,862,312</u>	<u>10,653,770</u>
Deficiency of total additions over total deductions	(1,331,345)	(1,424,559)	(2,755,904)
Cash and investment fund balance - beginning	<u>1,444,505</u>	<u>2,071,196</u>	<u>3,515,701</u>
Cash and investment fund balance - ending	<u>\$ 113,160</u>	<u>\$ 646,637</u>	<u>\$ 759,797</u>

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005

	Housing Rehabilitation Services	Cash Bonds	Oak Hill Lease Escrow	Accounts Receivable/ Payable Clearing	Payroll Summary	Advance Sales Escrow	Total
Additions:							
Agency fund additions	\$ -	\$ -	\$ -	\$ 1,105,530	\$ 58,168,519	\$ 11,344,358	\$ 70,618,407
Deductions:							
Agency fund deductions	-	-	-	843,860	58,154,523	10,407,982	69,406,365
Excess of total additions over total deductions	-	-	-	261,670	13,996	936,376	1,212,042
Cash and investment fund balance - beginning	14	1,000	5,377	(342,086)	478,436	741,527	884,268
Cash and investment fund balance - ending	<u>\$ 14</u>	<u>\$ 1,000</u>	<u>\$ 5,377</u>	<u>\$ (80,416)</u>	<u>\$ 492,432</u>	<u>\$ 1,677,903</u>	<u>\$ 2,096,310</u>

CITY OF EVANSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2005

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.

General infrastructure assets completed in 2004 and 2005 have been reported. Retroactive reporting of general infrastructure assets will occur by 2006.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 14,349,767
Infrastructure	9,381,297
Buildings	92,415,789
Improvements other than buildings	28,949,702
Machinery and equipment	<u>35,007,634</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 180,104,189</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 370,150
Construction in progress	6,877,921
Buildings	29,976,272
Improvements other than buildings	69,999,235
Machinery and equipment	<u>2,585,144</u>
 Total Water Utility capital assets	 <u>109,808,722</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	80,987
Construction in progress	4,950,178
Buildings	113,700,087
Improvements other than buildings	91,072,430
Machinery and equipment	<u>1,938,516</u>
 Total Wastewater Utility capital assets	 <u>211,742,198</u>
 Total business-type activities capital assets	 <u>\$ 321,550,920</u>

CITY OF EVANSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2005

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Bonds payable:		
General obligation bonds:		
1998 Redevelopment General Obligation Bond	\$ 2,675,000	\$ 625,000
2001 Park District General Obligation Bond	12,400,000	530,000
2003 Park District General Obligation Bond	15,325,000	-
2004 Redevelopment Refunding	3,145,000	595,000
Redevelopment Tax Increment Bonds and Bond Anticipation Notes:		
Redevelopment TIF Bonds of 2002	5,000,000	95,000
Redevelopment TIF BAN's of 2002	<u>1,770,000</u>	<u>1,770,000</u>
Total governmental activities long-term debt	<u>\$ 40,315,000</u>	<u>\$ 3,615,000</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water Revenue Bonds of 2004	\$ 24,890,000	\$ 495,000
Water Refunding Revenue Bonds of 2005	<u>9,245,000</u>	<u>475,000</u>
Total Water Utility	<u>34,135,000</u>	<u>970,000</u>
Wastewater Utility		
Revenue bonds:		
Wastewater Revenue Bonds of 1997, Series A	6,720,000	970,000
Wastewater Refunding Revenue Bonds of 2003	31,010,000	135,000
Loans:		
Wastewater Revenue SRF Loan of 1993	1,006,000	110,000
Wastewater Revenue SRF Loan of 1998	11,063,510	715,000
Wastewater Revenue SRF Loan 2004, Series B	<u>1,179,054</u>	<u>-</u>
Total Wastewater Utility	<u>50,978,564</u>	<u>1,930,000</u>
Total business-type activities long-term debt:	<u>\$ 85,113,564</u>	<u>\$ 2,900,000</u>

CITY OF EVANSVILLE
AUDIT RESULTS AND COMMENTS

LATE PAYMENT OF CLAIMS

In some cases, amounts payable to vendors and other suppliers of goods and services are not being paid until several months after the invoice dates.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROVAL OF CLAIMS

As stated in several prior reports, disbursements from the Roberts Stadium/Mesker Theatre/ Victory Theatre Advance Sales Escrow Account were not approved by the Evansville Park District Board.

Indiana Code 5-11-10-2(a) states: "Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

IMPROPER ISSUANCE OF CITY WARRANTS

As stated in several prior reports, warrants are issued on two city bank accounts, the SMG Operating Account and the Advanced Sales Escrow Account, by employees of SMG Entertainment, Inc.

Per Indiana Code 36-4-10-5(b): "The fiscal officer is the head of the city department of finance. The fiscal officer shall do the following . . . (2) Sign and issue all warrants on the city treasury."

COLLECTION OF AMOUNTS DUE

The amount due to the City for concessions from SMG was received according to the contract; however, amounts were not collected in a timely manner. Occasionally, six months elapsed before the revenues were remitted to the City.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

POLICE PENSION

As stated in the prior report, the City did not have an ordinance establishing the percentage of the monthly pay of a first class patrolman to be paid to surviving spouses or dependent children. Also, there was no ordinance establishing funeral benefits. Benefits were paid in accordance with the minimum amounts established by state statute.

Per Indiana Code 36-8-6-9.6(b): "A payment shall be made to the surviving spouse of a deceased member in an amount fixed by ordinance, but at least an amount equal to the following . . ."

CITY OF EVANSVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

Per Indiana Code 36-8-6-9.6(c): "Except as otherwise provided in this subsection, a payment shall also be made to each child of a deceased member less than eighteen (18) years of age, in an amount fixed by ordinance but at least an amount equal to twenty percent (20%) of the monthly pay of a first class patrolman per month . . ."

Per Indiana Code 36-8-6-9.8(d): "The 1925 fund shall be used to pay funeral benefits to the heirs or estate of an active or a retired member of the police department who has died from any cause, in an amount fixed by ordinance, but at least . . ."

FIREFIGHTERS' PENSION

As stated in the prior report, the City did not have an ordinance establishing the percentage of the salary of a fully paid first class firefighter to be paid to surviving spouses or dependent children. Benefits were paid in accordance with the minimum amounts set by statute.

Per Indiana Code 36-8-7-12.2(d)(1): "The surviving spouse is entitled to receive an amount fixed by ordinance but not less than . . ."

Per Indiana Code 36-8-7-12.2(d)(2): "The member's children who are: (A) less than eighteen (18) years of age; or (B) less than twenty-three (23) years of age if the children are enrolled in and regularly attending a secondary school or are full-time students at an accredited college or university; are entitled to receive an amount fixed by ordinance but not less than twenty percent (20%) of the salary of a fully paid first class firefighter in the unit at the time of the payment of the pension . . ."

BUY MONEY - POLICE

As stated in the prior report, the City Council has not passed an ordinance allowing the buy money program and the related expenditures.

The following procedure, among others, should be followed if a municipality wishes to obtain an appropriation and make expenditures for buy money or payments to informants:

- (1) Under IC 36-1-3 an ordinance should be passed allowing this type of program and associated expenditures. (Cities and Towns Bulletins September 1993, Page 9)

PARKING METER FEES

As stated in the prior report, parking meter fees are deposited into the General Fund.

Indiana Code 36-9-12-4 (2) states in part: "The fees shall be deposited to the credit of the municipality in a special fund: and (3) disbursements from the special fund may be made . . . only for the purposes listed . . ."

SEPARATE BANK ACCOUNTS

As stated in several prior reports, Evansville Water Utility funds, Evansville Wastewater Utility funds, Vanderburgh County Solid Waste District funds and Evansville Urban Transportation Study funds were accounted for in the bank account of the City of Evansville.

CITY OF EVANSVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

When two or more governmental units are authorized by statute to have the same fiscal officer, there should be separate bank accounts and accounting records for each governmental unit unless authorized by statute, appropriate federal or state rule or regulation. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A single bank account should be provided for all city or town funds, separate bank accounts for the funds belonging to each utility, and possibly a separate bank account for other funds if required by ordinance or regulation. Some bond ordinances and federal regulations require separate bank accounts for various funds and must be followed. Funds of other entities held by the city or town's fiscal officer must be accounted for in separate bank accounts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn in the year 2005: General, General Obligation Loan, Fire Pension, Parks and Recreation, Park Bond and Interest, Greenway Project, Police Pension, TIF Redevelopment Projects, Redevelopment Bond Retirement, Sewer Bonds of 2003, Home Investment Trust, Community Development Block Grant, Continuum Care, Police Narcotics Grant, Emergency Shelter Grant, Accounts Receivable/Payable Clearing, Hospitalization, Workers Compensation and Payroll Summary.

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 governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the payroll fund balances to the bank account balances were presented for audit but were incorrect. As of December 31, 2005, the City is carrying \$56,455.93 in unreconciled items on the payroll fund with \$26,714.53 being listed as previous outstanding items and/or errors. While an effort has been made to identify the unusual differences between the bank and the City's ledger, there does not appear to be any effort to resolve these differences. Therefore, as of December 31, 2005, the account is not reconciled. A similar comment was contained in several previous reports.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Evansville (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 1, 2006

CITY OF EVANSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2005

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Award			
Community Development Block Grants/Entitlement Grants	14.218	B-04-MC-18-0002	\$ <u>3,272,027</u>
Emergency Shelter Grants Program (ESG)	14.231	S-04-MC-18-0002 S-05-MC-18-0002	94,911 <u>7,325</u>
Total for Program			<u>102,236</u>
Supportive Housing Program	14.235	IN36B10-2001 IN36B40-1002 IN36B10-2003 IN36B20-2002 IN36B20-2003 IN36B30-1001 IN36B30-1002 IN36B30-1003 IN36B40-1003 IN36B40-1004 IN36B10-2002	109,327 92,056 11,923 84,686 57,188 40,443 44,787 39,763 55,156 26,218 <u>103,267</u>
Total for Program			<u>664,814</u>
HOME Investment Partnerships Program	14.239	M-00-MC-18-0201	<u>603,491</u>
Total for Federal Grantor Agency			<u>4,642,568</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Award			
Local Law Enforcement Block Grants Program	16.592	2003LBBX2585 2004LBBX1671	9,510 <u>7,744</u>
Total for Program			<u>17,254</u>
Pass-Through Indiana Criminal Justice Institute			
Juvenile Accountability Incentive Block Grants	16.523	03-JB-006	<u>60,263</u>
Juvenile Justice and Delinquency Prevention- Allocation To States	16.540	03-JF-022 04-JF-029	3,248 <u>9,666</u>
Total for Program			<u>12,914</u>
Crime Victim Assistance	16.575	04STO58 05STO57 04VA148 04VA149 04VA165 05VA129 05VA126 05VA127	11,386 6,462 70,881 60,933 25,965 11,970 34,897 <u>30,013</u>
Total for Program			<u>252,507</u>

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

CITY OF EVANSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2005
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE (continued)</u>			
Byrne Formula Grant Program	16.579		
		03-DB-037	17,468
		04-DB-040	<u>45,711</u>
Total for Program			<u>63,179</u>
Violence Against Women Formula Grants	16.588		
		04-ST-058	11,386
		05-ST-057	<u>6,461</u>
Total for Program			<u>17,847</u>
Total for Federal Grantor Agency			<u>423,964</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Federal Transit - Formula Grants	20.507		
		IN-90-0454	49,634
		IN-90-0474	<u>657,633</u>
Total for Program			<u>707,267</u>
State and Community Highway Safety	20.600	PT-06-04-07-52	<u>14,870</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		
		IN-05-02	35,000
		154-AL-05-03	19,452
		154-AL-06-03	<u>7,356</u>
Total for Program			<u>61,808</u>
Total for Federal Grantor Agency			<u>783,945</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management Capitalization Grants for Clean Water State Revolving Funds Wastewater Utility Improvements	66.458	CS18229102	<u>475,215</u>
Total for Federal Grantor Agency			<u>475,215</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security State Domestic Preparedness Equipment Support Program	97.004		
		C44P-4-448	816,348
		12-24-2003-9017	106,596
		12-29-2003-9019	<u>57,460</u>
Total for Federal Grantor Agency			<u>980,404</u>
Total Federal Awards Expended			<u>\$ 7,306,096</u>

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

CITY OF EVANSVILLE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Evansville (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2005:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/ Entitlement Grants	14.218	\$ 1,380,635
Emergency Shelter Grants Program (ESG)	14.231	102,236
Supportive Housing Program	14.235	565,520
HOME Investment Partnerships Program	14.239	552,295
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	12,914
Crime Victim Assistance	16.575	76,879
Violence Against Women Formula Grants	16.588	6,464

CITY OF EVANSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.507	Federal Transit – Formula Grants
66.458	Capitalization Grants for State Clean Water Revolving Funds Wastewater Utility Improvements
97.004	State Domestic Preparedness Equipment Support Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF EVANSVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF EVANSVILLE
EXIT CONFERENCE

The contents of this report were discussed on November 16, 2006, with Jonathan Weinzapfel, Mayor; and Lisa Acobert, Controller.