

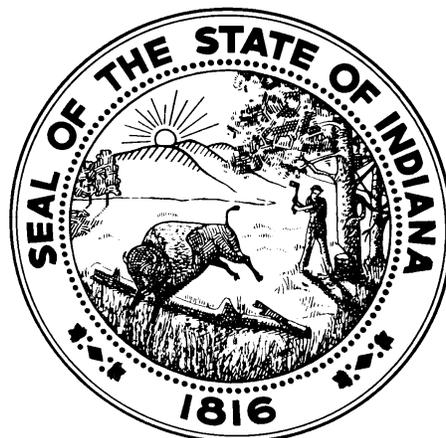
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

2007

CITY OF EVANSVILLE

VANDERBURGH COUNTY, INDIANA



**FILED**  
09/15/2008



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Lisa Acobert	01-01-07 to 10-01-08
Mayor	Jonathan Weinzapfel	01-01-04 to 12-31-11
President of the Board of Public Works	Jack McNeeley	01-01-07 to 12-31-08
President of the Common Council	Keith Jarboe	01-01-07 to 12-31-08
General Manager - Utilities	Harry Lawson	01-01-07 to 12-31-08
President of the Board of Directors of the Evansville Water and Wastewater Utilities	Stephen Titzer	01-01-07 to 12-31-08



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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, 2007, 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.

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, 2007, 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 August 14, 2008, 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, Schedules 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 required parts 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

August 14, 2008



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

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

We have audited the 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, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 14, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The City's response to the audit results and comments identified in our audit are described in the accompanying section of the report entitled Official Response. We did not audit the City's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, the City Council, 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

August 14, 2008

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## 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, 2007. 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 decreased by \$4,093 in 2007.
- The cash balances of the City's Business Type Funds increased by \$10,294 in 2007.
- At the end of 2007, the unreserved fund balance for the general fund was \$18,516 or 28% of total general fund expenditures, excluding transfers out.
- The City's total debt is \$43,527. This includes a capital lease of \$2,525, bonds of \$40,395 and loans of \$607.
- The Utility's total debt is \$123,147. This includes water utility bonds of \$34,770, wastewater bonds of \$35,470 and wastewater loans of \$52,907.

### 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, riverboat and local income tax, 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**

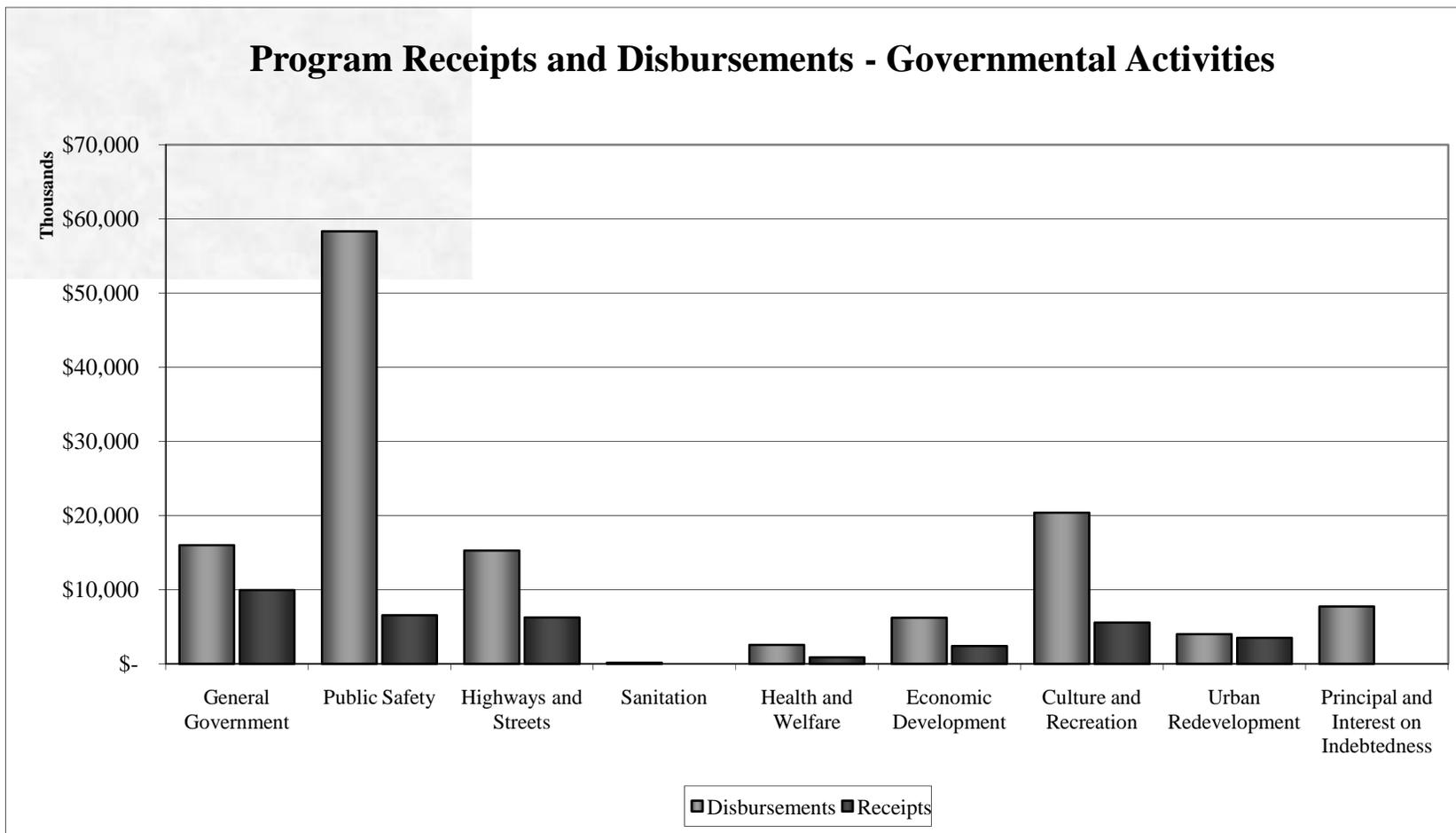
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgets for its major funds. In addition, the City's progress in funding its obligation to provide pension benefits to certain employees is 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 \$119,743,532 has positioned the City in a strong financial position especially considering the current economic challenges facing local governments. The City continued its efforts to maintain, expand and beautify the community by completed capital projects that included the Weinbach Avenue reconstruction, water line extensions and replacements, new police vehicles and greenway improvements.

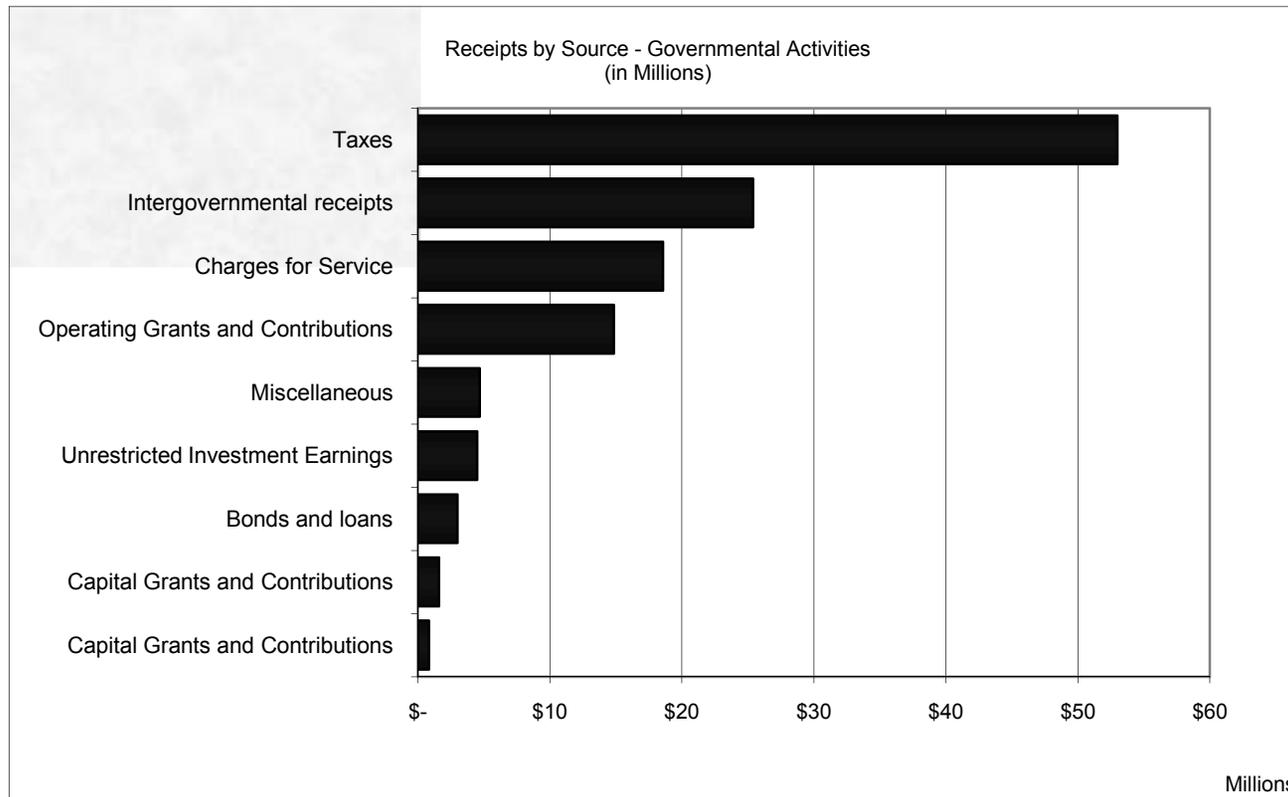
Since 2002, the City's property tax rate changed from \$1.2058 per \$100 of assessed value in 2002 to \$0.8600 in 2003, to \$0.9362 in 2004, \$1.0599 in 2005, \$1.1790 in 2006 and \$1.1274 in 2007. Changes from 2002 to 2003 are partly related to the State of Indiana property tax restructuring moving 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. Prior to this legislation, 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 for 2007:



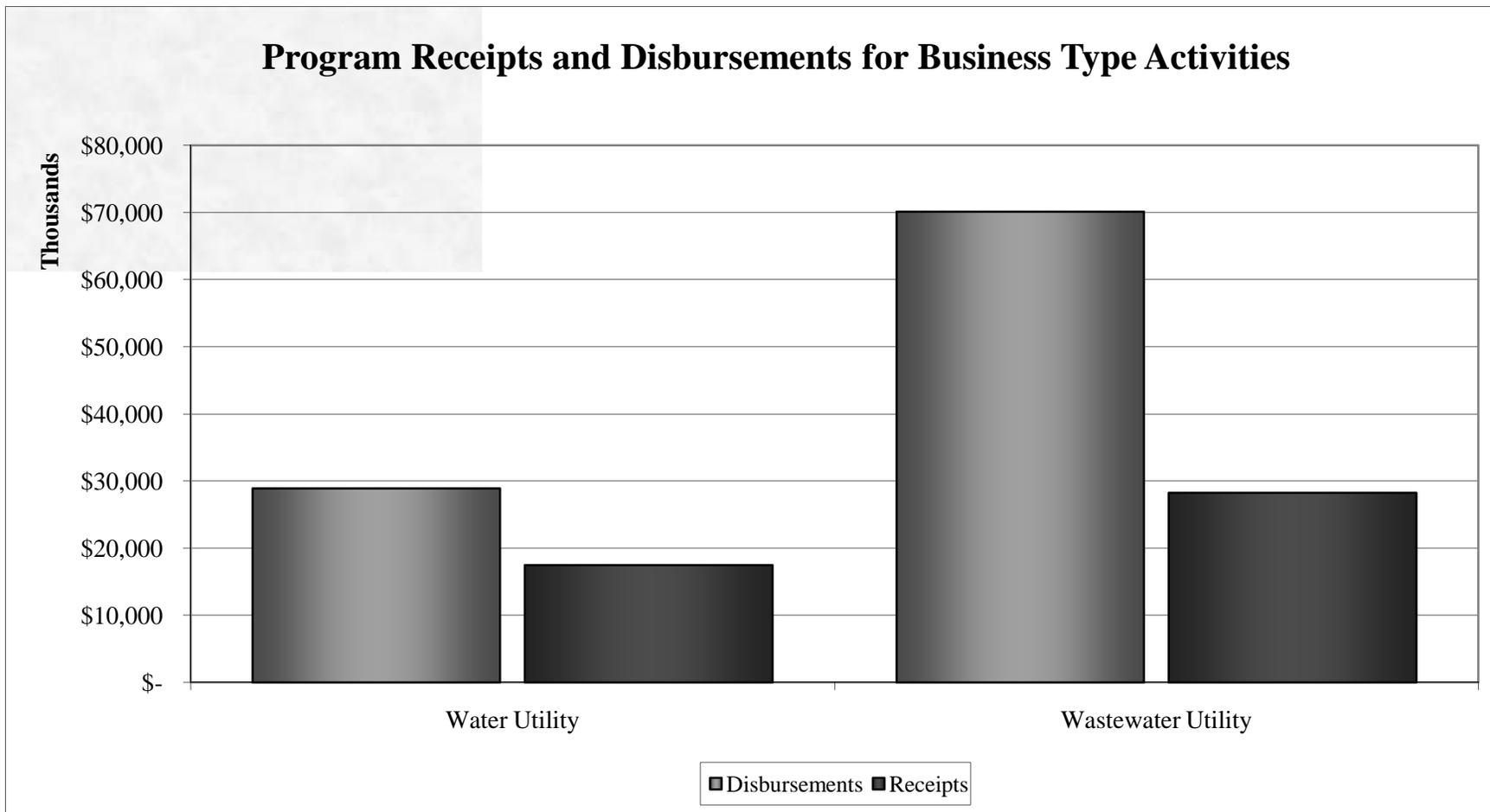
Taxes, as in prior years, were the City's major source of revenue supporting its activities, primarily in the area of public safety, culture and recreation as well as economic development and assistance. Other sources of revenue consisted primarily of unrestricted grants and contributions and unrestricted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

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

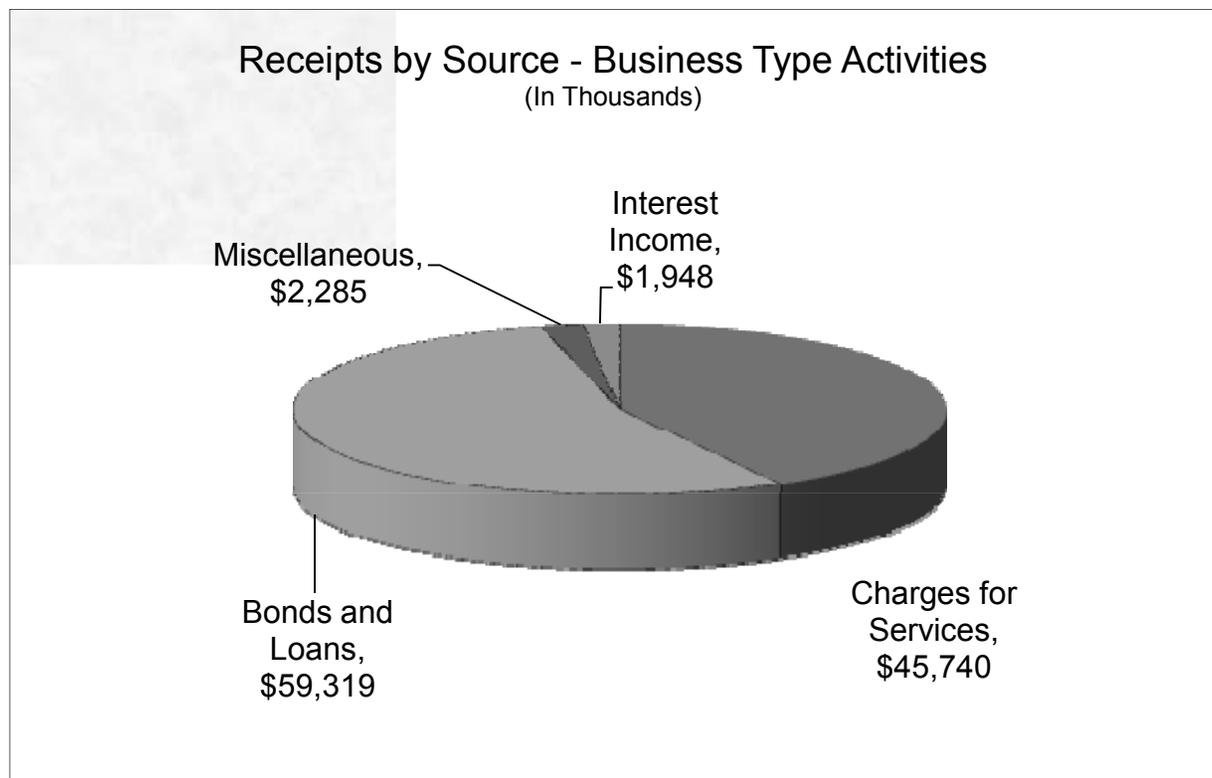


**Business-type Activities**

Business-type activities recorded a \$10.3 million increase in cash during 2007. 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 \$76,770, a decrease of \$4,093 in comparison with the prior year. Approximately, 24.1% of this total amount \$18,515 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) Capital outlays	\$25,712
2) Highways and streets	9,209
3) Economic development	6,797
4) General government	5,768
5) Urban redevelopment and housing	4,719
6) Culture and recreation debt service	3,575
7) Debt service	2,518
8) Public safety	183
9) Health and welfare	(225)

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 \$9,754. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total expenditures of \$67,137, excluding transfers. Unreserved fund balance represents 14.5% of total general fund disbursements.

The fund balance of the City's general fund increased by \$3,621 during 2007. Activity highlights include the following:

- Disbursements exceeded receipts by \$5,185 excluding other financing sources and uses.
- The majority (84%) 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 \$8,098 are used to offset the operating deficit in the General Fund.

The City also has two other major governmental funds. These are the Riverboat Fund and the Local Income Tax Fund.

The fund balance of the City Riverboat Fund decreased by \$3,857 during 2007. Highlights of the fund activity are as follows:

- Receipts exceeded disbursements by \$1,333, excluding other financing sources and uses.
- Of the \$9,622 in total revenues, \$7,163 (74%) was derived from gaming revenues and \$114 (1%) was derived from charges for services.
- Net transfers of \$5,521 were made to other funds.

The fund balance of the City's local income tax fund increased by \$2,403 during 2007. Highlights of the fund activity are as follows:

- Receipts exceeded disbursements by \$7,641, excluding other financing sources and uses.
- Of the \$13,796 of total revenues, \$13,370 (97%) was derived from intergovernmental revenue.
- 57% of the disbursements were expended for highways, streets and roadways.
- Net transfers of \$7,664 were made to other funds to support the operations of those funds.

**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 2007 totaled \$6,023 for the Water Utility and \$36,949 for the Wastewater Utility. In addition, the City's Internal Service funds recorded a fund balance of \$4,839 at the end of 2007. The total decrease in fund balance for the water utility was \$7,346 and the increase for the wastewater utility was \$17,640. 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 \$748 increase in appropriations and can be briefly summarized as follows:

- Establishment of the Police Narcotics department
- Fuel increases for City busing and public safety
- Equipment overhauls and repairs to City buses

Overall, actual cash disbursements in the General Fund of \$67,137 were \$3,883 lower than the adjusted budget.

#### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its major governmental funds as of December 31, 2007 amounts to \$571,784.

**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, capital leases and loans, of \$43,527. In addition, the business type funds had outstanding bonds, capital leases and loans of \$128,367.

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

City of Evansville, Indiana, Summary of Long-Term Liabilities as of 12/31/2007

Description	Governmental-Type		Total
	Activities	Business-Type Activities	
General Obligation Debt	\$31,305	\$ -	\$ 31,305
Capital Leases	2,525		2,525
TIF Debt	9,090	-	9,090
Revenue Bonds	-	70,240	70,240
Subtotals	42,920	70,240	113,160
Loans Payable	607	52,907	53,514
Subtotals	43,527	123,147	166,674
Less:			
Short-Term Portion	(3,276)	(7,718)	(10,994)
Total Long-Term Debt	\$40,251	\$115,429	\$155,680

The City has a “AA – on watch” rating from Standard & Poor’s and a “AAA” insured rating from Fitch Investor Services.

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

**Economic Factors and 2008 Budgets and Rates**

- The tax rates proposed for 2008 for the City, increased from \$0.9362 in 2004 to \$1.0599 in 2005 to \$1.1790 in 2006, \$ 1.1274 in 2007 and \$1.1241 in 2008.
- Circuit breaker tax caps will affect the City beginning in 2009. Based on the most recent information available to the City, it is anticipated that the City will lose approximately \$220 thousand in 2009 and approximately \$3.1 million dollars in 2010.
- 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 2008 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, 2007

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	Totals
Primary government:							
Governmental activities:							
General government	\$ 16,016,482	\$ 6,120,150	\$ 2,744,780	\$ 1,083,980	\$ (6,067,572)	\$ -	\$ (6,067,572)
Public safety	58,323,806	6,196,318	31,764	322,878	(51,772,846)	-	(51,772,846)
Highways and streets	15,277,680	397,724	5,835,173	10,000	(9,034,783)	-	(9,034,783)
Sanitation	120,164	-	-	-	(120,164)	-	(120,164)
Health and welfare	2,524,439	9,880	861,136	-	(1,653,423)	-	(1,653,423)
Economic development	6,185,631	487,278	1,902,933	-	(3,795,420)	-	(3,795,420)
Culture and recreation	20,374,357	5,364,664	-	193,229	(14,816,464)	-	(14,816,464)
Urban redevelopment and housing	3,985,061	-	3,477,434	-	(507,627)	-	(507,627)
Principal and interest on indebtedness	7,739,570	-	-	-	(7,739,570)	-	(7,739,570)
Total governmental activities	<u>130,547,190</u>	<u>18,576,014</u>	<u>14,853,220</u>	<u>1,610,087</u>	<u>(95,507,869)</u>	<u>-</u>	<u>(95,507,869)</u>
Business-type activities:							
Water	28,892,056	17,504,695	-	-	-	(11,387,361)	(11,387,361)
Wastewater	70,106,510	28,235,681	-	-	-	(41,870,829)	(41,870,829)
Total business-type activities	<u>98,998,566</u>	<u>45,740,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,258,190)</u>	<u>(53,258,190)</u>
Total primary government	<u>\$ 229,545,756</u>	<u>\$ 64,316,390</u>	<u>\$ 14,853,220</u>	<u>\$ 1,610,087</u>	<u>(95,507,869)</u>	<u>(53,258,190)</u>	<u>(148,766,059)</u>
General receipts:							
Property taxes					52,983,203	-	52,983,203
Intergovernmental					25,378,327	-	25,378,327
Other local sources					4,706,629	2,285,215	6,991,844
Net proceeds from borrowings					3,011,792	59,318,510	62,330,302
Grants and contributions not restricted to specific programs					841,605	-	841,605
Investment earnings					4,493,687	1,948,343	6,442,030
Total general receipts					<u>91,415,243</u>	<u>63,552,068</u>	<u>154,967,311</u>
Change in net assets					(4,092,626)	10,293,878	6,201,252
Net assets - beginning					<u>80,863,348</u>	<u>32,678,932</u>	<u>113,542,280</u>
Net assets - ending					<u>\$ 76,770,722</u>	<u>\$ 42,972,810</u>	<u>\$ 119,743,532</u>
<u>Assets</u>							
Cash and investments					\$ 18,515,931	\$ 11,957,901	\$ 30,473,832
Restricted assets:							
Cash and investments					<u>58,254,791</u>	<u>31,014,909</u>	<u>89,269,700</u>
Total assets					<u>\$ 76,770,722</u>	<u>\$ 42,972,810</u>	<u>\$ 119,743,532</u>
<u>Net Assets</u>							
Restricted for:							
General government					\$ 5,767,813	\$ -	\$ 5,767,813
Public safety					182,876	-	182,876
Highways and streets					9,209,392	-	9,209,392
Health and welfare					(225,817)	-	(225,817)
Economic development					6,796,658	-	6,796,658
Culture and recreation					3,574,516	-	3,574,516
Urban redevelopment and housing					4,718,697	-	4,718,697
Debt service					2,518,633	8,330,807	10,849,440
Capital outlay					25,712,023	-	25,712,023
Other purposes					-	22,684,102	22,684,102
Unrestricted					<u>18,515,931</u>	<u>11,957,901</u>	<u>30,473,832</u>
Total net assets					<u>\$ 76,770,722</u>	<u>\$ 42,972,810</u>	<u>\$ 119,743,532</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, 2007

	General	Riverboat	Local Income Tax	Other Governmental Funds	Totals
<b>Receipts:</b>					
Taxes	\$ 40,179,453	\$ -	\$ -	\$ 12,803,750	\$ 52,983,203
Licenses and permits	647,115	-	-	38,122	685,237
Intergovernmental	6,971,666	7,163,283	13,370,211	14,336,474	41,841,634
Charges for services	10,761,263	114,102	189,400	4,247,076	15,311,841
Fines and forfeits	460,689	-	-	-	460,689
Interfund loans	-	-	-	160,000	160,000
Other	2,931,412	2,344,219	236,814	2,228,821	7,741,266
<b>Total receipts</b>	<b>61,951,598</b>	<b>9,621,604</b>	<b>13,796,425</b>	<b>33,814,243</b>	<b>119,183,870</b>
<b>Disbursements:</b>					
General government	10,834,248	-	2,137,132	2,114	12,973,494
Public safety	55,330,462	-	-	986,033	56,316,495
Highways and streets	-	-	3,493,007	7,409,426	10,902,433
Sanitation	120,164	-	-	-	120,164
Health and welfare	825,607	-	-	1,698,832	2,524,439
Economic development	-	-	-	6,185,631	6,185,631
Culture and recreation	-	1,152,127	335,529	9,741,061	11,228,717
Urban redevelopment and housing	-	-	-	3,985,061	3,985,061
Interfund loans	-	-	160,000	-	160,000
Debt service:					
Principal	-	1,205,000	-	4,410,000	5,615,000
Interest	-	849,440	-	1,275,130	2,124,570
Capital outlay:					
General government	-	808,859	29,857	-	838,716
Public safety	26,114	1,965,100	-	16,097	2,007,311
Highways and streets	-	1,848,728	-	2,526,519	4,375,247
Culture and recreation	-	459,696	-	8,685,944	9,145,640
<b>Total disbursements</b>	<b>67,136,595</b>	<b>8,288,950</b>	<b>6,155,525</b>	<b>46,921,848</b>	<b>128,502,918</b>
Excess (deficiency) of receipts over disbursements	(5,184,997)	1,332,654	7,640,900	(13,107,605)	(9,319,048)
<b>Other financing sources (uses):</b>					
Net proceeds from borrowings	-	-	-	3,011,792	3,011,792
Transfers in	8,097,674	-	2,425,000	3,859,293	14,381,967
Transfers out	(103,645)	(5,521,309)	(7,663,778)	(1,093,235)	(14,381,967)
Other receipts	812,057	331,529	1,000	2,047,713	3,192,299
<b>Total other financing sources (uses)</b>	<b>8,806,086</b>	<b>(5,189,780)</b>	<b>(5,237,778)</b>	<b>7,825,563</b>	<b>6,204,091</b>

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, 2007  
(Continued)

	General	Riverboat	Local Income Tax	Other Governmental Funds	Totals
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,621,089	(3,857,126)	2,403,122	(5,282,042)	(3,114,957)
Cash and investment fund balance - beginning	6,132,484	21,265,033	5,577,522	42,071,933	75,046,972
Cash and investment fund balance - ending	\$ 9,753,573	\$ 17,407,907	\$ 7,980,644	\$ 36,789,891	71,932,015
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.					4,838,707
Net assets of governmental activities					\$ 76,770,722
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 9,753,573	\$ -	\$ 7,980,644	\$ 623,345	\$ 18,357,562
Restricted assets:					
Cash and investments	-	17,407,907	-	36,166,546	53,574,453
Total cash and investment assets - ending	\$ 9,753,573	\$ 17,407,907	\$ 7,980,644	\$ 36,789,891	\$ 71,932,015
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ 1,087,475	\$ 1,087,475
Public safety	-	-	-	182,876	182,876
Highways and streets	-	-	-	9,209,392	9,209,392
Health and welfare	-	-	-	(225,817)	(225,817)
Economic development	-	-	-	6,796,658	6,796,658
Culture and recreation	-	-	-	3,574,516	3,574,516
Urban redevelopment and housing	-	-	-	4,718,697	4,718,697
Debt service	-	-	-	2,518,633	2,518,633
Capital outlay	-	17,407,907	-	8,304,116	25,712,023
Unrestricted	9,753,573	-	7,980,644	623,345	18,357,562
Total cash and investment fund balance - ending	\$ 9,753,573	\$ 17,407,907	\$ 7,980,644	\$ 36,789,891	\$ 71,932,015

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, 2007

	Water Utility	Wastewater Utility	Totals	Internal Service Funds
Operating receipts:				
Metered receipts	\$ 14,298,452	\$ 21,359,282	\$ 35,657,734	\$ -
Pretreatment	-	278,651	278,651	-
Surcharge	-	505,767	505,767	-
Refuse service	-	4,684,370	4,684,370	-
Tap fees	-	1,089,787	1,089,787	-
Allocation of joint costs	2,410,336	-	2,410,336	-
Other	<u>795,907</u>	<u>317,824</u>	<u>1,113,731</u>	<u>16,550,485</u>
 Total operating receipts	 <u>17,504,695</u>	 <u>28,235,681</u>	 <u>45,740,376</u>	 <u>16,550,485</u>
Operating disbursements:				
Cost of sales and services	-	-	-	1,493,035
Equipment and capital improvements	10,683,617	41,965,868	52,649,485	-
Salaries and wages	3,674,990	2,525,958	6,200,948	-
Employee pensions and benefits	1,446,520	1,028,780	2,475,300	-
Contractual services	8,399,591	15,378,112	23,777,703	-
Insurance claims and expense	316,918	344,799	661,717	16,035,119
Payment in lieu of tax	502,450	2,003,230	2,505,680	-
Miscellaneous disbursements	<u>1,366,961</u>	<u>142,166</u>	<u>1,509,127</u>	<u>-</u>
 Total operating disbursements	 <u>26,391,047</u>	 <u>63,388,913</u>	 <u>89,779,960</u>	 <u>17,528,154</u>
 Deficiency of operating receipts over operating disbursements	 <u>(8,886,352)</u>	 <u>(35,153,232)</u>	 <u>(44,039,584)</u>	 <u>(977,669)</u>
Nonoperating receipts (disbursements):				
Net proceeds from borrowings	2,780,209	56,538,301	59,318,510	-
Interest receipts	377,489	1,570,854	1,948,343	-
Customer deposits	188,539	-	188,539	-
Other receipts	695,133	1,401,543	2,096,676	-
Debt service of principal	(1,175,000)	(4,141,000)	(5,316,000)	-
Interest disbursements	<u>(1,326,009)</u>	<u>(2,576,597)</u>	<u>(3,902,606)</u>	<u>-</u>
 Total nonoperating receipts (disbursements)	 <u>1,540,361</u>	 <u>52,793,101</u>	 <u>54,333,462</u>	 <u>-</u>
 Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	 <u>(7,345,991)</u>	 <u>17,639,869</u>	 <u>10,293,878</u>	 <u>(977,669)</u>
Transfers in	2,552,810	12,912,363	15,465,173	-
Transfers out	<u>(2,552,810)</u>	<u>(12,912,363)</u>	<u>(15,465,173)</u>	<u>-</u>
 Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	 <u>(7,345,991)</u>	 <u>17,639,869</u>	 <u>10,293,878</u>	 <u>(977,669)</u>
Cash and investment fund balance - beginning	<u>13,369,385</u>	<u>19,309,547</u>	<u>32,678,932</u>	<u>5,816,376</u>
Cash and investment fund balance - ending	<u>\$ 6,023,394</u>	<u>\$ 36,949,416</u>	<u>\$ 42,972,810</u>	<u>\$ 4,838,707</u>
 <u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 1,840,572	\$ 10,117,329	\$ 11,957,901	\$ 158,369
Restricted assets:				
Cash and investments	<u>4,182,822</u>	<u>26,832,087</u>	<u>31,014,909</u>	<u>4,680,338</u>
Total cash and investment assets - December 31	<u>\$ 6,023,394</u>	<u>\$ 36,949,416</u>	<u>\$ 42,972,810</u>	<u>\$ 4,838,707</u>
 <u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 2,046,553	\$ 6,284,254	\$ 8,330,807	\$ -
Other purposes	2,136,269	20,547,833	22,684,102	4,680,338
Unrestricted	<u>1,840,572</u>	<u>10,117,329</u>	<u>11,957,901</u>	<u>158,369</u>
Total cash and investment fund balance - December 31	<u>\$ 6,023,394</u>	<u>\$ 36,949,416</u>	<u>\$ 42,972,810</u>	<u>\$ 4,838,707</u>

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, 2007

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Additions:		
Contributions:		
Employer	\$ 7,676,858	\$ -
Plan members	31,364	-
State	<u>9,375,036</u>	<u>-</u>
Total contributions	<u>17,083,258</u>	<u>-</u>
Investment earnings:		
Interest	<u>36,111</u>	<u>-</u>
Net investment earnings	<u>36,111</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>65,765,491</u>
Total additions	<u>17,119,369</u>	<u>65,765,491</u>
Deductions:		
Benefits	14,582,088	-
Administrative and general	37,179	-
Agency fund deductions	<u>-</u>	<u>65,753,557</u>
Total deductions	<u>14,619,267</u>	<u>65,753,557</u>
Excess of total additions over total deductions	2,500,102	11,934
Cash and investment fund balance - beginning	<u>1,669,098</u>	<u>456,057</u>
Cash and investment fund balance - ending	<u>\$ 4,169,200</u>	<u>\$ 467,991</u>

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.

The City's financial reporting entity is composed of the following:

Primary Government: City of Evansville

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, Administrative 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 Metropolitan Planning Organization (MPO). 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 MPO's continued existence depends on continued funding by the City. Complete financial statements for the Evansville Metropolitan Planning Organization can be obtained from the entity's administrative office.

Evansville Metropolitan Planning Organization  
Room 316, Administrative Building  
Evansville, IN 47708

Related Organizations

The City's officials are also responsible for appointing the 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 the board members of the Evansville Housing Authority and the Evansville-Vanderburgh Airport Authority District.

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays 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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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 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 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 functions and various other 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 non-operating 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.

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
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 and Net Assets – Cash and Investment Basis.

G. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the primary government in June and in December. State statutes (IC 6-1.1-17-16) require the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the primary government prior to December 31 of the year collected.

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.

Prior to the first required publication, 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 a

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/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. Disbursements in Excess of Appropriations

For the year ended December 31, 2007, disbursements exceeded budgeted appropriations in the following fund by the amounts below:

Fund	2007
Local Road and Streets	<u>\$ (2,425,720)</u>

These disbursements/encumbrances were funded by available cash balances and unspent carry-forward appropriations from previous year budgets. The City has revised the carry-forward policy in order to match current year available budgets to current year appropriations thereby preventing the anomaly detailed in this note.

C. Cash and Investment Balance Deficits

At December 31, 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007
Home Investment Trust Fund	\$ (60,684)
Community Development Block Grant	(129,727)
Continuum Care Fund	(151,389)
Emergency Shelter Grant	(74,428)
Accounts Payable/Receivable Clearing	(66,048)

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.

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2007, the City had the following investments:

Investment Type	Primary Government Market Value
Commercial paper	\$ 14,998,117
Money market mutual funds	17,162,885
Total	<u>\$ 32,161,002</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 City 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

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City'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.

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.

		<u>City and Utilities' Investments</u>	
<u>Standard and Poor's Rating</u>	<u>Moody's Rating</u>	<u>Money Market Mutual Funds</u>	<u>Commercial Paper</u>
AAA	Aaa	\$ 8,910,772	\$ 3,000,145
Unrated	Unrated	<u>8,252,113</u>	<u>11,997,972</u>
Totals		<u>\$ 17,162,885</u>	<u>\$ 14,998,117</u>

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.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, were as follows:

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NOTES TO FINANCIAL STATEMENTS  
(Continued)

Transfer From	Transfer To	2007
General Fund	Other governmental funds	\$ 103,645
Local Income Tax Fund	General Fund	7,609,190
	Other governmental funds	54,588
Riverboat Fund	Local Income Tax Fund	2,425,000
	Other governmental funds	3,096,309
Other governmental funds	General Fund	488,484
	Other governmental funds	604,751
Total		\$ 14,381,967

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

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 loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. The City is self insured for the first \$100,000 to \$150,000 of claims, depending on the type of loss. 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; Theft of, Damage to, and Destruction of Assets; Errors and Omissions;  
Job Related Illnesses or Injuries to Employees; and Natural Disasters

The City has chosen to establish three risk financing funds for risks associated with torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The risk financing funds are accounted for in the Liability Insurance Fund, Auto Collision Fund, and the Workers' Compensation Fund, internal service funds, where assets are set aside for claim settlements. The City is self-insured for the first \$100,000 to \$150,000 per incident depending on the type of loss. Also all claims in excess of \$1,980,000 per year are covered by commercial insurance. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the funds 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)

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 total claims in excess of \$13,297,044. 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.

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 \$1,397,680.

C. Subsequent Events

Water Utility

In 2008, the Utility issued bonds in the amount of \$36,000,000 in order to repay the Bond Anticipation Note and for various water projects.

Wastewater Utility

In 2008, the City Council passed Ordinance F2008-04 which provides for a 17.1% rate increase effective September 1, 2008.

The Utility will receive an additional State Revolving Loan in the amount of \$18,452,000 for the completion of various wastewater projects.

D. Conduit Debt Obligation

From time to time, the City has issued economic development bond issues 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.

As of December 31, 2007, there were 19 series of economic development bonds outstanding. The aggregate principal amount payable for the series issued could not be determined; however, their original issue amounts totaled \$66,528,000.

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

The City of Evansville Employee Benefit Plan is a single-employer defined benefit healthcare plan administered by the City of Evansville. The plan provides medical benefits to eligible retirees and their spouses. Indiana Code 5-10-8-1 assigns the authority to establish and amend benefit provisions to the City.

Funding Policy

The contribution requirements of plan members for the City of Evansville Healthcare Plan are established by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2007, the City contributed \$2,764,490 to the plan. Plan members receiving benefits contributed through their required contribution of \$81.06 to \$198.81 per month for retiree-only coverage based on position and plan selected and \$144.12 to \$271.44 for retiree and spouse coverage to age 65, and \$39.44 to \$124.84 and \$55.38 to \$260.76 per month, respectively, thereafter.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on pay-as-you-go financing requirements.

Funded Status and Funding Progress

As of December 31, 2007, the plan is budgeted each year based on prior year's disbursements on the pay-as-you-go basis.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. However, the City did not provide an actuarial study.

Actuarial Methods and Assumption

No actuarial study was provided.

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

F. Loans Receivable

Date of Loan	Borrower	Purpose	Original Amount	Interest Rate	Annual Required Payment	Ousting Balance
01-01-04	Signature Learning Center	Improvements Charter School	\$ 350,000	3.00%	\$ 29,500	\$ 200,000
05-09-02	Luxury Leasing	Renovations - Rental	126,513	3.00%	9,817	92,029
12-22-04	Phillis Clayton	Renovations - Rental	30,000	3.00%	2,486	25,887
03-18-98	Stratman Pharmacy	Renovations - Pharmacy	100,000	3.00%	2,893	2,893
02-04-05	Nuts & Bolts	Renovations - Business	60,000	3.00%	4,972	54,798
07-28-05	Stratman's Rental	Renovations - Apartments	150,000	3.00%	17,381	118,908
01-04-06	Bowen Engineering	Renovations - Business	200,000	3.00%	16,574	174,239
03-01-06	Evansville Eyecare	Renovations - Business	95,000	3.00%	7,873	84,897
08-17-06	James and Kimberly Pfender	Renovations - Rental Property	10,000	6.25%	3,999	3,459
05-29-03	Azimuth Custom Extrusions	Equipment Loan	530,000	4.00%	67,423	67,423
03-25-82	Citizens Bank	Construct New Building	2,300,000	2.00%	74,754	1,459,460
12-15-00	Emporia	Renovations - Business	200,000	3.00%	10,119	191,885
02-01-00	Simpson's Food Fair	Renovations - Business	260,000	3.00%	17,303	176,200
11-17-05	QTR	Equipment Loan	660,000	3.67%	57,282	588,536
12-02-05	Black Buggy, Inc.	Restaurant Loan	280,000	3.00%	44,037	212,245
10-30-02	Grace-Whitney Properties	Renovations - Rental Property	66,400	5.00%	7,058	60,624
06-25-04	Grace-Whitney Properties	Renovations - Rental Property	53,341	5.00%	6,156	49,587
06-20-05	Evansville Convention and Visitors Bureau	LST Dock	400,000	0.00%	150,000	150,000
02-25-05	Evansville Convention and Visitors Bureau	African American Museum	500,000	0.00%	125,000	500,000
12-15-05	Kunkel Group	Renaissance on Main	221,250	0.00%	20,300	20,300
08-22-06	Claremont	Permanent Federal Housing	210,000	0.00%	150,000	150,000
01-10-07	Michael Martin Realty	Renovations - Rental Property	75,000	6.25%	13,356	67,690
01-10-07	Michael Martin Realty	Renovations - Rental Property	50,000	0.00%	-	50,000
06-20-07	Kunkel Group	Renovations - Rental	150,000	6.25%	26,512	142,785
12-20-06	Kunkel Group	Renovations - Rental	310,000	3.00%	62,000	310,000

G. Rate Structure – Enterprise Funds

Water Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on November 24, 2004. On September 26, 2007, the Indiana Utility Regulatory Commission approved a three tier rate increase effective each January 1 beginning in 2008.

Wastewater Utility

The current rate structure was approved by the City Council on May 1, 2007.

H. 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.

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 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	\$ 1,502,560	\$ 13,996	N/A	\$ 7,637,500	\$ 5,241,100
Interest on net pension obligation	(49,882)	2,630	N/A	2,936,800	2,154,000
Adjustment to annual required contribution	<u>56,845</u>	<u>(2,998)</u>	N/A	<u>(3,650,000)</u>	<u>(2,677,100)</u>
Annual pension cost	1,509,523	13,628	N/A	6,924,300	4,718,000
Contributions made	<u>1,335,834</u>	<u>14,568</u>	N/A	<u>9,373,024</u>	<u>7,678,870</u>
Increase (decrease) in net pension obligation	173,689	(940)	N/A	(2,448,724)	(2,960,870)
Net pension obligation, beginning of year	<u>(688,033)</u>	<u>36,282</u>	N/A	<u>48,946,338</u>	<u>35,899,487</u>
Net pension obligation, end of year	<u>\$ (514,344)</u>	<u>\$ 35,342</u>	N/A	<u>\$ 46,497,614</u>	<u>\$ 32,938,617</u>

N/A = Not available

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	City and Utilities PERF	Oak Hill Cemetery PERF	Redevelopment Commission PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:					
City	6.25%	8.75%	0%	520%	545%
Plan members	3%	3%	3%	6%	6%
Actuarial valuation date	07-01-07	07-01-07	07-01-07	01-01-07	01-01-07
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

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	06-30-05	\$ 1,165,577	104%	\$ (896,019)
	06-30-06	1,449,980	86%	(688,033)
	06-30-07	1,590,523	88%	(514,344)

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Oak Hill Cemetery PERF	06-30-05	\$ 18,509	37%	\$ 10,125
	06-30-06	37,581	30%	36,282
	06-30-07	13,628	107%	35,342
Redevelopment Commission PERF	06-30-05	70	0%	(6,919)
	06-30-06	70	0%	(6,849)
	06-30-07	N/A	N/A	N/A
1925 Police Officers' Pension Plan	12-31-05	6,822,100	64%	48,725,854
	12-31-06	6,792,900	97%	48,946,338
	12-31-07	6,924,300	135%	46,497,614
1937 Firefighters' Pension Plan	12-31-05	4,953,200	69%	36,783,118
	12-31-06	4,928,700	118%	35,899,487
	12-31-07	4,718,000	163%	32,938,617

N/A = Not available

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2007, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	243	168
Current active employees	28	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.

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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:

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, 2007, 2006, and 2005, were \$5,334,417, \$5,025,287, and \$4,807,255, respectively, equal to the required contributions for each year.

I. Contingent Liabilities

1. The United States Department of Justice and the 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. Approximately 60% of the sewer systems in the City of Evansville are combined sanitary and storm drains which result in sanitary overflows and discharges into streams, and ultimately, the Ohio River in severe wet weather events, thus violating the Clean Water Act. The amount of the consent decree is 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.
2. The International Association of Firefighters, Local 357, filed a Verified Complaint for Declaratory Judgment and Injunctive Relief against the City of Evansville. The plaintiffs are current and former City of Evansville firemen. The health insurance funding issues, which are the subject of this action, could result in a decision costing the City in excess of \$100,000.
3. The Fraternal Order of Police, Evansville Lodge #73, Inc., filed a Complaint against the City of Evansville seeking back pay and damages for police sergeants pursuant to the Collective Bargaining Agreement entered into between the City of Evansville and the Fraternal Order of Police. The Fraternal Order of Police is seeking back pay and damages for its members in excess of \$100,000.
4. The Fraternal Order of Police, Evansville Lodge #73, Inc., filed a Complaint for Declaratory Judgment and Injunctive Relief against the City of Evansville. The Fraternal Order of Police is contending that all Evansville City police officers who retired after June 1, 1997, were to receive future health insurance coverage without being required to make any monthly premium payments to the City. However, since January 1, 2005, the City of Evansville has been deducting monthly health insurance premiums from the retirement benefits received by the Evansville City police officers who retired after June 1, 1997. The Fraternal Order of Police is seeking damages in excess of \$100,000 from the City of Evansville to reimburse the retired policemen for the deducted health insurance amounts.

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. Industrial Contractors, Inc., is the general contractor in connection with the construction of the new entry complex, Amazonia Building, and the related pathways and parking lot at Mesker Park Zoo. In October of 2007, several slope failures occurred at various locations on the embankments and roadways constructed by Industrial Contractors. Industrial Contractors has asserted that the City of Evansville and the engineer who designed the project failed to provide adequate design and construction drawings to allow for the proper construction of the roadways and slopes which failed at the project site. Industrial Contractors has asserted a claim against the City of Evansville in the sum of \$226,021 to compensate them for their increased costs associated with their construction activities on the project.

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)
07-01-05	\$ 27,324,967	\$ 31,763,368	\$ (4,438,401)	86%	\$ 22,008,817	(20%)
07-01-06	30,018,856	32,921,068	(2,902,212)	91%	22,197,140	(13%)
07-01-07	33,545,348	36,642,152	(3,096,804)	92%	23,096,880	(13%)

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)
07-01-05	\$ 214,254	\$ 511,995	\$ (297,741)	42%	\$ 266,145	(112%)
07-01-06	282,521	318,664	(36,143)	89%	187,714	(19%)
07-01-07	325,788	307,162	18,626	106%	187,786	10%

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)
07-01-05	\$ 417,169	\$ 160,288	\$ 256,881	260%	\$ 84,200	305%
07-01-06	*	*	*	*	*	*
07-01-07	*	*	*	*	*	*

1925 Police 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)
01-01-02	\$ 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%)
01-01-06	646,637	97,697,700	(97,051,063)	1%	1,712,700	(5,667%)
01-01-07	983,548	100,097,700	(99,114,152)	1%	1,467,500	(6,754%)

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)
01-01-02	\$ 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%)
01-01-06	113,160	71,396,800	(71,283,640)	0%	1,205,300	(5,914%)
01-01-07	685,550	68,849,000	(68,163,450)	1%	960,900	(7,094%)

\*Information not available

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

	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
1925 Police Officers' Pension Plan	12-31-02	\$ 11,198,800	16%	25%
	12-31-03	11,755,200	15%	31%
	12-31-04	12,279,900	12%	25%
	12-31-05	7,408,400	15%	43%
	12-31-06	7,454,700	42%	46%
	12-31-07	7,637,500	56%	67%
1937 Firefighters' Pension Plan	12-31-02	8,992,600	28%	54%
	12-31-03	8,824,500	20%	29%
	12-31-04	9,169,100	15%	28%
	12-31-05	5,400,100	14%	49%
	12-31-06	5,428,300	55%	52%
	12-31-07	5,241,100	65%	82%

CITY OF EVANSVILLE, INDIANA

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 41,170,215	\$ 40,132,108	\$ 40,179,453	\$ 47,345
Licenses and permits	524,998	647,415	647,115	(300)
Intergovernmental	6,808,427	7,014,810	6,971,666	(43,144)
Charges for services	10,961,501	11,835,665	10,761,263	(1,074,402)
Fines and forfeits	441,179	508,908	460,689	(48,219)
Miscellaneous revenues	542,235	793,096	-	(793,096)
Other	1,262,700	2,964,002	2,931,412	(32,590)
Total receipts	61,711,255	63,896,004	61,951,598	(1,944,406)
<b>DISBURSEMENTS</b>				
Current:				
General government	10,976,896	11,476,874	10,834,248	(642,626)
Public safety	57,061,371	58,337,038	55,330,462	(3,006,576)
Health and welfare	867,228	922,531	825,607	(96,924)
Sanitation	127,762	129,677	120,164	(9,513)
Other	103,645	103,645		(103,645)
Total current	69,136,902	70,969,765	67,110,481	(3,859,284)
Capital outlay:				
Public safety	-	50,000	26,114	(23,886)
Total disbursements	69,136,902	71,019,765	67,136,595	(3,883,170)
Excess (deficiency) of receipts over (under) expenditures	(7,425,647)	(7,123,761)	(5,184,997)	1,938,764
<b>OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS</b>				
Transfers in	8,035,943	8,097,674	8,097,674	-
Transfers out	-	-	(103,645)	(103,645)
Other receipts	-	-	812,057	812,057
Total other financing sources and uses and special items	8,035,943	8,097,674	8,806,086	708,412
Net change in fund balances	610,296	973,913	3,621,089	2,647,176
Fund balances -- beginning	2,992,887	2,992,887	6,132,484	3,139,597
Fund balances -- ending	\$ 3,603,183	\$ 3,966,800	\$ 9,753,573	\$ 5,786,773

CITY OF EVANSVILLE, INDIANA

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**RIVERBOAT FUND**

For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 7,023,496	\$ 7,304,636	\$ 7,163,283	\$ (141,353)
Charges for services	138,980	166,786	114,102	(52,684)
Miscellaneous revenues	474,450	905,307	-	(905,307)
Other	3,590,094	3,094,896	2,344,219	(750,677)
Total receipts	11,227,020	11,471,625	9,621,604	(1,850,021)
<b>DISBURSEMENTS</b>				
Current:				
General government	737,079	3,157,874	-	(3,157,874)
Public safety	1,764,360	2,577,557	-	(2,577,557)
Highways and streets	1,504,484	3,012,571	-	(3,012,571)
Culture and recreation	160,500	203,898	1,152,127	948,229
Total current	4,166,423	8,951,900	1,152,127	(7,799,773)
Debt Service:				
Principal retirement	1,205,000	1,205,000	1,205,000	-
Interest	759,360	866,348	849,440	(16,908)
Total debt service	1,964,360	2,071,348	2,054,440	(16,908)
Capital outlay:				
General government	-	-	808,859	808,859
Public safety	-	-	1,965,100	1,965,100
Highways and streets	-	-	1,848,728	1,848,728
Culture and recreation	1,737,000	2,331,256	459,696	(1,871,560)
Total capital outlay	1,737,000	2,331,256	5,082,383	2,751,127
Total disbursements	7,867,783	13,354,504	8,288,950	(5,065,554)
Excess (deficiency) of receipts over (under) expenditures	3,359,237	(1,882,879)	1,332,654	3,215,533
<b>OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS</b>				
Transfers out	(2,898,965)	(5,521,309)	(5,521,309)	-
Other receipts	-	-	331,529	331,529
Total other financing sources and uses and special items	(2,898,965)	(5,521,309)	(5,189,780)	331,529
Net change in fund balances	460,272	(7,404,188)	(3,857,126)	3,547,062
Fund balances -- beginning	23,361,566	23,361,566	21,265,033	(2,096,533)
Fund balances -- ending	\$ 23,821,838	\$ 15,957,378	\$ 17,407,907	\$ 1,450,529

CITY OF EVANSVILLE, INDIANA

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**LOCAL INCOME TAX FUND**  
**For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 13,217,756	\$ 13,370,211	\$ 13,370,211	\$ -
Charges for services	6,700	189,400	189,400	-
Miscellaneous revenues	-	1,000	-	(1,000)
Other	40,000	236,814	236,814	-
<b>Total receipts</b>	<b>13,264,456</b>	<b>13,797,425</b>	<b>13,796,425</b>	<b>(1,000)</b>
<b>DISBURSEMENTS</b>				
Current:				
General government	2,597,560	3,293,606	2,137,132	(1,156,474)
Highways and streets	4,284,000	5,010,214	3,493,007	(1,517,207)
Culture and recreation	330,000	418,030	335,529	(82,501)
Interfund loans	-	160,000	160,000	-
<b>Total current</b>	<b>7,211,560</b>	<b>8,881,850</b>	<b>6,125,668</b>	<b>(2,756,182)</b>
Capital outlay:				
General government	-	52,596	29,857	(22,739)
<b>Total disbursements</b>	<b>7,211,560</b>	<b>8,934,446</b>	<b>6,155,525</b>	<b>(2,778,921)</b>
<b>Excess (deficiency) of receipts over (under) expenditures</b>	<b>6,052,896</b>	<b>4,862,979</b>	<b>7,640,900</b>	<b>2,777,921</b>
<b>OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS</b>				
Transfers in	2,425,000	2,425,000	2,425,000	-
Transfers out	(7,663,778)	(7,663,778)	(7,663,778)	-
Other receipts			1,000	1,000
<b>Total other financing sources and uses and special items</b>	<b>(5,238,778)</b>	<b>(5,238,778)</b>	<b>(5,237,778)</b>	<b>1,000</b>
<b>Net change in fund balances</b>	<b>814,118</b>	<b>(375,799)</b>	<b>2,403,122</b>	<b>2,778,921</b>
<b>Fund balances -- beginning</b>	<b>6,024,380</b>	<b>6,024,380</b>	<b>5,577,522</b>	<b>(446,858)</b>
<b>Fund balances -- ending</b>	<b>\$ 6,838,498</b>	<b>\$ 5,648,581</b>	<b>\$ 7,980,644</b>	<b>\$ 2,332,063</b>

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, 2007

	Motor Vehicle Highway	Local Road and Street	Donations	Law Enforcement Continuing Education	Parks and Recreation	Fire Donation
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 5,736,194	\$ -
Licenses and permits	-	-	-	25,943	-	-
Intergovernmental	5,357,120	1,344,096	-	-	588,341	-
Charges for services	217,556	179,743	-	19,966	1,426,788	-
Interfund loans	-	-	-	-	-	-
Other	50,168	339,927	725	1,555	484,812	-
<b>Total receipts</b>	<b>5,624,844</b>	<b>1,863,766</b>	<b>725</b>	<b>47,464</b>	<b>8,236,135</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	117,385	-	-
Highways and streets	4,648,526	2,460,269	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	7,979,661	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	715,260	846,688	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>5,363,786</b>	<b>3,306,957</b>	<b>-</b>	<b>117,385</b>	<b>7,979,661</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	261,058	(1,443,191)	725	(69,921)	256,474	-
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	92,525	-	-
Transfers out	-	-	-	-	-	-
Other receipts	38,366	-	-	-	661,295	-
<b>Total other financing sources (uses)</b>	<b>38,366</b>	<b>-</b>	<b>-</b>	<b>92,525</b>	<b>661,295</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	299,424	(1,443,191)	725	22,604	917,769	-
Cash and investment fund balance - beginning	2,389,981	7,963,178	-	109,085	2,004,556	1,293
Cash and investment fund balance - ending	\$ 2,689,405	\$ 6,519,987	\$ 725	\$ 131,689	\$ 2,922,325	\$ 1,293
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	2,689,405	6,519,987	725	131,689	2,922,325	1,293
Total cash and investment assets - ending	\$ 2,689,405	\$ 6,519,987	\$ 725	\$ 131,689	\$ 2,922,325	\$ 1,293
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
General government	\$ -	\$ -	\$ 725	\$ -	\$ -	\$ -
Public safety	-	-	-	131,689	-	1,293
Highways and streets	2,689,405	6,519,987	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	2,922,325	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 2,689,405	\$ 6,519,987	\$ 725	\$ 131,689	\$ 2,922,325	\$ 1,293

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, 2007  
 (Continued)

	Rainy Day	Learning Center Sinking	Historic Preservation	Coleman Trust	Epa Permit	Law Enforcement Block Grant
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	12,147	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	25,000	455	-	-	-
Interfund loans	-	-	-	-	-	-
Other	29,661	5,936	-	362	-	-
<b>Total receipts</b>	<b>29,661</b>	<b>30,936</b>	<b>455</b>	<b>362</b>	<b>12,147</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	-	87	-	-	-
Public safety	-	-	-	-	-	7
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>7</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>29,661</b>	<b>30,936</b>	<b>368</b>	<b>362</b>	<b>12,147</b>	<b>(7)</b>
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(61,731)	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(61,731)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>29,661</b>	<b>30,936</b>	<b>368</b>	<b>362</b>	<b>(49,584)</b>	<b>(7)</b>
<b>Cash and investment fund balance - beginning</b>	<b>593,684</b>	<b>223,615</b>	<b>4,285</b>	<b>11,133</b>	<b>58,507</b>	<b>1,562</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 623,345</b>	<b>\$ 254,551</b>	<b>\$ 4,653</b>	<b>\$ 11,495</b>	<b>\$ 8,923</b>	<b>\$ 1,555</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 623,345	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	254,551	4,653	11,495	8,923	1,555
<b>Total cash and investment assets - ending</b>	<b>\$ 623,345</b>	<b>\$ 254,551</b>	<b>\$ 4,653</b>	<b>\$ 11,495</b>	<b>\$ 8,923</b>	<b>\$ 1,555</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ 254,551	\$ 4,653	\$ 11,495	\$ -	\$ -
Public safety	-	-	-	-	8,923	1,555
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	623,345	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 623,345</b>	<b>\$ 254,551</b>	<b>\$ 4,653</b>	<b>\$ 11,495</b>	<b>\$ 8,923</b>	<b>\$ 1,555</b>

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, 2007  
 (Continued)

	Law Enforcement 98 Grant	Mattie J Bayard	Municipal Code Revolving	Golf Course Non-Reverting	TIF Redevelopment Projects	Civil Defense Donation
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,363,869	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	1,418,391	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	4,166	1,597	200
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,422,557</b>	<b>3,365,466</b>	<b>200</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	1,425
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	1,367,117	-	-
Urban redevelopment and housing	-	-	-	-	1,915,015	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,367,117</b>	<b>1,915,015</b>	<b>1,425</b>
Excess (deficiency) of receipts over disbursements	-	-	-	55,440	1,450,451	(1,225)
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	55,440	1,450,451	(1,225)
Cash and investment fund balance - beginning	351	6,058	8,754	471,264	2,918,479	4,520
Cash and investment fund balance - ending	<u>\$ 351</u>	<u>\$ 6,058</u>	<u>\$ 8,754</u>	<u>\$ 526,704</u>	<u>\$ 4,368,930</u>	<u>\$ 3,295</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	351	6,058	8,754	526,704	4,368,930	3,295
Total cash and investment assets - ending	<u>\$ 351</u>	<u>\$ 6,058</u>	<u>\$ 8,754</u>	<u>\$ 526,704</u>	<u>\$ 4,368,930</u>	<u>\$ 3,295</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ 6,058	\$ 8,754	\$ -	\$ -	\$ -
Public safety	351	-	-	-	-	3,295
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	526,704	-	-
Urban redevelopment and housing	-	-	-	-	4,368,930	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ 351</u>	<u>\$ 6,058</u>	<u>\$ 8,754</u>	<u>\$ 526,704</u>	<u>\$ 4,368,930</u>	<u>\$ 3,295</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, 2007  
 (Continued)

	R T Legler Trust	Sports Program Non-Reveting	Zoo Animal Revolving	Rental Rehab Program	Certified Technology Park	EDA Revolving Loan Fund
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,897,683	-
Charges for services	-	385,424	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	52	5,587	-	-	216,992	401,184
<b>Total receipts</b>	<b>52</b>	<b>391,011</b>	<b>-</b>	<b>-</b>	<b>2,114,675</b>	<b>401,184</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	1,714,576	382,538
Culture and recreation	-	382,375	11,508	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>382,375</b>	<b>11,508</b>	<b>-</b>	<b>1,714,576</b>	<b>382,538</b>
Excess (deficiency) of receipts over disbursements	52	8,636	(11,508)	-	400,099	18,646
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(205,000)	-	-
Other receipts	-	1,648	1,849	-	-	111,991
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>1,648</b>	<b>1,849</b>	<b>(205,000)</b>	<b>-</b>	<b>111,991</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	52	10,284	(9,659)	(205,000)	400,099	130,637
Cash and investment fund balance - beginning	2,036	54,851	70,011	295,816	2,135,969	936,680
Cash and investment fund balance - ending	\$ 2,088	\$ 65,135	\$ 60,352	\$ 90,816	\$ 2,536,068	\$ 1,067,317
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	2,088	65,135	60,352	90,816	2,536,068	1,067,317
<b>Total cash and investment assets - ending</b>	<b>\$ 2,088</b>	<b>\$ 65,135</b>	<b>\$ 60,352</b>	<b>\$ 90,816</b>	<b>\$ 2,536,068</b>	<b>\$ 1,067,317</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
General government	\$ 2,088	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	2,536,068	1,067,317
Culture and recreation	-	65,135	60,352	-	-	-
Urban redevelopment and housing	-	-	-	90,816	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,088</b>	<b>\$ 65,135</b>	<b>\$ 60,352</b>	<b>\$ 90,816</b>	<b>\$ 2,536,068</b>	<b>\$ 1,067,317</b>

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, 2007  
 (Continued)

	Home Investment Trust Fund	Community Development Block Grant	DMD Miscellaneous Grants	Old Post Office	Economic Development Loan	Downtown Parking Garages
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	945,406	2,360,142	190,552	-	-	-
Charges for services	-	73,820	-	-	-	486,107
Interfund loans	-	160,000	-	-	-	-
Other	-	59,449	32,706	-	93,106	-
<b>Total receipts</b>	<b>945,406</b>	<b>2,653,411</b>	<b>223,258</b>	<b>-</b>	<b>93,106</b>	<b>486,107</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	832,379	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	907,719	-	-	-	-
Economic development	-	-	28,991	-	-	315,718
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	1,004,085	1,029,923	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	16,097	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,004,085</b>	<b>2,786,118</b>	<b>28,991</b>	<b>-</b>	<b>-</b>	<b>315,718</b>
Excess (deficiency) of receipts over disbursements	(58,679)	(132,707)	194,267	-	93,106	170,389
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	21,520	54,588	-	-	-
Transfers out	-	(60,000)	(5,000)	-	-	(300,000)
Other receipts	12,693	89,727	44,672	-	518,518	-
<b>Total other financing sources (uses)</b>	<b>12,693</b>	<b>51,247</b>	<b>94,260</b>	<b>-</b>	<b>518,518</b>	<b>(300,000)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(45,986)	(81,460)	288,527	-	611,624	(129,611)
Cash and investment fund balance - beginning	(14,698)	(48,267)	465,288	237,976	1,055,322	664,147
Cash and investment fund balance - ending	\$ (60,684)	\$ (129,727)	\$ 753,815	\$ 237,976	\$ 1,666,946	\$ 534,536
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	(60,684)	(129,727)	753,815	237,976	1,666,946	534,536
Total cash and investment assets - ending	\$ (60,684)	\$ (129,727)	\$ 753,815	\$ 237,976	\$ 1,666,946	\$ 534,536
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	753,815	237,976	1,666,946	534,536
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	(60,684)	(129,727)	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ (60,684)	\$ (129,727)	\$ 753,815	\$ 237,976	\$ 1,666,946	\$ 534,536

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, 2007  
 (Continued)

	Continuum Care Fund	Police Narcotics Grant	Emergency Shelter Grant	Housing Trust Fund	Building Code Books	Oak Hill Perpetual Care
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	475,301	31,764	91,483	171,886	-	-
Charges for services	-	-	-	-	-	8,075
Interfund loans	-	-	-	-	-	-
Other	-	16,555	-	7,303	-	17,706
<b>Total receipts</b>	<b>475,301</b>	<b>48,319</b>	<b>91,483</b>	<b>179,189</b>	<b>-</b>	<b>25,781</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	1,341
Public safety	-	33,524	-	-	1,313	-
Highways and streets	-	-	-	-	-	-
Health and welfare	625,006	-	166,107	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	36,038	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>625,006</b>	<b>33,524</b>	<b>166,107</b>	<b>36,038</b>	<b>1,313</b>	<b>1,341</b>
Excess (deficiency) of receipts over disbursements	(149,705)	14,795	(74,624)	143,151	(1,313)	24,440
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	294,351	-	-
Transfers out	(34,751)	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(34,751)</b>	<b>-</b>	<b>-</b>	<b>294,351</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(184,456)	14,795	(74,624)	437,502	(1,313)	24,440
Cash and investment fund balance - beginning	33,067	12,878	196	11,860	7,187	653,742
Cash and investment fund balance - ending	\$ (151,389)	\$ 27,673	\$ (74,428)	\$ 449,362	\$ 5,874	\$ 678,182
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	(151,389)	27,673	(74,428)	449,362	5,874	678,182
<b>Total cash and investment assets - ending</b>	<b>\$ (151,389)</b>	<b>\$ 27,673</b>	<b>\$ (74,428)</b>	<b>\$ 449,362</b>	<b>\$ 5,874</b>	<b>\$ 678,182</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 678,182
Public safety	-	27,673	-	-	5,874	-
Highways and streets	-	-	-	-	-	-
Health and welfare	(151,389)	-	(74,428)	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	449,362	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ (151,389)</b>	<b>\$ 27,673</b>	<b>\$ (74,428)</b>	<b>\$ 449,362</b>	<b>\$ 5,874</b>	<b>\$ 678,182</b>

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, 2007  
 (Continued)

	Locust Hill Perpetual Care	Bicycle License	General Obligation Loan	Park Bond and Interest Retirement	Redevelopment Bond Retirement	Redevelopment TIF Bond Retirement
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ 572,252	\$ 1,110,743	\$ 1,050,692	\$ 970,000
Licenses and permits	-	32	-	-	-	-
Intergovernmental	-	-	52,364	113,925	96,140	-
Charges for services	3,210	-	425	945	1,171	-
Interfund loans	-	-	-	-	-	-
Other	1,471	-	-	-	-	2,391
<b>Total receipts</b>	<b>4,681</b>	<b>32</b>	<b>625,041</b>	<b>1,225,613</b>	<b>1,148,003</b>	<b>972,391</b>
<b>Disbursements:</b>						
General government	686	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	400	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	625,000	555,000	1,270,000	1,960,000
Interest	-	-	38,096	547,313	145,074	544,647
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>686</b>	<b>-</b>	<b>663,096</b>	<b>1,102,713</b>	<b>1,415,074</b>	<b>2,504,647</b>
Excess (deficiency) of receipts over disbursements	3,995	32	(38,055)	122,900	(267,071)	(1,532,256)
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	300,000	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,995	32	(38,055)	122,900	32,929	(1,532,256)
Cash and investment fund balance - beginning	116,974	2,191	402,602	716,952	1,007,298	1,806,263
Cash and investment fund balance - ending	\$ 120,969	\$ 2,223	\$ 364,547	\$ 839,852	\$ 1,040,227	\$ 274,007
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	120,969	2,223	364,547	839,852	1,040,227	274,007
Total cash and investment assets - ending	\$ 120,969	\$ 2,223	\$ 364,547	\$ 839,852	\$ 1,040,227	\$ 274,007
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
General government	\$ 120,969	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	2,223	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	364,547	839,852	1,040,227	274,007
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 120,969	\$ 2,223	\$ 364,547	\$ 839,852	\$ 1,040,227	\$ 274,007

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, 2007  
 (Continued)

	Cumulative Capital Improvement	Sidewalk Improvement Bond	Victory Learning Center	Park Bonds of 2003	Greenway Project
<b>Receipts:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	427,042	-	-	-	193,229
Charges for services	-	-	-	-	-
Interfund loans	-	-	-	-	-
Other	-	4,341	-	440,302	-
<b>Total receipts</b>	<b>427,042</b>	<b>4,341</b>	<b>-</b>	<b>440,302</b>	<b>193,229</b>
<b>Disbursements:</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
Public safety	-	-	-	-	-
Highways and streets	-	782,757	-	-	-
Culture and recreation	-	-	-	8,355,248	330,696
<b>Total disbursements</b>	<b>-</b>	<b>782,757</b>	<b>-</b>	<b>8,355,248</b>	<b>330,696</b>
Excess (deficiency) of receipts over disbursements	427,042	(778,416)	-	(7,914,946)	(137,467)
<b>Other financing sources (uses):</b>					
Net proceeds from borrowings	-	-	-	-	-
Transfers in	-	-	-	-	473,965
Transfers out	(426,753)	-	-	-	-
Other receipts	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(426,753)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>473,965</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	289	(778,416)	-	(7,914,946)	336,498
Cash and investment fund balance - beginning	4,045	844,453	7,038	11,594,613	610,691
Cash and investment fund balance - ending	\$ 4,334	\$ 66,037	\$ 7,038	\$ 3,679,667	\$ 947,189
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:					
Cash and investments	4,334	66,037	7,038	3,679,667	947,189
<b>Total cash and investment assets - ending</b>	<b>\$ 4,334</b>	<b>\$ 66,037</b>	<b>\$ 7,038</b>	<b>\$ 3,679,667</b>	<b>\$ 947,189</b>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	4,334	66,037	7,038	3,679,667	947,189
Unrestricted	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 4,334</b>	<b>\$ 66,037</b>	<b>\$ 7,038</b>	<b>\$ 3,679,667</b>	<b>\$ 947,189</b>

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, 2007  
 (Continued)

	Redevelopment Bonds of 1998	ERC Capital Non - Reverting	Redevelopment Ban 2006	General Obligation 2006	Totals
<b>Receipts:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 12,803,750
Licenses and permits	-	-	-	-	38,122
Intergovernmental	-	-	-	-	14,336,474
Charges for services	-	-	-	-	4,247,076
Interfund loans	-	-	-	-	160,000
Other	-	8,349	-	2,218	2,228,821
<b>Total receipts</b>	<b>-</b>	<b>8,349</b>	<b>-</b>	<b>2,218</b>	<b>33,814,243</b>
<b>Disbursements:</b>					
General government	-	-	-	-	2,114
Public safety	-	-	-	-	986,033
Highways and streets	-	-	-	300,631	7,409,426
Health and welfare	-	-	-	-	1,698,832
Economic development	-	732,070	3,011,738	-	6,185,631
Culture and recreation	-	-	-	-	9,741,061
Urban redevelopment and housing	-	-	-	-	3,985,061
<b>Debt service:</b>					
Principal	-	-	-	-	4,410,000
Interest	-	-	-	-	1,275,130
<b>Capital outlay:</b>					
Public safety	-	-	-	-	16,097
Highways and streets	-	-	-	181,814	2,526,519
Culture and recreation	-	-	-	-	8,685,944
<b>Total disbursements</b>	<b>-</b>	<b>732,070</b>	<b>3,011,738</b>	<b>482,445</b>	<b>46,921,848</b>
Excess (deficiency) of receipts over disbursements	-	(723,721)	(3,011,738)	(480,227)	(13,107,605)
<b>Other financing sources (uses):</b>					
Net proceeds from borrowings	-	-	3,011,792	-	3,011,792
Transfers in	-	2,622,344	-	-	3,859,293
Transfers out	-	-	-	-	(1,093,235)
Other receipts	-	566,954	-	-	2,047,713
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>3,189,298</b>	<b>3,011,792</b>	<b>-</b>	<b>7,825,563</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,465,577	54	(480,227)	(5,282,042)
Cash and investment fund balance - beginning	26,446	-	1	1,588,000	42,071,933
Cash and investment fund balance - ending	<u>\$ 26,446</u>	<u>\$ 2,465,577</u>	<u>\$ 55</u>	<u>\$ 1,107,773</u>	<u>\$ 36,789,891</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 623,345
<b>Restricted assets:</b>					
Cash and investments	26,446	2,465,577	55	1,107,773	36,166,546
<b>Total cash and investment assets - ending</b>	<u>\$ 26,446</u>	<u>\$ 2,465,577</u>	<u>\$ 55</u>	<u>\$ 1,107,773</u>	<u>\$ 36,789,891</u>
<b>Cash and Investment Fund Balance - Ending</b>					
<b>Restricted for:</b>					
General government	\$ -	\$ -	\$ -	\$ -	\$ 1,087,475
Public safety	-	-	-	-	182,876
Highways and streets	-	-	-	-	9,209,392
Health and welfare	-	-	-	-	(225,817)
Economic development	-	-	-	-	6,796,658
Culture and recreation	-	-	-	-	3,574,516
Urban redevelopment and housing	-	-	-	-	4,718,697
Debt service	-	-	-	-	2,518,633
Capital outlay	26,446	2,465,577	55	1,107,773	8,304,116
Unrestricted	-	-	-	-	623,345
<b>Total cash and investment fund balance - ending</b>	<u>\$ 26,446</u>	<u>\$ 2,465,577</u>	<u>\$ 55</u>	<u>\$ 1,107,773</u>	<u>\$ 36,789,891</u>

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, 2007

	Printing and Supplies	Hospitalization Fund	Unemployment Fund	Auto Collision Insurance	Workers Compensation	Liability Insurance	Totals
Operating receipts:							
Miscellaneous	\$ 202,026	\$ 13,409,925	\$ 70,898	\$ 4,385	\$ 846,338	\$ 2,016,913	\$ 16,550,485
Operating disbursements:							
Cost of sales and services	220,702	1,170,301	-	-	102,032	-	1,493,035
Insurance claims and expense	-	13,204,076	28,106	36,528	696,912	2,069,497	16,035,119
Total operating disbursements	<u>220,702</u>	<u>14,374,377</u>	<u>28,106</u>	<u>36,528</u>	<u>798,944</u>	<u>2,069,497</u>	<u>17,528,154</u>
Excess (deficiency) of receipts over disbursements	<u>(18,676)</u>	<u>(964,452)</u>	<u>42,792</u>	<u>(32,143)</u>	<u>47,394</u>	<u>(52,584)</u>	<u>(977,669)</u>
Cash and investment fund balance - beginning	<u>177,045</u>	<u>4,615,210</u>	<u>262,853</u>	<u>57,113</u>	<u>177,917</u>	<u>526,238</u>	<u>5,816,376</u>
Cash and investment fund balance - ending	<u>\$ 158,369</u>	<u>\$ 3,650,758</u>	<u>\$ 305,645</u>	<u>\$ 24,970</u>	<u>\$ 225,311</u>	<u>\$ 473,654</u>	<u>\$ 4,838,707</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ 158,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,369
Restricted assets:							
Cash and investments	-	3,650,758	305,645	24,970	225,311	473,654	4,680,338
Total cash and investment assets - December 31	<u>\$ 158,369</u>	<u>\$ 3,650,758</u>	<u>\$ 305,645</u>	<u>\$ 24,970</u>	<u>\$ 225,311</u>	<u>\$ 473,654</u>	<u>\$ 4,838,707</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Other purposes	\$ -	\$ 3,650,758	\$ 305,645	\$ 24,970	\$ 225,311	\$ 473,654	\$ 4,680,338
Unrestricted	<u>158,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,369</u>
Total cash and investment fund balance - December 31	<u>\$ 158,369</u>	<u>\$ 3,650,758</u>	<u>\$ 305,645</u>	<u>\$ 24,970</u>	<u>\$ 225,311</u>	<u>\$ 473,654</u>	<u>\$ 4,838,707</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, 2007

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 4,267,007	\$ 3,409,851	\$ 7,676,858
Plan members	19,890	11,474	31,364
State	<u>5,106,017</u>	<u>4,269,019</u>	<u>9,375,036</u>
Total contributions	<u>9,392,914</u>	<u>7,690,344</u>	<u>17,083,258</u>
Investment receipts:			
Interest	<u>18,739</u>	<u>17,372</u>	<u>36,111</u>
Total additions	<u>9,411,653</u>	<u>7,707,716</u>	<u>17,119,369</u>
Deductions:			
Benefits	8,325,521	6,256,567	14,582,088
Administrative and general	<u>22,248</u>	<u>14,931</u>	<u>37,179</u>
Total deductions	<u>8,347,769</u>	<u>6,271,498</u>	<u>14,619,267</u>
Excess of total additions over total deductions	1,063,884	1,436,218	2,500,102
Cash and investment fund balance - beginning	<u>983,548</u>	<u>685,550</u>	<u>1,669,098</u>
Cash and investment fund balance - ending	<u>\$ 2,047,432</u>	<u>\$ 2,121,768</u>	<u>\$ 4,169,200</u>

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2007

	Payroll	Housing Rehabilitation Services	Cash Bonds	Oak Hill Lease Escrow	Accounts Payable/ Receivable Clearing	Totals
Additions:						
Agency fund additions	\$ 64,956,818	\$ -	\$ -	\$ -	\$ 808,673	\$ 65,765,491
Deductions:						
Agency fund deductions	64,939,798	-	-	-	813,759	65,753,557
Excess (deficiency) of total additions over total deductions	17,020	-	-	-	(5,086)	11,934
Cash and investment fund balance - beginning	510,628	14	1,000	5,377	(60,962)	456,057
Cash and investment fund balance - ending	<u>\$ 527,648</u>	<u>\$ 14</u>	<u>\$ 1,000</u>	<u>\$ 5,377</u>	<u>\$ (66,048)</u>	<u>\$ 467,991</u>

CITY OF EVANSVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For the Year Ended December 31, 2007

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. Governmental activities information presented is for the General Fund, Local Income Tax Fund and Riverboat Funds only.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 6,846,841
Infrastructure (includes storm sewers)	7,647,149
Buildings	27,825,602
Improvements other than buildings	19,803,305
Machinery and equipment	<u>40,498,879</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 102,621,776</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	14,660,667
Buildings	30,108,455
Improvements other than buildings	81,155,461
Machinery and equipment	<u>2,851,384</u>
Total Water Utility capital assets	<u>129,146,117</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	80,987
Construction in progress	31,333,401
Buildings	117,644,146
Improvements other than buildings	96,421,760
Machinery and equipment	<u>2,384,642</u>
Total Wastewater Utility capital assets	<u>247,864,936</u>
Total business-type activities capital assets	<u>\$ 377,011,053</u>

CITY OF EVANSVILLE  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2007

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Victory Theater	\$ 2,525,000	\$ 650,788
Bonds payable:		
General obligation bonds:		
1998 Redevelopment District Bonds	1,395,000	725,731
2001 Park District Bonds	11,315,000	1,103,194
2003 Park District Bonds	15,325,000	656,860
2004 Redevelopment District Refunding Bonds	1,935,000	646,787
2006 General Obligation Bonds	1,335,000	560,885
Loans:		
Energy Savings Loan	606,649	115,647
Tax increment bonds:		
2002 Redevelopment TIF Bonds	4,715,000	421,017
2006 Redevelopment TIF BAN	<u>4,375,000</u>	<u>291,175</u>
 Total governmental activities debt	 <u>\$ 43,526,649</u>	 <u>\$ 5,172,084</u>
 Business-type Activities:		
Water Utility		
Revenue bonds:		
2004 Water Revenue Bonds	23,885,000	1,532,956
2005 Water Refunding Bonds	8,105,000	962,353
2007 Water BAN	<u>2,780,209</u>	<u>2,819,166</u>
 Total Water Utility	 <u>34,770,209</u>	 <u>5,314,475</u>
 Wastewater Utility		
Loans:		
1993 Wastewater State Revolving Loan	781,000	150,240
1998 Wastewater State Revolving Loan	9,613,510	1,038,791
2004 Wastewater State Revolving Loan	6,874,000	493,904
2007 Wastewater State Revolving Loan	35,638,000	2,545,798
Revenue bonds:		
1997 Wastewater Refunding Bonds	4,725,000	1,316,250
2003 Wastewater Refunding Bonds	<u>30,745,000</u>	<u>1,602,675</u>
 Total Wastewater Utility	 <u>88,376,510</u>	 <u>7,147,658</u>
 Total business-type activities debt	 <u>\$ 123,146,719</u>	 <u>\$ 12,462,133</u>

CITY OF EVANSVILLE  
AUDIT RESULTS AND COMMENTS

INVESTMENT REGISTER (City)

The investment register was not maintained properly. Some investments were not posted, some were posted for the wrong amounts and some were posted to the wrong fund.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BUY MONEY – POLICE (City)

As stated in the prior audit 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:

Under Indiana Code 36-1-3, an ordinance should be passed allowing this type of program and associated expenditures. (Cities and Towns Bulletins September 2004, Page 9)

APPROPRIATIONS (City)

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Local Road and Streets	2007	<u>\$ 2,425,720</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

ANNUAL REPORT (City)

The annual report for 2007 as prepared and published was not accurate. The statement of receipts, disbursements, cash balances and investment balances contained funds which were not City funds. Also, the schedule of long-term indebtedness did not accurately report the beginning and ending balances, amounts issued or amount retired.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

CITY OF EVANSVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

OVERDRAWN CASH BALANCES (City)

The cash balance of the General Fund, Fire Pension Fund, Park Bond and Interest Retirement Fund, Police Pension Fund, Redevelopment Bond Retirement Fund, Redevelopment TIF Bond Retirement Fund, Home Investment Trust Fund, Community Development Block Grant Fund, Continuum Care Fund, Emergency Shelter Grant Fund, Housing Trust Fund, Accounts Payable/Receivable Clearing Fund, and Payroll Summary Fund were overdrawn during 2007.

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)

PARKING METER FEES (City)

As stated in several prior audit reports, parking meter fees are deposited into the General Fund instead of a special fund.

Indiana Code 36-9-12-4(a) states: "A municipality must provide, by ordinance, that: (1) All license fees collected from parking meters shall be deposited with the municipal fiscal officer; (2) 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 on orders of the municipal works board, or board of transportation and only for the purposes listed in subsection (b)."

SEPARATE BANK ACCOUNTS (City, Water, and Wastewater Utilities)

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

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)

COLLECTION OF AMOUNTS DUE (City)

The City awarded construction contracts for six sidewalk repair projects in the years 2005, 2006, and 2007. These projects were authorized by Ordinance G-2004-19. As authorized by Ordinance G-2004-19 the property owners were to pay either 25% or 50% of the sidewalk repair on their property. As of July 22, 2008, no money has been collected.

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)

CITY OF EVANSVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

CONTRACTS (City)

The City entered into a contract with SMG effective January 1, 2006, requiring an independent audit of SMG. An addendum to the contract was added on September 5, 2007, amending the requirement from requiring an audit to requiring a review. A review has not been presented for the years 2006 and 2007.

Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSITS (Water Utility)

The customer deposit summary does not reconcile with the customer deposit amount recorded on the general ledger. The customer deposit payable is greater than the summary. The detail and control have not agreed for many years; however, the Utility officials have been working to identify the errors and can identify some, but not all, of the difference. The current total difference of \$39,541, although immaterial to the financial statements, has continued to slowly increase over the past six years. The current computer billing system does not allow for specific reports to be generated which could be of assistance in the determination of possible differences.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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 the major federal program for the year ended December 31, 2007. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to the major federal program 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 of America; 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 the major federal program for the year ended December 31, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

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

August 14, 2008

CITY OF EVANSVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2007

Federal Grantor Agency/Pass-Through Entity 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 Grant			
Community Development Block Grants/Entitlement Grants	14.218		
		B-05-MC-18-0002	\$ 792,684
		B-06-MC-18-0002	<u>1,567,458</u>
Total for Program			<u>2,360,142</u>
Emergency Shelter Grants Program	14.231		
		S-05-MC-18-0002	21,428
		S-06-MC-18-0002	<u>70,055</u>
Total for Program			<u>91,483</u>
Supportive Housing Program	14.235		
Continuum of Care Grant		IN36B20-2003	62,312
		IN36B40-1001	10,532
		IN36B40-1005	11,839
		IN36B50-1002	77,690
		IN36B50-1003	93,228
		IN36B50-1004	22,051
		IN36B50-1005	23,875
		IN36B50-1006	40,606
		IN36B50-1007	30,566
		IN36B60-2032	20,747
		IN36B60-2034	978
		IN36B60-2035	685
		IN36B60-2036	<u>80,192</u>
Total for Program			<u>475,301</u>
Home Investment Partnerships Program	14.239	MC06-MC18-0200	<u>945,406</u>
Total for Federal Grantor Agency			<u>3,872,332</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		
		05-DJ-067	14,092
		06-DJ-033	15,713
		2005-DBJX-1069	86,905
		2006-DBJX-0890	<u>92,718</u>
Total for Program			<u>209,428</u>
Pass-Through Indiana Criminal Justice Institute			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540		
Teenpower Substance Abuse Prevention		06-JF-011	<u>12,153</u>
Total for Federal Grantor Agency			<u>221,581</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction	20.205		
Surface Transportation Program		07021016	189,629
		CMAQ-000C	2,220
		STP-E560	<u>96,870</u>
Total for Program			<u>288,719</u>
Recreational Trails Program	20.219	RT-04-03	<u>148,470</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, 2007  
(Continued)

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>			
Pass-Through Indiana Department of Transportation (continued)			
Federal Transit - Formula Grants	20.507		
		IN-03-0103	36,957
		IN-90-0268	8,730
		IN-90-0334	9,866
		IN-90-0474	190,960
		IN-90-0525	20,111
		IN-90-4525	1,125,949
		IN-90-5311	<u>360,800</u>
Total for Program			<u>1,753,373</u>
State and Community Highway Safety	20.600		
		PT-07-04-01-55	44,225
		PT-08-04-01-47	<u>17,773</u>
Total for Program			<u>61,998</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		
		K8-07-03-01-25	25,992
		K8-08-02-03-28	<u>10,052</u>
Total for Program			<u>36,044</u>
Total for Federal Grantor Agency			<u>2,288,604</u>
<u>U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u>			
Direct Grant			
Employment Discrimination - Title VII of Civil Rights Act of 1964	30.001	6FPSLP0112	<u>27,664</u>
Total for Federal Grantor Agency			<u>27,664</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management			
Air Pollution Control Program Support	66.001	A-305-6-169	<u>86,213</u>
Congressionally Mandated Projects	66.202	XP-00E-10001	<u>258,189</u>
Capitalization Grants for Clean Water State Revolving Funds	66.458		
		105345	8,550,834
		CS18229102	<u>12,518</u>
Total for Program			<u>8,563,352</u>
Total for Federal Grantor Agency			<u>8,907,754</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
State Domestic Preparedness Equipment Support Program	97.004	FY07	<u>10,835</u>
Emergency Management Performance Grants	97.042	FY07	<u>63,773</u>
Assistance to Firefighters Grant	97.044	EMW-2006-FG-0995	<u>334,558</u>
Citizen Corps	97.053	FY07	<u>353</u>
Total for Federal Grantor Agency			<u>409,519</u>
Total Federal Awards Expended			<u>\$ 15,727,454</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, 2007:

Program Title	Federal CFDA Number	2007
Community Development Block Grants/Entitlement Grants	14.218	\$ 1,159,086
Emergency Shelter Grants Program	14.231	166,107
Supportive Housing Program	14.235	572,036
Home Investment Partnerships Program	14.239	934,175

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 program:  
 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 program: 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 Program:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$471,824

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 August 26, 2008, with Jenny Collins, Deputy Controller. The official response has been made a part of this report and may be found on pages 74 and 75.



CITY OF EVANSVILLE  
**Office of the City Controller**  
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(812) 436-4919 FAX (812) 436-4926  
Jonathan Weinzapfel, Mayor

September 5, 2008

State Board of Accounts  
302 West Washington Street Room E418  
Indianapolis, IN 46204-2765

Reference: Official Response to the 2007 Audit  
City of Evansville

The City of Evansville appreciates the audit performed by the Indiana State Board of Accounts (the "State") and we are please to submit responses to the audit and comments. Our responses will detail our understanding of the issues raised by the State and outline our expected course of action to resolve these issues.

For the purposes of this letter, we are referring to the audit for fiscal year ending 2007.

We also realize that while each issue is relevant and will be corrected, the issues, in aggregate did not prevent the State Board of Accounts from issuing an Unqualified ("Clean") Opinion on the financial statements.

**Overdrawn Cash Balances:** The City's policy is to minimize transfers between funds and to evaluate the annual accounting period on the whole, not as a series of 365 days. The City is aware that from time to time cash balances in a particular fund may fall below zero. This is due to sporadic revenue streams and constant disbursement requirements. The policy of the city is to establish a budget for each fund and manage the budget throughout the year to ensure that all funds begin and end with a positive cash balance. If an instance arises where a fund is estimated to end the year with a negative balance, the City will issue a temporary loan to that fund and establish that the loan will be repaid no later than June of the ensuing year.

Furthermore, some funds are operated on a reimbursement basis. In these circumstances, the City will incur the costs and then be reimbursed. In the interim, the fund may fall below zero. It is the City's policy to be aware of these instances and ensure that those funds below are offset by receivables (reimbursements) in excess of any shortfall.

**Annual Report:** The annual report was updated to reflect the correct balances and presented to the auditor.

**Buy Money Program:** The Buy Money program is an integral part of the police operations and the City will establish and ordinance allowing this program.

**Appropriations:** The Local Roads and Streets fund has operated as a capital improvement fund for many years. The City encumbers any unspent dollars at the end of each year in the Local Roads and Street fund. The amount shown as over expended in the Local Roads and Street Fund can be traced to encumbrances brought forward from previous year budgets. It is the City's policy to encumber any unspent line items in this fund until such time that the projects associated with the fund are completed or abandoned. In future years, the City will consider adopting a resolution to itemize the encumbrances by fund.

**Investment Register:** The City will endeavor to base the accounting and reporting for investments based on forms prescribed by the Indiana State Board of Accounts.

**Parking Meter Fees:** IC 36-9-12-4(2) states that receipts of this nature should be deposited in a special fund and disbursements should be made against that fund for authorized purchases. The City will consider establishing a parking meter fund and deposit parking meter receipts into that fund as long as the resulting accounting and reporting requirements can be absorbed into the existing accounting system. Items such as accounts payable have to be investigated to ensure that the establishment of a new fund will not create unanticipated reconciliation problems for the City.

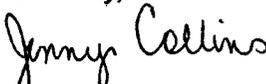
**Separate Bank Accounts:** The city will consider creating separate bank accounts for each entity provided that the accounting and reporting infrastructure of the city is not negatively impacted. Although the funds reside in the same bank account, the funds are accounted for separately and each entity has a claim on cash that is available to that entity when needed and authorized.

**Collections of Amounts Due:** The examination cited IC 36-9-37-9(a); however, the City is not using this section of code to construction sidewalks. The city sidewalk program is under section IC 36-9-36.

**Contracts:** SMG is currently under contract with an independent accounting firm, who is conducting a review of financial records for 2006 and 2007.

**Customer Deposits:** The water utility will continue to work toward developing internal accounting and reporting procedures to ensure that all manual records, computerized records, subsidiary ledgers, control ledgers and bank reconciliations all agree. The causal elements of the growing variance in customer deposits payable as compared to customer deposits on hand is related to processes within the billing system in regard to customer refunds and the application of past due balances. These issues are not easily corrected without devoting additional resources. Given the relative immaterial amount as compared to the financial statements as a whole, the utility will prioritize this task accordingly and, when completed, the utility will be in a position to post an adjustment to the ledger, supported by adequate detail, that reconciles these accounts.

Sincerely,



Jenny Collins  
Deputy Controller  
City of Evansville