

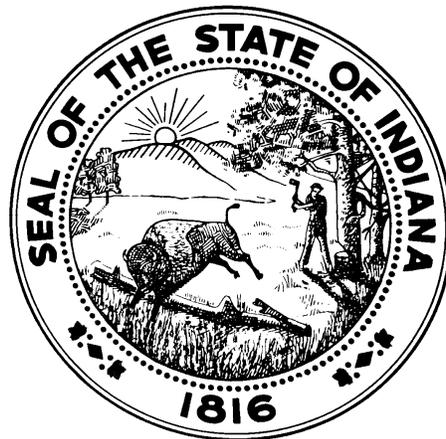
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

2008

CITY OF EVANSVILLE

VANDERBURGH COUNTY, INDIANA



**FILED**  
12/21/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Lisa Acobert Jenny Collins	01-01-08 to 10-01-08 10-02-08 to 12-31-09
Mayor	Jonathan Weinzapfel	01-01-08 to 12-31-11
President of the Board of Public Works	Jack McNeeley	01-01-08 to 12-31-09
President of the Common Council	Keith Jarboe B. J. Watts	01-01-08 to 05-12-09 05-13-09 to 12-31-09
General Manager – Utilities	Harry Lawson	01-01-08 to 12-31-09
President of the Board of Directors of the Evansville Water and Wastewater Utilities	Stephen Titzer	01-01-08 to 12-31-09



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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, 2008, 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, 2008, 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 October 13, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of

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

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.

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.

The City provides postemployment health insurance benefits to eligible employees. The City has not provided an actuarial study to determine the City's annual postemployment benefit costs in accordance with GASB Statement 45.

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

October 13, 2009



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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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 13, 2009. 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 findings identified in our audit is 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

October 13, 2009

## 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, 2008. 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. The City continued to face a number of challenges in 2008 related to an overall recession of the American economy.

### Financial Highlights

- The cash balances of the City's Governmental Funds increased by \$3,319 in 2008.
- The cash balances of the City's Business Type Funds increased by \$14,423 in 2008 primarily due to construction funds issued to finance capital projects.
- At the end of 2008, the unreserved fund balance for the General Fund was \$11,427 or 16% of total general fund expenditures, excluding transfers out.
- The City's total debt related to governmental activities is \$44,386. This includes bonds of \$37,840, bond anticipation notes ("BANs") of \$4,750, capital leases of \$1,280, and loans of \$516.
- The Utilities' total debt is \$169,881. This includes water utility bonds of \$66,785, wastewater bonds of \$34,265 and wastewater loans of \$68,831.

### 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, uses 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, TIF redevelopment, local income tax and riverboat, 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**

The change in major Governmental and Business-type fund balances from December 31, 2007 to December 31, 2008 is summarized in the following table:

(In \$Thousands)

	Summary of Changes in Fund Balances			
	12/31/2008	12/31/2007	\$ Change	% Change
<u>Governmental Funds</u>				
General Fund:				
Unrestricted	\$11,427	\$9,754	\$1,673	17.2%
TIF Redevelopment Projects Fund:				
Restricted	8,968	4,369	4,599	105.3%
Local Income Tax Fund:				
Unrestricted	6,747	7,981	(1,234)	-15.5%
Riverboat Fund:				
Unrestricted	17,580	17,408	172	1.0%
Other Governmental Funds:				
Restricted	27,387	31,797	(4,410)	-13.9%
Unrestricted	2,022	623	1,399	224.6%
Sub-totals	<u>29,409</u>	<u>32,420</u>	<u>(3,011)</u>	-9.2%
Internal Service Funds:				
Restricted	5,813	4,681	1,132	24.2%
Unrestricted	146	158	(12)	-7.6%
Sub-totals	<u>5,959</u>	<u>4,839</u>	<u>1,120</u>	23.1%
Total Governmental Funds	<u>\$80,090</u>	<u>\$76,771</u>	<u>\$3,319</u>	4.3%
<u>Business-Type Funds</u>				
Water Utility				
Restricted	\$29,423	\$4,182	\$25,241	603.6%
Unrestricted	1,456	1,841	(385)	-20.9%
Sub-totals	<u>30,879</u>	<u>6,023</u>	<u>24,856</u>	412.7%
Wastewater Utility				
Restricted	22,817	26,833	(4,016)	-15.0%
Unrestricted	3,700	10,117	(6,417)	-63.4%
Sub-totals	<u>26,517</u>	<u>36,950</u>	<u>(10,433)</u>	-28.2%
Total Business-Type Funds	<u>\$57,396</u>	<u>\$42,973</u>	<u>\$15,543</u>	36.2%
Total Funds	<u>\$136,134</u>	<u>\$119,744</u>	<u>\$16,390</u>	13.7%

Significant changes in Governmental Fund balances are summarized as follows:

- The Unrestricted General Fund balance increased \$1,673 primarily due to revenues exceeding expenses for the year.
- The TIF Redevelopment Projects Fund increased by \$4,599 due to TIF revenues exceeding debt service payments while the 2006 BANs are outstanding.
- Restricted Other Governmental Fund balance decreased \$4,410, due to a reduction in restricted amounts for capital outlay of \$7,033 and urban redevelopment and housing of \$4,791, reflecting the completion of ongoing projects.
- Unrestricted Other Governmental Fund balance increased \$1,399, due to the receipt of a special COIT distribution and related interest receipts.

Significant changes in Business-Type Fund balances are summarized as follows:

- Water Utility Restricted Cash increased by \$25,241 due to improvement projects related to the issuance of the 2008 Water District Bonds.
- Wastewater Utility total cash decreased by \$10,433 due to spending related ongoing improvement projects related to the 2007 Wastewater Bonds.

Significant changes in Non-Major Governmental Fund activity:

- In 2008, culture and recreation disbursements from the Parks and Recreation Fund increased by \$973 due to increased disbursements for water related to the opening of the Amazonia exhibit at the City Zoo, and a one-time billing adjustment for several years of under-billings to the City Zoo that was executed in 2008.
- The Rainy Day Fund received \$1,345 of intergovernmental revenue in 2008 due to the receipt of a special COIT distribution and related interest receipts.

Specific line items of receipts and disbursements varied from calendar year 2007 to calendar year 2008. The following table summarizes a comparison of receipts and disbursements:

Comparison of Receipts and Disbursements by Activity Type

(In \$Thousands)	Governmental Activities				Business-Type Activities			
	Current	Prior	\$	%	Current	Prior	\$	%
	Year	Year	Change	Change	Year	Year	Change	Change
	(2008)	(2007)			(2008)	(2007)		
General Receipts:								
Property taxes	\$50,375	\$52,983	(\$2,608)	-4.9%				
Intergovernmental	7,863	25,378	(17,515)	-69.0%				
Other local sources	31,204	4,707	26,497	562.9%	\$179	\$2,285	(\$2,106)	-92.2%
Net proceeds from borrowings	3,853	3,012	841	27.9%	56,463	59,319	(2,856)	-4.8%
Grants and contributions not restricted to specific programs	3,420	842	2,578	306.2%				
Investment earnings	2,429	4,494	(2,065)	-46.0%	1,344	1,948	(604)	-31.0%
Transfers	1		1	100.0%				
Total general receipts and transfers	99,145	91,416	7,729	8.5%	57,986	63,552	(5,566)	-8.8%
Program Receipts:								
Governmental activities:								
General government	6,508	9,949	(3,441)	-34.6%				
Public safety	7,641	6,551	1,090	16.6%				
Highways and streets	5,359	6,243	(884)	-14.2%				
Sanitation								
Health and welfare	906	871	35	4.0%				
Economic development	3,008	2,390	618	25.9%				
Culture and recreation	5,118	5,558	(440)	-7.9%				
Urban redevelopment and housing	290	3,477	(3,187)	-91.7%				
Total program receipts	28,830	35,039	(6,209)	-17.7%				
Business-type activities:								
Wastewater utility					28,495	28,236	259	0.9%
Water utility					18,907	17,505	1,402	8.0%
Total receipts	\$127,975	\$126,455	\$1,520	-2.9%	\$105,388	\$109,293	(\$9,471)	-8.7%

(Continued on next page)

Comparison of Receipts and Disbursements by Activity Type (Cont'd)

(In \$Thousands)	Governmental Activities				Business-Type Activities			
	Current	Prior	\$	%	Current	Prior	\$	%
	Year	Year	Change	Change	Year	Year	Change	Change
	(2008)	(2007)			(2008)	(2007)		
Disbursements:								
Governmental activities:								
General government	\$16,005	\$16,016	(\$11)	-0.1%				
Public safety	60,060	58,324	1,736	3.0%				
Highways and streets	13,552	15,278	(1,726)	-11.3%				
Sanitation	215	120	95	79.2%				
Health and welfare	2,801	2,524	277	11.0%				
Economic development	7,720	6,186	1,534	-24.8%				
Culture and recreation	16,902	20,374	(3,472)	-17.0%				
Urban redevelopment and housing	1,706	3,985	(2,279)	-57.2%				
Principal and interest on indebtedness	5,694	7,740	(2,046)	-26.4%				
Business-type activities:								
Wastewater utility					\$60,252	\$70,107	(\$9,855)	-14.1%
Water utility					30,713	28,892	1,821	6.3%
Total disbursements	<u>\$124,655</u>	<u>\$130,547</u>	<u>(\$5,892)</u>	-4.5%	<u>\$90,965</u>	<u>\$98,999</u>	<u>(8,034)</u>	-8.1%
Net Receipts	<u>\$3,320</u>	<u>(\$4,092)</u>	<u>\$7,412</u>	-181.1%	<u>\$14,423</u>	<u>\$10,294</u>	<u>\$4,129</u>	40.1%

Significant changes in Governmental Fund activities are summarized as follows:

- Tax Receipts decreased \$2,608, largely due to the timing of property tax collections.
- Intergovernmental receipts decreased \$17,515 due to reclassification adjustments made in 2008.
- Other local sources increased \$26,497 due to reclassification adjustments made in 2008.
- Net proceeds from borrowings in 2007 included draws on the 2007 TIF Bond Anticipation Notes.
- Receipts for grants and contributions not restricted to specific programs increased \$2,578 in 2008 due to the closing of several dormant funds.
- General government program receipts decreased \$3,441 in 2008, primarily due to economic conditions.
- Urban redevelopment and housing receipts decreased \$3,187 in 2008 due to economic conditions.
- Sanitation disbursements increase \$95 in 2008 due to reclassification of prior year disbursements.

- Culture and recreation disbursements decreased \$3,472 due to budgetary constraints.
- Urban redevelopment and housing disbursements decreased \$2,279 due to the fund exhausting its available resources in 2008.
- Disbursements for principal and interest on indebtedness decreased \$2,046 as bond anticipation notes were refinanced in 2008 with long-term debt.

Significant changes in Business-Type Activities are summarized as follows:

- Other local sources receipts decreased \$2,106 in 2008 due to reclassifications adjustments made in 2008.
- Wastewater utility disbursements decreased \$9,855 primarily due to reduced spending on equipment and capital improvements.

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.

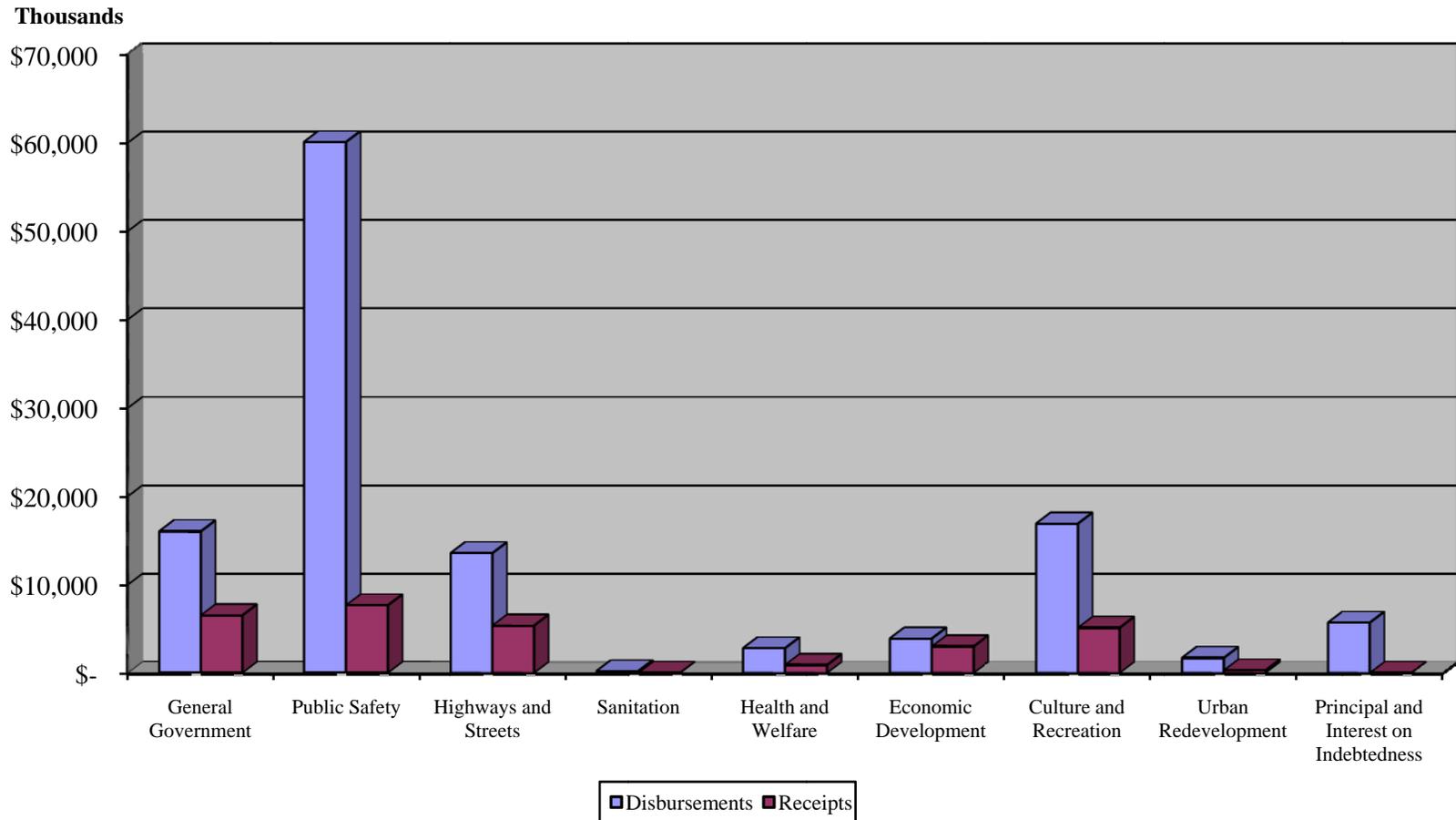
The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information.

The City's overall cash and cash equivalents plus investments of \$137,486 has preserved the City's 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 reconstruction projects at St. Joe Avenue, St. George Avenue, Lincoln Avenue, and E. Franklin Street, water and sewer utility extensions and improvements, a new hybrid bus for METS, several new police vehicles and various 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, \$1.1274 in 2007, and \$1.1241 in 2008. 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 2008:

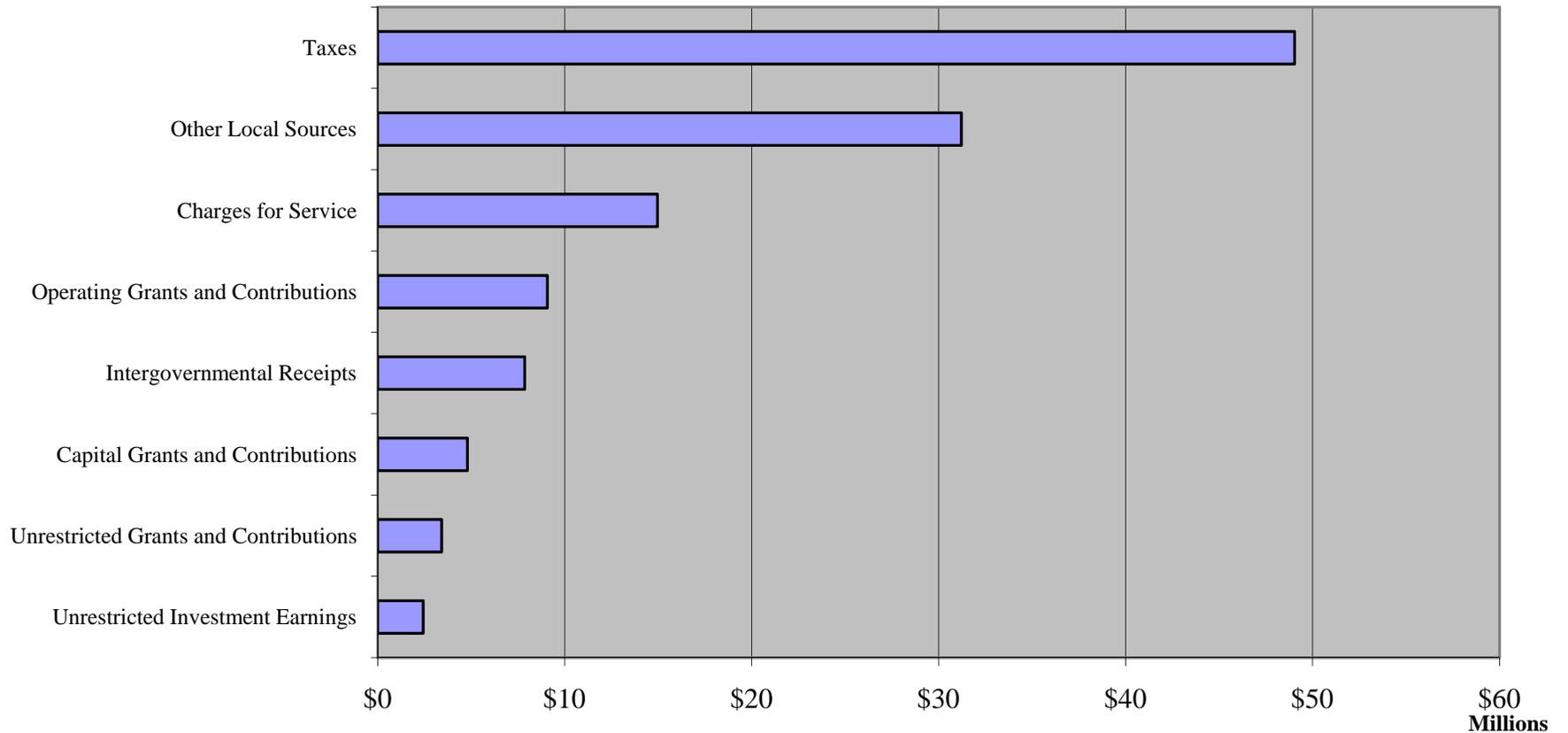
## 2008 Program Receipts and Disbursements - Governmental Activities



Taxes, as in prior years, were the City's major source of revenue supporting its activities, primarily in the areas 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:

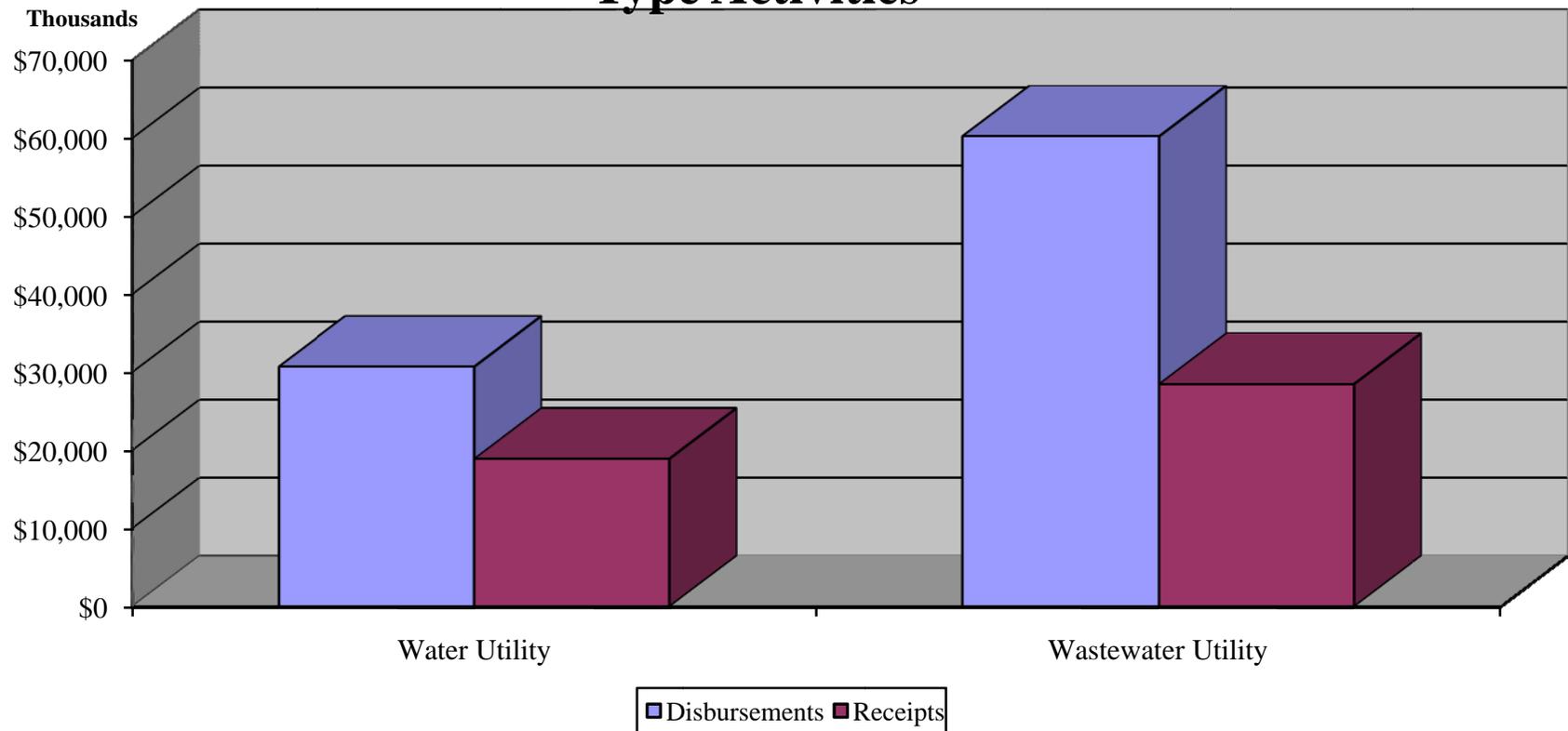
## 2008 Receipts by Source - Governmental Activities



**Business-type Activities**

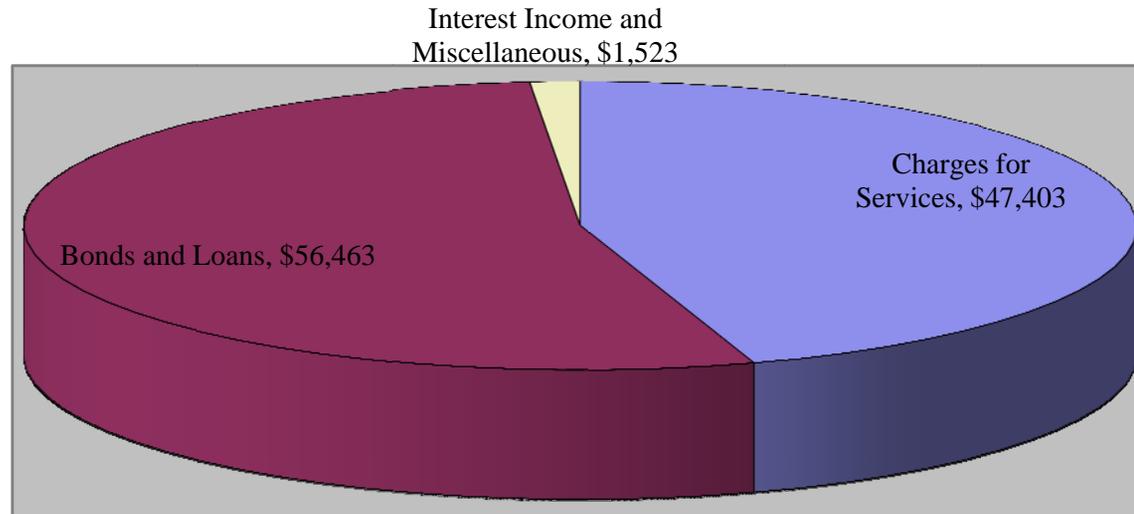
Business-type activities recorded a \$14.4 million increase in cash during 2008. The following graph displays the Disbursements and Program Receipts of the City's business-type activities. The primary reason for the disparity between program disbursements and receipts is the ongoing spending related to capital projects, which were offset by proceeds from borrowing.

## 2008 Program Receipts and Disbursements for Business-Type Activities



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

**2008 Receipts by Source - Business-Type Activities**  
(In Thousands)



**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, excluding internal service funds, combined ending fund balances of \$74,131, an increase of \$2,199 in comparison with the prior year. Approximately 26% of the total amount, \$20,196, 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 outlay	\$18,851
2) Economic development	15,492
3) Highways and streets	8,922
4) General government and other	1,601
5) Culture and recreation	6,578
6) Debt service	2,376
7) Public safety	113

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 \$11,427. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total expenditures of \$71,123, excluding transfers. Unreserved fund balance represents 16.1% of total general fund disbursements.

The fund balance of the City's general fund increased by \$1,674 during 2008. Activity highlights include the following:

- Disbursements exceeded receipts by \$6,670 excluding other financing sources and uses.
- The majority (82%) 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 \$8,373 are used to offset the operating deficit in the General Fund.

The City also has three other major governmental funds. These are the TIF Redevelopment Projects Fund, Local Income Tax Fund, and Riverboat Fund.

The City's TIF Redevelopment Projects Fund was deemed a major governmental fund in 2008 and increased by \$4,599 during 2008. Activity highlights include the following:

- Receipts exceeded disbursements by \$4,599, excluding other financing sources and uses.
- Of the \$4,983 of total revenues, \$4,963 (99.6%) was derived from tax increment revenue.
- 100% of the disbursements were expended for economic development.

The fund balance of the City's Local Income Tax Fund decreased by \$1,233 during 2008. Highlights of the fund activity are as follows:

- Receipts exceeded disbursements by \$6,717, excluding other financing sources and uses.
- Of the \$13,835 of total revenues, \$13,728 (99.2%) was derived from intergovernmental revenue.
- 64% of the disbursements were expended for highways, streets and roadways.
- Net transfers of \$7,951 were made to other funds to support the operations of those funds.

The fund balance of the City's Riverboat Fund increased by \$172 during 2008. Highlights of the fund activity are as follows:

- Receipts exceeded disbursements by \$805, excluding other financing sources and uses.
- Of the \$8,327 in total revenues, \$7,256 (87%) was derived from gaming revenues and \$600 (7%) was derived from charges for services.
- Net transfers of \$633 were made to other 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 2008 totaled \$57,396, \$30,879 for the Water Utility and \$26,517 for the Wastewater Utility. In addition, the City's Internal Service funds recorded a fund balance of \$5,959 at the end of 2008. The total increase in fund balance for the water utility was \$24,856 and the decrease for the wastewater utility was \$10,433. 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 spending budget and the final spending budget excluding transfers was a \$2,996 increase in appropriations and can be briefly summarized as follows:

- Increased spending in the Police Narcotics department
- Fuel increases for City busing and public safety
- Equipment overhauls and repairs to City buses

Overall, actual cash disbursements excluding transfers out in the General Fund of \$71,123 were \$3,264 lower than the adjusted budget.

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

**Capital assets.** The City's investment in capital assets for all governmental funds as of December 31, 2008 amounts to \$743,223.

**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 \$44,386. In addition, the business type funds had outstanding bonds, capital leases and loans of \$169,881. In 2008, the City issued \$36,000 of Waterworks District Bonds, \$18,452 of Wastewater Loans, and \$4,385 of Redevelopment TIF Bonds.

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

City of Evansville, Indiana, Summary of Long-Term Liabilities as of 12/31/2008

Description	Governmental-Type		Total
	Activities	Business-Type Activities	
General Obligation Debt	\$28,940		\$ 28,940
Capital Leases	1,280		1,280
TIF Debt	8,900		8,900
Redevelopment BANs	4,750		4,375
Revenue Bonds		\$101,050	101,050
Subtotals	43,870	101,050	144,545
Loans Payable	516	68,831	69,347
Subtotals	44,386	169,881	213,892
Less:			
Short-Term Principal Portion	(5,842)	(7,083)	(12,925)
Total Long-Term Debt	\$38,544	\$162,798	\$200,967

The City has a "AA-" credit rating from Standard & Poor's, which is unchanged from the previous year. However, the 2003 Wastewater Refunding Bonds have an underlying rating of BBB.

The City currently has \$28,940 of General Obligation Debt outstanding; the statutory debt limit, based on net assessed valuation for taxes payable in 2009, is \$29,172. Additional General Obligation Debt could be subject to the impact of the circuit breaker tax caps.

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

**Economic Factors and 2009 Budgets and Rates**

- The tax rates certified for 2009 for the City, increased from \$1.0599 in 2005 to \$1.1790 in 2006 to \$ 1.1274 in 2007 to \$1.1241 in 2008, to \$1.1938 in 2009.
- 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 \$333 in 2009 and approximately \$3.0 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 2009 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, 2008

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	\$ 16,004,847	\$ 6,133,594	\$ 233,967	\$ 140,265	\$ (9,497,021)	\$ -	\$ (9,497,021)
Public safety	60,060,351	4,110,512	3,430,158	100,000	(52,419,681)	-	(52,419,681)
Highways and streets	13,552,562	224,802	4,512,229	621,740	(8,193,791)	-	(8,193,791)
Sanitation	214,823	-	-	-	(214,823)	-	(214,823)
Health and welfare	2,801,109	10,361	896,187	-	(1,894,561)	-	(1,894,561)
Economic development	7,719,603	462,593	-	2,544,564	(4,712,446)	-	(4,712,446)
Culture and recreation	16,901,720	4,020,263	-	1,098,000	(11,783,457)	-	(11,783,457)
Urban redevelopment and housing	1,706,239	-	-	290,150	(1,416,089)	-	(1,416,089)
Principal and interest on indebtedness	5,693,775	-	-	-	(5,693,775)	-	(5,693,775)
Total governmental activities	<u>124,655,029</u>	<u>14,962,125</u>	<u>9,072,541</u>	<u>4,794,719</u>	<u>(95,825,644)</u>	<u>-</u>	<u>(95,825,644)</u>
Business-type activities:							
Wastewater Utility	60,251,766	28,495,506	-	-	-	(31,756,260)	(31,756,260)
Water Utility	30,713,439	18,907,222	-	-	-	(11,806,217)	(11,806,217)
Total business-type activities	<u>90,965,205</u>	<u>47,402,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,562,477)</u>	<u>(43,562,477)</u>
Total primary government	<u>\$ 215,620,234</u>	<u>\$ 62,364,853</u>	<u>\$ 9,072,541</u>	<u>\$ 4,794,719</u>	<u>(95,825,644)</u>	<u>(43,562,477)</u>	<u>(139,388,121)</u>
General receipts:							
Property taxes					50,375,035	-	50,375,035
Intergovernmental					7,863,336	-	7,863,336
Other local sources					31,204,341	178,828	31,383,169
Net proceeds from borrowings					3,852,346	56,463,073	60,315,419
Grants and contributions not restricted to specific programs					3,420,034	-	3,420,034
Investment earnings					2,429,378	1,344,063	3,773,441
Transfers					1,014	-	1,014
Total general receipts and transfers					<u>99,145,484</u>	<u>57,985,964</u>	<u>157,131,448</u>
Change in net assets					3,319,840	14,423,487	17,743,327
Net assets - beginning					<u>76,770,722</u>	<u>42,972,810</u>	<u>119,743,532</u>
Net assets - ending					<u>\$ 80,090,562</u>	<u>\$ 57,396,297</u>	<u>\$ 137,486,859</u>
<u>Assets</u>							
Cash and investments					\$ 20,342,833	\$ 5,156,519	\$ 25,499,352
Restricted assets:							
Cash and investments					<u>59,747,729</u>	<u>52,239,778</u>	<u>111,987,507</u>
Total assets					<u>\$ 80,090,562</u>	<u>\$ 57,396,297</u>	<u>\$ 137,486,859</u>
<u>Net Assets</u>							
Restricted for:							
General government					\$ 7,640,165	\$ -	\$ 7,640,165
Public safety					112,742	-	112,742
Highways and streets					8,922,391	-	8,922,391
Health and welfare					(153,988)	-	(153,988)
Economic development					15,492,953	-	15,492,953
Culture and recreation					6,578,665	-	6,578,665
Urban redevelopment and housing					(72,294)	-	(72,294)
Debt service					2,376,030	9,892,297	12,268,327
Capital outlay					18,851,065	-	18,851,065
Other purposes					-	42,347,481	42,347,481
Unrestricted					<u>20,342,833</u>	<u>5,156,519</u>	<u>25,499,352</u>
Total net assets					<u>\$ 80,090,562</u>	<u>\$ 57,396,297</u>	<u>\$ 137,486,859</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, 2008

	General	TIF Redevelopment Projects	Local Income Tax	Riverboat	Other Governmental Funds	Totals
<b>Receipts:</b>						
Taxes	\$ 45,460,866	\$ 4,963,313	\$ -	\$ -	\$ 9,421,794	\$ 59,845,973
Special assessments	-	-	-	-	122,768	122,768
Licenses and permits	656,568	-	-	-	71,302	727,870
Intergovernmental	6,184,917	-	13,728,366	7,256,364	12,502,971	39,672,618
Charges for services	8,767,583	-	10,600	600,000	4,082,502	13,460,685
Fines and forfeits	650,802	-	-	-	-	650,802
Other	2,732,783	19,881	96,444	471,108	4,434,414	7,754,630
<b>Total receipts</b>	<b>64,453,519</b>	<b>4,983,194</b>	<b>13,835,410</b>	<b>8,327,472</b>	<b>30,635,751</b>	<b>122,235,346</b>
<b>Disbursements:</b>						
General government	11,636,194	-	2,028,882	333,708	295,783	14,294,567
Public safety	58,085,480	-	104,508	206,962	1,033,725	59,430,675
Highways and streets	-	-	4,591,504	48,049	7,514,651	12,154,204
Sanitation	82,880	-	-	-	131,943	214,823
Health and welfare	1,314,489	-	-	773	1,475,494	2,790,756
Economic development	-	384,293	48,000	-	7,287,310	7,719,603
Culture and recreation	-	-	324,376	107,109	10,637,045	11,068,530
Urban redevelopment and housing	-	-	-	514	1,705,725	1,706,239
Debt service:						
Principal	-	-	-	1,245,000	2,565,000	3,810,000
Interest	-	-	-	696,275	1,187,500	1,883,775
Capital outlay:						
General government	-	-	20,660	924,022	-	944,682
Public safety	4,082	-	-	606,363	19,231	629,676
Highways and streets	-	-	-	820,473	577,885	1,398,358
Health and welfare	-	-	-	8,050	2,303	10,353
Culture and recreation	-	-	-	2,525,528	3,307,662	5,833,190
<b>Total disbursements</b>	<b>71,123,125</b>	<b>384,293</b>	<b>7,117,930</b>	<b>7,522,826</b>	<b>37,741,257</b>	<b>123,889,431</b>
Excess (deficiency) of receipts over disbursements	(6,669,606)	4,598,901	6,717,480	804,646	(7,105,506)	(1,654,085)
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	3,852,346	3,852,346
Transfers in	8,372,667	-	-	-	1,044,417	9,417,084
Transfers out	(29,267)	-	(7,950,795)	(632,519)	(803,489)	(9,416,070)
<b>Total other financing sources (uses)</b>	<b>8,343,400</b>	<b>-</b>	<b>(7,950,795)</b>	<b>(632,519)</b>	<b>4,093,274</b>	<b>3,853,360</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,673,794	4,598,901	(1,233,315)	172,127	(3,012,232)	2,199,275
Cash and investment fund balance - beginning	9,753,573	4,368,930	7,980,644	17,407,907	32,420,961	71,932,015
Cash and investment fund balance - ending	\$ 11,427,367	\$ 8,967,831	\$ 6,747,329	\$ 17,580,034	\$ 29,408,729	74,131,290
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:						
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.						5,959,272
Net assets of governmental activities						\$ 80,090,562

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, 2008  
(Continued)

	General	TIF Redevelopment Projects	Local Income Tax	Riverboat	Other Governmental Funds	Totals
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 11,427,367	\$ -	\$ 6,747,329	\$ -	\$ 2,021,753	\$ 20,196,449
Restricted assets:						
Cash and investments	-	8,967,831	-	17,580,034	27,386,976	53,934,841
Total cash and investment assets - ending	<u>\$ 11,427,367</u>	<u>\$ 8,967,831</u>	<u>\$ 6,747,329</u>	<u>\$ 17,580,034</u>	<u>\$ 29,408,729</u>	<u>\$ 74,131,290</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ 1,827,277	\$ 1,827,277
Public safety	-	-	-	-	112,742	112,742
Highways and streets	-	-	-	-	8,922,391	8,922,391
Health and welfare	-	-	-	-	(153,988)	(153,988)
Economic development	-	8,967,831	-	-	6,525,122	15,492,953
Culture and recreation	-	-	-	-	6,578,665	6,578,665
Urban redevelopment and housing	-	-	-	-	(72,294)	(72,294)
Debt service	-	-	-	-	2,376,030	2,376,030
Capital outlay	-	-	-	17,580,034	1,271,031	18,851,065
Unrestricted	<u>11,427,367</u>	<u>-</u>	<u>6,747,329</u>	<u>-</u>	<u>2,021,753</u>	<u>20,196,449</u>
Total cash and investment fund balance - ending	<u>\$ 11,427,367</u>	<u>\$ 8,967,831</u>	<u>\$ 6,747,329</u>	<u>\$ 17,580,034</u>	<u>\$ 29,408,729</u>	<u>\$ 74,131,290</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  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2008

	Wastewater Utility	Water Utility	Totals	Internal Service Funds
Operating receipts:				
Metered/measured	\$ 21,786,682	\$ 15,230,394	\$ 37,017,076	\$ -
Refuse fees	4,692,977	-	4,692,977	-
Connection fees	633,271	-	633,271	-
Other fees	590,372	-	590,372	-
Charges for services	-	-	-	225,466
Allocation of joint costs	-	2,450,803	2,450,803	-
Miscellaneous	<u>792,204</u>	<u>1,226,025</u>	<u>2,018,229</u>	<u>19,802,658</u>
 Total operating receipts	 <u>28,495,506</u>	 <u>18,907,222</u>	 <u>47,402,728</u>	 <u>20,028,124</u>
Operating disbursements:				
Cost of sales and services	-	-	-	237,451
Salaries and wages	2,878,171	3,902,121	6,780,292	-
Employee pensions and benefits	1,088,545	1,456,740	2,545,285	-
Contractual services	8,922,425	8,822,172	17,744,597	-
Insurance claims and expense	-	-	-	18,670,108
Payment in lieu of taxes	2,003,230	502,450	2,505,680	-
Equipment and capital improvements	29,161,302	11,394,812	40,556,114	-
Refuse collection	5,104,262	-	5,104,262	-
Miscellaneous	<u>3,717,382</u>	<u>1,796,857</u>	<u>5,514,239</u>	<u>-</u>
 Total operating disbursements	 <u>52,875,317</u>	 <u>27,875,152</u>	 <u>80,750,469</u>	 <u>18,907,559</u>
 Excess (deficiency) of operating receipts over operating disbursements	 <u>(24,379,811)</u>	 <u>(8,967,930)</u>	 <u>(33,347,741)</u>	 <u>1,120,565</u>
Nonoperating receipts (disbursements):				
Customer deposits	-	178,828	178,828	-
Investment income	1,118,259	225,804	1,344,063	-
Net proceeds from borrowings	20,205,443	36,257,630	56,463,073	-
Debt service of principal	(3,733,000)	(1,205,000)	(4,938,000)	-
Interest disbursements	<u>(3,643,449)</u>	<u>(1,633,287)</u>	<u>(5,276,736)</u>	<u>-</u>
 Total nonoperating receipts (disbursements)	 <u>13,947,253</u>	 <u>33,823,975</u>	 <u>47,771,228</u>	 <u>-</u>
 Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	 <u>(10,432,558)</u>	 <u>24,856,045</u>	 <u>14,423,487</u>	 <u>1,120,565</u>
Transfers in	11,275,636	7,594,629	18,870,265	-
Transfers out	<u>(11,275,636)</u>	<u>(7,594,629)</u>	<u>(18,870,265)</u>	<u>-</u>
 Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	 <u>(10,432,558)</u>	 <u>24,856,045</u>	 <u>14,423,487</u>	 <u>1,120,565</u>
Cash and investment fund balance - beginning	<u>36,949,416</u>	<u>6,023,394</u>	<u>42,972,810</u>	<u>4,838,707</u>
Cash and investment fund balance - ending	<u>\$ 26,516,858</u>	<u>\$ 30,879,439</u>	<u>\$ 57,396,297</u>	<u>\$ 5,959,272</u>
 <u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 3,699,859	\$ 1,456,660	\$ 5,156,519	\$ 146,384
Restricted assets:				
Cash and investments	<u>22,816,999</u>	<u>29,422,779</u>	<u>52,239,778</u>	<u>5,812,888</u>
Total cash and investment assets - December 31	<u>\$ 26,516,858</u>	<u>\$ 30,879,439</u>	<u>\$ 57,396,297</u>	<u>\$ 5,959,272</u>
 <u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 6,994,547	\$ 2,897,750	\$ 9,892,297	\$ -
Other purposes	15,822,452	26,525,029	42,347,481	5,812,888
Unrestricted	<u>3,699,859</u>	<u>1,456,660</u>	<u>5,156,519</u>	<u>146,384</u>
Total cash and investment fund balance - December 31	<u>\$ 26,516,858</u>	<u>\$ 30,879,439</u>	<u>\$ 57,396,297</u>	<u>\$ 5,959,272</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, 2008

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 6,726,002	
Plan members	7,043	
State	6,634,266	
Total contributions	13,367,311	
Investment earnings:		
Interest	26,766	
Total additions	13,394,077	
Deductions:		
Benefits	12,360,035	
Administrative and general	12,533	
Total deductions	12,372,568	
Excess of total additions over total deductions	1,021,509	
Cash and investment fund balance - beginning	4,169,200	
Cash and investment fund balance - ending	\$ 5,190,709	\$ 552,132

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 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 County Building Authority  
Room 318, Administrative Building  
Evansville, In 47708

The City is a participant with Vanderburgh County, the Town of Newburgh, 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). The MPO 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 Regional Airport and the Evansville Bond Bank.

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, 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 tif redevelopment projects fund is a special revenue fund. It accounts for expenditures for redevelopment projects. Financing is provided by a percentage of tax increment financing revenue which has been dedicated to redevelopment capital projects.

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 provided to other departments on a cost-reimbursement basis.

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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 in 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. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's 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 which 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 City on or prior to December 31 of the year collected.

3. 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.

4. 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.

5. 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.

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 an ordinance, approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

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

B. Cash and Investment Balance Deficits

At December 31, 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2008
Home Investment Trust Fund	\$ (142,589)
Community Development Block Grant	(272,052)
Continuum Care Fund	(106,449)
Emergency Shelter Grant	(47,539)
Accounts Payable	(7,969)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to grant funds being received on a reimbursement basis.

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

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2008, the City had deposit balances in the amount of \$142,021,532.

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

As of December 31, 2008, the City had the following investments:

Investment Type	Primary Government Market Value
Mutual funds	\$ <u>1,179,696</u>

Statutory Authorization for Investments

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 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

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City does not have a formal investment policy for interest rate 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 City does not have a formal investment policy for credit risk for investments.

Concentration of Credit Risk

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

Foreign Currency Risk

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

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2008, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2008</u>
General Fund	Other governmental funds	\$ 29,267
Local Income Tax	General Fund	7,927,190
Local Income Tax	Other governmental funds	23,605
Riverboat	Other governmental funds	632,519
Other governmental funds	General Fund	444,477
	Other governmental funds	359,012
All others	General Fund	1,000
	Other governmental funds	<u>14</u>
Total		<u>\$ 9,417,084</u>

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

C. Restatements and Reclassifications

For the year ended December 31, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances by opinion unit. New Funds represents the inclusion of existing funds which were not presented in the prior report.

Opinion Unit	Balance as Reported December 31, 2007	Fund Reclassification	New Funds	Prior Period Adjustments	Balance as Restated January 1, 2008
Agency Funds	\$ 467,991	\$ -	\$ 8,275	\$ -	\$ 476,266

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 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 \$15,091,072 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

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 \$1,284,015.

C. Subsequent Events

Pension Relief - City

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

Arena Project - City

On August 4, 2009, the Evansville Redevelopment Commission (the "Commission") approved Resolution 09-ERC-40 (the "Resolution") authorizing the issuance of forty-one million dollars (\$41,000,000) of bonds (the "Bonds") for the preliminary costs associated with the construction of a new multi-purpose arena in downtown Evansville, Indiana. The issuance of the Bonds was approved by the Evansville City Council (the "City Council") on August 17, 2009, by Resolution C-2009-20. It is the intent of the Commission to issue short term bond anticipation notes in October 2009 payable from tax increment revenues generated in the Downtown Allocation Area. To continue the project and pay the total costs, long term bonds would have to be issued. It is anticipated that these approvals would be sought in 2009, with the bonds being issued in late 2009 or early 2010. The Commission has entered into various professional service contracts for architect and design work, financial feasibility and legal services. The Indiana State Legislature and the Vanderburgh County Council have approved the use of the Vanderburgh County Food & Beverage Tax not needed for existing debt obligations for the multi-purpose arena project.

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Bond Anticipation Note - Wastewater Utility

In 2009, the Utility was approved to borrow up to \$5,300,000 from the Evansville Bond Bank to fund several capital projects.

Federal Programs – Wastewater Utility

In 2009, the Utility was awarded \$3,000,000 in federal stimulus money as well as a \$33,000,000 state revolving loan for various sewer separation projects. In addition, the Utility was awarded an Environmental Protection Agency grant of \$500,000 for the Mr. Auburn sewer project.

Rate Increase – Wastewater Utility

In 2009, the Utility approved a 15% rate increase to be effective November 1, 2009. In addition, a refuse rate increase of 40% was approved and will become effective January 1, 2010.

D. Contingent Liabilities

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.

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 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 drawing 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.

E. Conduit Debt Obligation

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

As of December 31, 2008, there were seven series of economic development bonds outstanding. The aggregate principal amount payable for the series could not be determined; however, their original issue amounts totaled \$31,475,000.

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

F. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

The City of Evansville Healthcare Plan is a single-employer defined benefit healthcare plan administered by Key Benefit Administrators. The plan provides Medical, Dental, Vision, and Prescription Drug coverage 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, 2008, the City contributed \$0 to the plan. Plan members under age 65 receiving benefits contributed \$81.06 to 198.81 per month for retiree-only coverage based on position and plan selected and \$112.60 to 281.41 per month for family coverage. Plan members over age 65 receiving benefits contributed \$39.44 to \$198.81 per month for retiree only coverage based on plan and position and \$55.38 to \$276.95 per month for family coverage.

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, 2008, the plan was funded based on prior year 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)

G. Loans Receivable

Date of Loan	Borrower	Purpose	Original Amount	Interest Rate	Annual Required Payment	Outstanding Balance
01-01-04	Signature Learning Center	Improvements Charter School	\$ 350,000	3.00%	\$ 31,000	\$ 175,000
05-09-02	Luxury Leasing	Renovations - Rental	126,513	3.00%	9,817	84,875
02-04-05	Nuts & Bolts	Renovations –Business	60,000	3.00%	4,972	52,172
07-28-05	Stratman's Rental	Renovations – Apartments	150,000	3.00%	17,381	104,903
01-04-06	Bowen Engineering	Renovations – Business	200,000	3.00%	16,574	160,724
03-01-06	Evansville Eyecare	Renovations – Business	95,000	3.00%	7,873	79,499
03-25-82	Citizens Bank	Construction-Business	2,300,000	2.00%	74,754	1,413,895
12-15-00	Emporia	Renovations – Business	200,000	3.00%	10,119	187,463
11-17-05	QTR	Equipment Loan	660,000	3.67%	57,282	552,247
12-02-05	Black Buggy Growth, Inc.	Construction-Business	280,000	3.00%	44,397	173,688
12-01-08	Gray Loon Marketing	Business Loan	150,000	3.00%	10,486	150,000
10-30-02	Grace-Whitney Properties	Renovations-Rental Property	66,400	5.00%	4,658	58,674
06-25-04	Grace-Whitney Properties	Renovations-Rental Property	53,541	5.00%	3,756	48,109
06-25-05	Evansville Convention and Visitors Bureau	Construction – LST Dock	400,000	0.00%	50,000	100,000
02-28-05	Evansville Convention and Visitors Bureau	Construction – African American Museum	500,000	0.00%	125,000	375,000
12-15-05	Kunkel Group	Renovations-Downtown Apartments	221,250	0.00%	2,538	19,762
08-22-06	Claremont	Renovations- Downtown Apartments	210,000	0.00%	20,613	112,926
01-10-07	Michael Martin Realty	Renovations-Downtown Apartments	75,000	6.25%	13,256	57,601
01-10-07	Michael Martin Realty	Renovations-Downtown Apartments	50,000	0.00%	50,000	50,000
06-20-07	Kunkel Group	Renovations Downtown Apartments	150,000	6.25%	26,512	126,237
12-20-06	Kunkel Group	Renovations-Downtown Apartments	310,000	3.00%	62,000	310,000
04-25-08	Holweger Management	Exterior Improvements Downtown Building	117,254	3.00%	3,518	117,254

H. Rate Structure – Enterprise Funds

Water Utility

The Utility was granted approval by the Indiana Utility Regulatory Commission to increase rates. The increase became effective January 1, 2008 and amounted to approximately a 12.1% increase to all customers.

Wastewater Utility

The rate structure in effect at December 31, 2008, was approved by the City Council on July 14, 2008.

I. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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	\$ 1,605,134	\$ 10,446	N/A	\$ 6,629,000	\$ 4,571,200
Interest on net pension obligation	(37,290)	2,562	N/A	2,789,900	1,976,300
Adjustment to annual required contribution	42,495	(2,920)	N/A	(3,519,900)	(2,493,500)
Annual pension cost	1,610,339	10,088	N/A	5,899,000	4,054,000
Contributions made	1,488,400	15,694	N/A	8,859,735	5,834,415
Increase (decrease) in net pension obligation	121,939	(5,606)	N/A	(2,960,735)	(1,780,415)
Net pension obligation, beginning of year	(514,344)	35,342	N/A	46,497,614	32,938,617
Net pension obligation, end of year	<u>\$ (392,405)</u>	<u>\$ 29,736</u>	<u>N/A</u>	<u>\$ 43,536,879</u>	<u>\$ 31,158,202</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	6.75%	8.75%	0%	520%	545%
Plan members	3%	3%	3%	6%	6%
Actuarial valuation date	7/1/2008	7/1/2008	7/1/2008	1/1/2007	1/1/2007
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	30 years	30 years	30 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
<u>Actuarial Assumptions</u>					
Investment rate of return	7.25%	7.25%	7.25%	6%	6%
Projected future salary					
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	06-30-06	\$ 1,449,980	86%	\$ (688,033)
	06-30-07	1,509,523	88%	(514,344)
	06-30-08	1,610,339	92%	(392,405)
Oak Hill Cemetery PERF	06-30-06	37,581	30%	36,282
	06-30-07	13,628	107%	35,342
	06-30-08	10,088	156%	29,736
Redevelopment Commission PERF	06-30-06	70	0%	(6,849)
	06-30-07	N/A	N/A	N/A
	06-30-08	N/A	N/A	N/A

N/A = Not available

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1925 Police Officers' Pension Plan	12-31-06	6,792,900	97%	48,946,338
	12-31-07	6,924,300	135%	46,497,614
	12-31-08	5,899,000	150%	43,536,879
1937 Firefighters' Pension Plan	12-31-06	4,928,700	118%	35,899,487
	12-31-07	4,718,000	163%	32,938,617
	12-31-08	4,054,000	144%	31,158,202

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2008, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	252	193
Current active employees	5	4

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

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

CITY OF EVANSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, 2008, 2007, and 2006, were \$5,643,642, \$5,334,417, and \$5,025,287, respectively, equal to the required contributions for each year.

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)
07-01-06	\$ 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%
07-01-08	35,837,767	38,986,605	(3,148,838)	92%	23,420,814	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)
07-01-06	\$ 282,521	\$ 318,664	\$ (36,143)	89%	\$ 187,714	19%
07-01-07	325,788	307,162	18,626	106%	187,786	10%
07-01-08	345,553	230,032	115,521	150%	109,424	106%

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 (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	*	*	*	*	*	*
07-01-07	*	*	*	*	*	*
07-01-08	*	*	*	*	*	*

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 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%)
01-01-08	2,047,432	88,836,700	(86,789,268)	2%	364,900	(23,784%)

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%)
01-01-08	2,121,768	61,187,800	(59,066,032)	3%	296,900	19,894%

\*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	12-31-03	\$ 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%
	12-31-08	6,629,000	77%	57%
1937 Firefighters' Pension Plan	12-31-03	8,824,500	20%	23%
	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%
	12-31-08	4,571,200	65%	63%

CITY OF EVANSVILLE  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2008

	General Fund				TIF Redevelopment Projects			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ 46,733,258	\$ 45,460,866	\$ 45,460,866	\$ -	\$ 3,665,885	\$ 4,963,313	\$ 4,963,313	\$ -
Licenses and permits	593,388	656,718	656,568	(150)	-	-	-	-
Intergovernmental	5,806,671	6,502,552	6,184,917	(317,635)	-	-	-	-
Charges for services	8,183,758	10,085,840	8,767,583	(1,318,257)	-	-	-	-
Fines and forfeits	317,300	650,802	650,802	-	-	-	-	-
Other	2,464,817	2,811,156	2,732,783	(78,373)	-	19,881	19,881	-
Total revenues	<u>64,099,192</u>	<u>66,167,934</u>	<u>64,453,519</u>	<u>(1,714,415)</u>	<u>3,665,885</u>	<u>4,983,194</u>	<u>4,983,194</u>	<u>-</u>
Expenditures:								
Current:								
General government	1,137,457	12,513,070	11,636,194	876,876	-	-	-	-
Public safety	58,531,422	60,227,684	58,085,480	2,142,204	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	157,876	160,314	82,880	77,434	-	-	-	-
Health and welfare	1,327,918	1,407,298	1,314,489	92,809	-	-	-	-
Economic development	-	-	-	-	3,665,885	4,067,951	384,293	3,683,658
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	79,204	4,082	75,122	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	<u>61,154,673</u>	<u>74,387,570</u>	<u>71,123,125</u>	<u>3,264,445</u>	<u>3,665,885</u>	<u>4,067,951</u>	<u>384,293</u>	<u>3,683,658</u>
Other financing sources (uses):								
Operating transfers in	8,035,943	8,372,667	8,372,667	-	-	-	-	-
Operating transfers out	(91,337)	(133,782)	(29,267)	104,515	-	-	-	-
Total other financing sources (uses)	<u>7,944,606</u>	<u>8,238,885</u>	<u>8,343,400</u>	<u>104,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,889,125	19,249	1,673,794	1,654,545	-	915,243	4,598,901	3,683,658
Fund balances - beginning	<u>3,603,183</u>	<u>3,966,800</u>	<u>9,753,573</u>	<u>5,786,773</u>	<u>-</u>	<u>4,368,930</u>	<u>4,368,930</u>	<u>-</u>
Fund balances - December 31	<u>\$ 14,492,308</u>	<u>\$ 3,986,049</u>	<u>\$ 11,427,367</u>	<u>\$ 7,441,318</u>	<u>\$ -</u>	<u>\$ 5,284,173</u>	<u>\$ 8,967,831</u>	<u>\$ 3,683,658</u>

CITY OF EVANSVILLE  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2008  
(Continued)

	Local Income Tax				Riverboat			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	12,533,119	13,728,366	13,728,366	-	7,223,137	7,808,306	7,256,364	(551,942)
Charges for services	-	10,600	10,600	-	1,900,000	600,000	600,000	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	1,850,700	96,444	96,444	-	500,000	473,514	471,108	(2,406)
Total revenues	14,383,819	13,835,410	13,835,410	-	9,623,137	8,881,820	8,327,472	(554,348)
Expenditures:								
Current:								
General government	1,843,747	2,565,101	2,028,882	536,219	197,223	477,878	333,708	144,170
Public safety	105,000	114,157	104,508	9,649	238,700	284,880	206,962	77,918
Highways and streets	3,659,000	5,230,707	4,591,504	639,203	122,126	251,247	48,049	203,198
Sanitation	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	9,500	5,457	773	4,684
Economic development	48,000	52,000	48,000	4,000	-	-	-	-
Culture and recreation	330,000	404,000	324,376	79,624	35,000	135,271	107,109	28,162
Urban redevelopment and housing	-	-	-	-	75,000	202,651	514	202,137
Debt service:								
Principal	-	-	-	-	1,245,000	1,245,000	1,245,000	-
Bond issuance costs	-	-	-	-	725,355	725,355	696,275	29,080
Capital outlay:								
General government	-	20,660	20,660	-	570,531	1,388,290	924,022	464,268
Public safety	-	-	-	-	815,750	1,389,392	606,363	783,029
Highways and streets	-	-	-	-	1,957,500	2,324,837	820,473	1,504,364
Health and welfare	-	-	-	-	27,500	31,543	8,050	23,493
Culture and recreation	-	-	-	-	1,235,500	8,179,023	2,525,528	5,653,495
Total expenditures	5,985,747	8,386,625	7,117,930	1,268,695	7,254,685	16,640,824	7,522,826	9,117,998
Other financing sources (uses):								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	(8,129,190)	(8,450,795)	(7,950,795)	500,000	(2,333,459)	(2,432,519)	(632,519)	1,800,000
Total other financing sources (uses)	(8,129,190)	(8,450,795)	(7,950,795)	500,000	(2,333,459)	(2,432,519)	(632,519)	1,800,000
Net change in fund balances	268,882	(3,002,010)	(1,233,315)	1,768,695	34,993	(10,191,523)	172,127	10,363,650
Fund balances - beginning	6,838,498	5,648,581	7,980,644	2,332,063	23,821,838	15,957,378	17,407,907	1,450,529
Fund balances - December 31	\$ 7,107,380	\$ 2,646,571	\$ 6,747,329	\$ 4,100,758	\$ 23,856,831	\$ 5,765,855	\$ 17,580,034	\$ 11,814,179

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, 2008

	Local Road and Street	Donations	Downtown Parking Garages	Motor Vehicle Highway	Law Enforcement Continuing Education	Parks And Recreation	Fire Donation
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,113,347	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	42,460	-	-
Intergovernmental	1,789,596	-	-	4,482,689	-	-	-
Charges for services	-	-	461,900	83,720	21,709	1,742,367	-
Other	38,360	636,239	-	742,990	4,234	1,712,561	-
<b>Total receipts</b>	<b>1,827,956</b>	<b>636,239</b>	<b>461,900</b>	<b>5,309,399</b>	<b>68,403</b>	<b>9,568,275</b>	<b>-</b>
<b>Disbursements:</b>							
General government	-	37,593	-	-	-	-	-
Public safety	-	-	-	-	117,743	-	-
Highways and streets	1,491,154	-	-	5,701,089	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	335,862	-	-	-	-
Culture and recreation	-	-	-	-	-	8,952,061	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Highways and streets	276,158	-	-	78,723	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,767,312</b>	<b>37,593</b>	<b>335,862</b>	<b>5,779,812</b>	<b>117,743</b>	<b>8,952,061</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	60,644	598,646	126,038	(470,413)	(49,340)	616,214	-
<b>Other financing sources (uses):</b>							
Net proceeds from borrowings	-	-	-	-	-	-	-
Transfers in	-	120,812	-	-	-	-	-
Transfers out	-	-	(300,000)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>120,812</b>	<b>(300,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	60,644	719,458	(173,962)	(470,413)	(49,340)	616,214	-
Cash and investment fund balance - beginning	6,519,987	725	534,536	2,689,405	131,689	2,922,325	1,293
Cash and investment fund balance - ending	\$ 6,580,631	\$ 720,183	\$ 360,574	\$ 2,218,992	\$ 82,349	\$ 3,538,539	\$ 1,293
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	6,580,631	720,183	360,574	2,218,992	82,349	3,538,539	1,293
<b>Total cash and investment assets - ending</b>	<b>\$ 6,580,631</b>	<b>\$ 720,183</b>	<b>\$ 360,574</b>	<b>\$ 2,218,992</b>	<b>\$ 82,349</b>	<b>\$ 3,538,539</b>	<b>\$ 1,293</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ 720,183	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	82,349	-	1,293
Highways and streets	6,580,631	-	-	2,218,992	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	360,574	-	-	-	-
Culture and recreation	-	-	-	-	-	3,538,539	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 6,580,631</b>	<b>\$ 720,183</b>	<b>\$ 360,574</b>	<b>\$ 2,218,992</b>	<b>\$ 82,349</b>	<b>\$ 3,538,539</b>	<b>\$ 1,293</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,  
 (Continued)

	DMD Miscellaneous Grants	Rainy Day	Law Enforcement Block Grant	Law Enforcement 98 Grant	Civil Defense Donations	Golf Course Non-Reverting	EPA Permit
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	28,792
Intergovernmental	-	1,345,015	-	-	-	-	-
Charges for services	-	-	-	-	-	1,323,206	-
Other	74,754	53,393	-	-	500	1,823	-
<b>Total receipts</b>	<b>74,754</b>	<b>1,398,408</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>1,325,029</b>	<b>28,792</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	1,555	351	286	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	325	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	1,322,970	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>325</b>	<b>-</b>	<b>1,555</b>	<b>351</b>	<b>286</b>	<b>1,322,970</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	74,429	1,398,408	(1,555)	(351)	214	2,059	28,792
<b>Other financing sources (uses):</b>							
Net proceeds from borrowings	-	-	-	-	-	-	-
Transfers in	20,000	-	-	-	-	-	-
Transfers out	(29,351)	-	-	-	-	-	(37,715)
<b>Total other financing sources (uses)</b>	<b>(9,351)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37,715)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	65,078	1,398,408	(1,555)	(351)	214	2,059	(8,923)
Cash and investment fund balance - beginning	753,815	623,345	1,555	351	3,295	526,704	8,923
Cash and investment fund balance - ending	\$ 818,893	\$ 2,021,753	\$ -	\$ -	\$ 3,509	\$ 528,763	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 2,021,753	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	818,893	-	-	-	3,509	528,763	-
<b>Total cash and investment assets - ending</b>	<b>\$ 818,893</b>	<b>\$ 2,021,753</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,509</b>	<b>\$ 528,763</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	3,509	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	818,893	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	528,763	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	2,021,753	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 818,893</b>	<b>\$ 2,021,753</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,509</b>	<b>\$ 528,763</b>	<b>\$ -</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,  
 (Continued)

	Municipal Code Revoling	Greenway Project	Sports Program Non-Reverting	Zoo Animal Revolving	Rental Rehab Program	Certified Technology Park	EDA Revolving Loan Fund
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	920,016	-	-	-	-	-
Charges for services	-	-	354,256	-	-	-	-
Other	-	198,000	4,055	2,258	-	25,460	78,982
<b>Total receipts</b>	<b>-</b>	<b>1,118,016</b>	<b>358,311</b>	<b>2,258</b>	<b>-</b>	<b>25,460</b>	<b>78,982</b>
<b>Disbursements:</b>							
General government	1,500	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	1,770,351	3,050
Culture and recreation	-	-	362,014	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	196,672	-	14,671	-	-	-
<b>Total disbursements</b>	<b>1,500</b>	<b>196,672</b>	<b>362,014</b>	<b>14,671</b>	<b>-</b>	<b>1,770,351</b>	<b>3,050</b>
Excess (deficiency) of receipts over disbursements	(1,500)	921,344	(3,703)	(12,413)	-	(1,744,891)	75,932
<b>Other financing sources (uses):</b>							
Net proceeds from borrowings	-	-	-	-	-	-	-
Transfers in	-	533,459	-	-	14	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>533,459</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,500)	1,454,803	(3,703)	(12,413)	14	(1,744,891)	75,932
Cash and investment fund balance - beginning	8,754	947,189	65,135	60,352	90,816	2,536,068	1,067,317
Cash and investment fund balance - ending	\$ 7,254	\$ 2,401,992	\$ 61,432	\$ 47,939	\$ 90,830	\$ 791,177	\$ 1,143,249
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	7,254	2,401,992	61,432	47,939	90,830	791,177	1,143,249
<b>Total cash and investment assets - ending</b>	<b>\$ 7,254</b>	<b>\$ 2,401,992</b>	<b>\$ 61,432</b>	<b>\$ 47,939</b>	<b>\$ 90,830</b>	<b>\$ 791,177</b>	<b>\$ 1,143,249</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ 7,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	791,177	1,143,249
Culture and recreation	-	2,401,992	61,432	47,939	-	-	-
Urban redevelopment and housing	-	-	-	-	90,830	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 7,254</b>	<b>\$ 2,401,992</b>	<b>\$ 61,432</b>	<b>\$ 47,939</b>	<b>\$ 90,830</b>	<b>\$ 791,177</b>	<b>\$ 1,143,249</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,  
 (Continued)

	Home Investment Trust Fund	Community Development Block Grant	Old Post Office	Economic Development Loan	Continuum Care Fund	Police Narcotics Grant	Emergency Shelter Grant
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	290,150	2,544,564	-	-	524,903	22,352	188,296
Charges for services	-	93,550	-	-	-	-	-
Other	5,702	178,189	-	322,808	-	-	-
<b>Total receipts</b>	<b>295,852</b>	<b>2,816,303</b>	<b>-</b>	<b>322,808</b>	<b>524,903</b>	<b>22,352</b>	<b>188,296</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	886,718	-	-	-	23,882	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	131,943	-	-	-	-	-
Health and welfare	-	775,732	-	-	538,355	-	161,407
Economic development	-	7,419	-	210,000	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	377,757	1,149,948	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	15,995	-	-	-	3,236	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	2,303	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>377,757</b>	<b>2,970,058</b>	<b>-</b>	<b>210,000</b>	<b>538,355</b>	<b>27,118</b>	<b>161,407</b>
Excess (deficiency) of receipts over disbursements	(81,905)	(153,755)	-	112,808	(13,452)	(4,766)	26,889
<b>Other financing sources (uses):</b>							
Net proceeds from borrowings	-	-	-	-	-	-	-
Transfers in	-	11,430	-	-	58,702	-	-
Transfers out	-	-	-	-	(310)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>11,430</b>	<b>-</b>	<b>-</b>	<b>58,392</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(81,905)	(142,325)	-	112,808	44,940	(4,766)	26,889
Cash and investment fund balance - beginning	(60,684)	(129,727)	237,976	1,666,946	(151,389)	27,673	(74,428)
Cash and investment fund balance - ending	<u>\$ (142,589)</u>	<u>\$ (272,052)</u>	<u>\$ 237,976</u>	<u>\$ 1,779,754</u>	<u>\$ (106,449)</u>	<u>\$ 22,907</u>	<u>\$ (47,539)</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	(142,589)	(272,052)	237,976	1,779,754	(106,449)	22,907	(47,539)
<b>Total cash and investment assets - ending</b>	<u>\$ (142,589)</u>	<u>\$ (272,052)</u>	<u>\$ 237,976</u>	<u>\$ 1,779,754</u>	<u>\$ (106,449)</u>	<u>\$ 22,907</u>	<u>\$ (47,539)</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ 237,976	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	22,907	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	(106,449)	-	(47,539)
Economic development	-	-	-	1,779,754	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	(142,589)	(272,052)	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ (142,589)</u>	<u>\$ (272,052)</u>	<u>\$ 237,976</u>	<u>\$ 1,779,754</u>	<u>\$ (106,449)</u>	<u>\$ 22,907</u>	<u>\$ (47,539)</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,  
 (Continued)

	Building Code Books	Bicycle License	Sidewalk Program	ERC Capital Non-Reverting	Housing Trust Fund	Learning Center Sinking	R T Legler Trust
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	122,768	-	-	-	-
Licenses and permits	-	50	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other	-	-	-	288,355	9,526	1,368	41
<b>Total receipts</b>	<b>-</b>	<b>50</b>	<b>122,768</b>	<b>288,355</b>	<b>9,526</b>	<b>1,368</b>	<b>41</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	255,919	-
Public safety	3,190	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	1,141,303	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	178,020	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>3,190</b>	<b>-</b>	<b>-</b>	<b>1,141,303</b>	<b>178,020</b>	<b>255,919</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(3,190)	50	122,768	(852,948)	(168,494)	(254,551)	41
<b>Other financing sources (uses):</b>							
Net proceeds from borrowings	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(29,351)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,351)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,190)	50	122,768	(852,948)	(197,845)	(254,551)	41
Cash and investment fund balance - beginning	5,874	2,223	-	2,465,577	449,362	254,551	2,088
Cash and investment fund balance - ending	<u>\$ 2,684</u>	<u>\$ 2,273</u>	<u>\$ 122,768</u>	<u>\$ 1,612,629</u>	<u>\$ 251,517</u>	<u>\$ -</u>	<u>\$ 2,129</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	2,684	2,273	122,768	1,612,629	251,517	-	2,129
<b>Total cash and investment assets - ending</b>	<b><u>\$ 2,684</u></b>	<b><u>\$ 2,273</u></b>	<b><u>\$ 122,768</u></b>	<b><u>\$ 1,612,629</u></b>	<b><u>\$ 251,517</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,129</u></b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ 2,273	\$ -	\$ -	\$ -	\$ -	\$ 2,129
Public safety	2,684	-	-	-	-	-	-
Highways and streets	-	-	122,768	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	1,612,629	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	251,517	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 2,684</u></b>	<b><u>\$ 2,273</u></b>	<b><u>\$ 122,768</u></b>	<b><u>\$ 1,612,629</u></b>	<b><u>\$ 251,517</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,129</u></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, 2008  
 (Continued)

	Mattie J Bayard Trust	Coleman Trust	Locust Hill Perpetual Care	Oak Hill Perpetual Care	Historic Preservation	General Obligation Loan
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 458,621
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	345	322
Other	-	162	3,388	32,927	-	-
<b>Total receipts</b>	<b>-</b>	<b>162</b>	<b>3,388</b>	<b>32,927</b>	<b>345</b>	<b>458,943</b>
<b>Disbursements:</b>						
General government	-	-	-	433	284	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	515,000
Interest	-	-	-	-	-	47,149
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>433</b>	<b>284</b>	<b>562,149</b>
Excess (deficiency) of receipts over disbursements	-	162	3,388	32,494	61	(103,206)
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<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	-	162	3,388	32,494	61	(103,206)
Cash and investment fund balance - beginning	6,058	11,495	120,969	678,182	4,653	364,547
Cash and investment fund balance - ending	<u>\$ 6,058</u>	<u>\$ 11,657</u>	<u>\$ 124,357</u>	<u>\$ 710,676</u>	<u>\$ 4,714</u>	<u>\$ 261,341</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	6,058	11,657	124,357	710,676	4,714	261,341
<b>Total cash and investment assets - ending</b>	<u>\$ 6,058</u>	<u>\$ 11,657</u>	<u>\$ 124,357</u>	<u>\$ 710,676</u>	<u>\$ 4,714</u>	<u>\$ 261,341</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
General government	\$ 6,058	\$ 11,657	\$ 124,357	\$ 710,676	\$ 4,714	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	261,341
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ 6,058</u>	<u>\$ 11,657</u>	<u>\$ 124,357</u>	<u>\$ 710,676</u>	<u>\$ 4,714</u>	<u>\$ 261,341</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, 2008  
 (Continued)

	Park Bond and Interest Retirement	Redevelopment TIF Bond Retirement	Park Bond of 2003	Redevelopment Bond Retirement	Redevelopment Bonds of 1998	General Obligation 2006
<b>Receipts:</b>						
Taxes	\$ 1,110,357	\$ 721,017	\$ -	\$ 1,018,452	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	434	-	-	693	-	-
Other	-	1	16,876	-	-	1,462
<b>Total receipts</b>	<b>1,110,791</b>	<b>721,018</b>	<b>16,876</b>	<b>1,019,145</b>	<b>-</b>	<b>1,462</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	322,408
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	580,000	200,000	-	1,270,000	-	-
Interest	523,594	512,192	-	104,565	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	223,004
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	3,096,319	-	-	-
<b>Total disbursements</b>	<b>1,103,594</b>	<b>712,192</b>	<b>3,096,319</b>	<b>1,374,565</b>	<b>-</b>	<b>545,412</b>
Excess (deficiency) of receipts over disbursements	7,197	8,826	(3,079,443)	(355,420)	-	(543,950)
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	300,000	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,197	8,826	(3,079,443)	(55,420)	-	(543,950)
Cash and investment fund balance - beginning	839,852	274,007	3,679,667	1,040,227	26,446	1,107,773
Cash and investment fund balance - ending	\$ 847,049	\$ 282,833	\$ 600,224	\$ 984,807	\$ 26,446	\$ 563,823
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	847,049	282,833	600,224	984,807	26,446	563,823
<b>Total cash and investment assets - ending</b>	<b>\$ 847,049</b>	<b>\$ 282,833</b>	<b>\$ 600,224</b>	<b>\$ 984,807</b>	<b>\$ 26,446</b>	<b>\$ 563,823</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	847,049	282,833	-	984,807	-	-
Capital outlay	-	-	600,224	-	26,446	563,823
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 847,049</b>	<b>\$ 282,833</b>	<b>\$ 600,224</b>	<b>\$ 984,807</b>	<b>\$ 26,446</b>	<b>\$ 563,823</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, 2008  
 (Continued)

	Sidewalk Improvement Bond	Redevelopment Ban 2006	Cumulative Capital Improvement	Victory Learning Center	Berry Plastics Bond	Totals
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,421,794
Special assessments	-	-	-	-	-	122,768
Licenses and permits	-	-	-	-	-	71,302
Intergovernmental	-	-	395,390	-	-	12,502,971
Charges for services	-	-	-	-	-	4,082,502
Other	-	-	-	-	-	4,434,414
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>395,390</b>	<b>-</b>	<b>-</b>	<b>30,635,751</b>
<b>Disbursements:</b>						
General government	-	54	-	-	-	295,783
Public safety	-	-	-	-	-	1,033,725
Highways and streets	-	-	-	-	-	7,514,651
Sanitation	-	-	-	-	-	131,943
Health and welfare	-	-	-	-	-	1,475,494
Economic development	-	-	-	-	3,819,000	7,287,310
Culture and recreation	-	-	-	-	-	10,637,045
Urban redevelopment and housing	-	-	-	-	-	1,705,725
Debt service:						
Principal	-	-	-	-	-	2,565,000
Interest	-	-	-	-	-	1,187,500
Capital outlay:						
Public safety	-	-	-	-	-	19,231
Highways and streets	-	-	-	-	-	577,885
Health and welfare	-	-	-	-	-	2,303
Culture and recreation	-	-	-	-	-	3,307,662
<b>Total disbursements</b>	<b>-</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>3,819,000</b>	<b>37,741,257</b>
Excess (deficiency) of receipts over disbursements	-	(54)	395,390	-	(3,819,000)	(7,105,506)
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	14,500	-	-	-	3,837,846	3,852,346
Transfers in	-	-	-	-	-	1,044,417
Transfers out	-	-	(399,724)	(7,038)	-	(803,489)
<b>Total other financing sources (uses)</b>	<b>14,500</b>	<b>-</b>	<b>(399,724)</b>	<b>(7,038)</b>	<b>3,837,846</b>	<b>4,093,274</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,500	(54)	(4,334)	(7,038)	18,846	(3,012,232)
Cash and investment fund balance - beginning	66,037	55	4,334	7,038	-	32,420,961
Cash and investment fund balance - ending	<u>\$ 80,537</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,846</u>	<u>\$ 29,408,729</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,021,753
Restricted assets:						
Cash and investments	80,537	1	-	-	18,846	27,386,976
<b>Total cash and investment assets - ending</b>	<u>\$ 80,537</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,846</u>	<u>\$ 29,408,729</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,827,277
Public safety	-	-	-	-	-	112,742
Highways and streets	-	-	-	-	-	8,922,391
Health and welfare	-	-	-	-	-	(153,988)
Economic development	-	-	-	-	18,846	6,525,122
Culture and recreation	-	-	-	-	-	6,578,665
Urban redevelopment and housing	-	-	-	-	-	(72,294)
Debt service	-	-	-	-	-	2,376,030
Capital outlay	80,537	1	-	-	-	1,271,031
Unrestricted	-	-	-	-	-	2,021,753
<b>Total cash and investment fund balance - ending</b>	<u>\$ 80,537</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,846</u>	<u>\$ 29,408,729</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, 2008

	Printing And Supply	Unemployment Fund	Auto Collision Fund	Workers Compensation	Liability Insurance	Hospitalization	Totals
Operating receipts:							
Charges for services	\$ 225,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,466
Miscellaneous	-	70,180	123	798,467	2,102,906	16,830,982	19,802,658
Total operating receipts	<u>225,466</u>	<u>70,180</u>	<u>123</u>	<u>798,467</u>	<u>2,102,906</u>	<u>16,830,982</u>	<u>20,028,124</u>
Operating disbursements:							
Cost of sales and services	237,451	-	-	-	-	-	237,451
Insurance claims and expense	-	17,123	15,584	906,851	2,097,098	15,633,452	18,670,108
Total operating disbursements	<u>237,451</u>	<u>17,123</u>	<u>15,584</u>	<u>906,851</u>	<u>2,097,098</u>	<u>15,633,452</u>	<u>18,907,559</u>
Excess (deficiency) of receipts over disbursements	(11,985)	53,057	(15,461)	(108,384)	5,808	1,197,530	1,120,565
Cash and investment fund balance - beginning	<u>158,369</u>	<u>305,645</u>	<u>24,970</u>	<u>225,311</u>	<u>473,654</u>	<u>3,650,758</u>	<u>4,838,707</u>
Cash and investment fund balance - ending	<u>\$ 146,384</u>	<u>\$ 358,702</u>	<u>\$ 9,509</u>	<u>\$ 116,927</u>	<u>\$ 479,462</u>	<u>\$ 4,848,288</u>	<u>\$ 5,959,272</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ 146,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,384
Restricted assets:							
Cash and investments	-	358,702	9,509	116,927	479,462	4,848,288	5,812,888
Total cash and investment assets - December 31	<u>\$ 146,384</u>	<u>\$ 358,702</u>	<u>\$ 9,509</u>	<u>\$ 116,927</u>	<u>\$ 479,462</u>	<u>\$ 4,848,288</u>	<u>\$ 5,959,272</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Other purposes	\$ -	\$ 358,702	\$ 9,509	\$ 116,927	\$ 479,462	\$ 4,848,288	\$ 5,812,888
Unrestricted	<u>146,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,384</u>
Total cash and investment fund balance - December 31	<u>\$ 146,384</u>	<u>\$ 358,702</u>	<u>\$ 9,509</u>	<u>\$ 116,927</u>	<u>\$ 479,462</u>	<u>\$ 4,848,288</u>	<u>\$ 5,959,272</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, 2008

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 3,776,750	\$ 2,949,252	\$ 6,726,002
Plan members	601	6,442	7,043
State	<u>3,749,103</u>	<u>2,885,163</u>	<u>6,634,266</u>
Total contributions	<u>7,526,454</u>	<u>5,840,857</u>	<u>13,367,311</u>
Investment receipts:			
Interest	<u>13,383</u>	<u>13,383</u>	<u>26,766</u>
Total additions	<u>7,539,837</u>	<u>5,854,240</u>	<u>13,394,077</u>
Deductions:			
Benefits	7,091,369	5,268,666	12,360,035
Administrative and general	<u>10,598</u>	<u>1,935</u>	<u>12,533</u>
Total deductions	<u>7,101,967</u>	<u>5,270,601</u>	<u>12,372,568</u>
Excess of total additions over total deductions	437,870	583,639	1,021,509
Cash and investment fund balance - beginning	<u>2,047,432</u>	<u>2,121,768</u>	<u>4,169,200</u>
Cash and investment fund balance - ending	<u>\$ 2,485,302</u>	<u>\$ 2,705,407</u>	<u>\$ 5,190,709</u>

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2008

	<u>Payroll</u>	<u>Direct Deposit Clearing</u>	<u>Payroll Clearing Account</u>	<u>Accounts Payable</u>	<u>Precious Metal</u>
Additions:					
Agency fund additions	\$ 62,875,910	\$ 34,040,410	\$ 10,268,184	\$ 202,783	\$ -
Deductions:					
Agency fund deductions	<u>62,848,834</u>	<u>34,040,410</u>	<u>10,276,459</u>	<u>144,704</u>	<u>1,000</u>
Excess (deficiency) of total additions over total deductions	27,076	-	(8,275)	58,079	(1,000)
Cash and investment fund balance - beginning	<u>527,648</u>	<u>-</u>	<u>8,275</u>	<u>(66,048)</u>	<u>1,000</u>
Cash and investment fund balance - ending	<u>\$ 554,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,969)</u>	<u>\$ -</u>

CITY OF EVANSVILLE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Electronic Tax Payments	Oak Hill Lease Escrow	Housing Rehabilitation Services	Totals
Additions:				
Agency fund additions	\$ 16,290,936	\$ -	\$ -	\$ 123,678,223
Deductions:				
Agency fund deductions	<u>16,290,936</u>	<u>-</u>	<u>14</u>	<u>123,602,357</u>
Excess (deficiency) of total additions over total deductions	-	-	(14)	75,866
Cash and investment fund balance - beginning	<u>-</u>	<u>5,377</u>	<u>14</u>	<u>476,266</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 5,377</u>	<u>\$ -</u>	<u>\$ 552,132</u>

CITY OF EVANSVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2008

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 16,250,181
Infrastructure (includes storm sewers)	540,159,987
Buildings	93,387,850
Improvements other than buildings	33,397,773
Machinery and equipment	<u>60,026,861</u>

Total governmental activities, capital assets not being depreciated	<u>\$ 743,222,652</u>
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<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets:	
Land	\$ 370,150
Construction in progress	6,149,445
Buildings	33,241,471
Improvements other than buildings	95,534,652
Machinery and equipment	<u>2,947,595</u>

Total Water Utility capital assets	<u>138,243,313</u>
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Wastewater Utility:	
Capital assets, not being depreciated:	
Land	80,987
Construction in progress	46,077,672
Buildings	118,595,548
Improvements other than buildings	111,274,107
Machinery and equipment	<u>3,396,576</u>

Total Wastewater Utility capital assets	<u>279,424,890</u>
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Total business-type activities capital assets	<u>\$ 417,668,203</u>
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CITY OF EVANSVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

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	\$ 1,280,000	\$ 1,306,063
Notes and loans payable:		
Energy Savings Loan	515,889	115,647
Bonds payable:		
General obligation bonds:		
1998 Redevelopment District Bonds	715,000	730,641
2001 Park District Bonds	10,735,000	1,103,013
2003 Park District Bonds	15,325,000	656,860
2004 Redevelopment District Refunding	1,345,000	591,069
2006 General Obligation Bonds	820,000	566,125
Economic Development Bonds:		
2008 Economic Development Bonds	4,385,000	377,925
Tax Increment Bonds:		
2002 Redevelopment TIF Bonds	4,515,000	418,652
2006 Redevelopment BANS	<u>4,750,000</u>	<u>291,175</u>
<b>Total governmental activities debt</b>	<b><u>\$ 44,385,889</u></b>	<b><u>\$ 6,157,170</u></b>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2004 Water Revenue Bonds	\$ 23,365,000	\$ 1,531,462
2005 Water Refunding Revenue Bonds	7,420,000	961,503
2008 Water Construction Bonds	<u>36,000,000</u>	<u>1,688,549</u>
<b>Total Water Utility</b>	<b><u>66,785,000</u></b>	<b><u>4,181,514</u></b>
Wastewater Utility:		
Loans:		
1993 Wastewater State Revolving Loan	662,000	150,480
1998 Wastewater State Revolving Loan	8,853,510	1,036,752
2004 Wastewater State Revolving Loan	6,609,000	494,080
2007 Wastewater State Revolving Loan	34,254,000	2,545,680
2008 Wastewater State Revolving Loan	18,452,000	1,062,810
Revenue bonds:		
1997 Wastewater Refunding Bonds	3,645,000	1,327,250
2003 Wastewater Refunding Bonds	<u>30,620,000</u>	<u>1,593,925</u>
<b>Total Wastewater Utility</b>	<b><u>103,095,510</u></b>	<b><u>8,210,977</u></b>
<b>Total business-type activities debt</b>	<b><u>\$ 169,880,510</u></b>	<b><u>\$ 12,392,491</u></b>

CITY OF EVANSVILLE  
AUDIT RESULTS AND COMMENTS

OLD OUTSTANDING CHECKS (City)

Our review of the bank reconciliements as of December 31, 2008, revealed checks outstanding in excess of two years.

IC 5-11-10.5-2 states in part:

"All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states in part:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board of finance of the political subdivision or the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

TRANSACTION RECORDING (City)

The proceeds from the sale of the Economic Development Bonds, Series 2008, and the related disbursements were not entered in the records of the City.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF EVANSVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

CUSTOMER DEPOSITS (Water Utility)

As stated in prior reports, the customer deposit summary does not reconcile with the customer deposit amount recorded in the general ledger. The customer deposit payable is greater than the summary. The detail and control have not agreed for many years. The current total difference of \$51,557, although immaterial to the financial statements, has continued to increase over the past seven 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)

BUY MONEY - POLICE (City)

As stated in prior reports, 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)

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.

IC 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)."

OVERDRAWN CASH BALANCES (City)

The cash balance of the General Fund, Police Pension Fund, Park Bond and Interest Retirement Fund, Redevelopment Bond Retirement Fund, Community Development Block Grant Fund, Emergency Shelter Grant Fund, Home Investment Trust Fund, Continuum Care Fund, Accounts Payable/Receivable Clearing Fund, and Payroll Fund were overdrawn in 2008.

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)

CITY OF EVANSVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

SEPARATE BANK ACCOUNTS (City, Water and Wastewater Utilities)

As stated in several prior reports, Evansville Water Utility funds, Evansville Wastewater Utility funds and Vanderburgh County Solid Waste District 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)

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

CONTRACTS (City)

The City entered into a contract with SMG, effective January 1, 2006, to manage Roberts Stadium, Victory Theater, and Mesker Music Theater. The contract required an independent audit of SMG. An addendum to the contract was added on September 5, 2007, amending the contract from requiring an audit to requiring a review. A review has not been presented for the years 2006, 2007, or 2008.

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)

PUBLIC RECORDS RETENTION (City)

Several receipts issued by the Metropolitan Evansville Transit System in the year 2008 were not presented for audit.

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

OFFICIAL BOND (City)

The blanket bond was not filed in the Office of the County Recorder. Several officials and employees required to have an individual bond are covered under the blanket bond.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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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 each of its major federal programs for the year ended December 31, 2008. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States 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 each of its major federal programs for the year ended December 31, 2008.

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.

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

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)

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, 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

October 13, 2009

CITY OF EVANSVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
CDBG - Entitlement and (HUD Administered) Small Cities Cluster Community Development Block Grants/Entitlement Grants	14.218		
		B-06-MC-18-0002	\$ 1,307,005
		B-07-MC-18-0002	<u>1,237,558</u>
Total for cluster			<u>2,544,563</u>
Direct Grant			
Emergency Shelter Grants Program	14.231		
		S-06-MC-18-0002	65,518
		S-07-MC-18-0002	117,497
		S-08-MC-18-0002	<u>5,280</u>
Total for program			<u>188,295</u>
Direct Grant			
Supportive Housing Program Continuum of Care Grant	14.235		
		IN36B20-2003	66,962
		IN36B50-1001	19,276
		IN36B50-1006	16,554
		IN36B50-1007	14,916
		IN36B60-2016	63,611
		IN36B60-2032	27,263
		IN36B60-2034	85,831
		IN36B60-2035	64,178
		IN36B60-2036	106,918
		IN36B60-2038	57,856
		IN36B70-2054	<u>1,016</u>
Total for program			<u>524,381</u>
Direct Grant			
Home Investment Partnerships Program	14.239		
		M-03-MC-18-0201	31,370
		M-06-MC-18-0201	201,847
		M-07-MC-18-0201	<u>56,934</u>
Total for program			<u>290,151</u>
Total for federal grantor agency			<u>3,547,390</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Public Safety Partnership and Community Policing Grants COPS Methamphetamine Initiative	16.710		
		2007CKWX0267	<u>107,089</u>
Direct Grant			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		
		2005-DJ-BX-1069	49,379
		2006-DJ-BX-0890	33,503
		2007-DJ-BX-0701	<u>97,756</u>
Total for program			<u>180,638</u>
Pass-Through Indiana Criminal Justice Institute			
Juvenile Justice and Delinquency Prevention - Allocation to States Teenpower Substance Abuse Prevention	16.540		
		06-JF-011	7,000
		07-JF-010	<u>10,000</u>
Total for program			<u>17,000</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, 2008  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE (continued)</u>			
Pass-Through Vanderburgh County Edward Byrne Memorial	16.579	07-DJ-021	<u>22,319</u>
Total for federal grantor agency			<u>327,046</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Green River Road and Lincoln Avenue	20.205	CMAQ-000C(569) STP-E560(004)	<u>12,782</u> <u>499,765</u>
Total for cluster			<u>512,547</u>
Pass-Through Indiana Department of Transportation Federal Transit Cluster Federal Transit - Formula Grants Federal Transit Capital and Operating Assistance	20.507	IN-90-0268 IN-90-0334 IN-90-0454 IN-90-0474 IN-90-0525 IN-90-0554	<u>101,262</u> <u>78,831</u> <u>23,271</u> <u>428,434</u> <u>101,829</u> <u>1,085,172</u>
Total for cluster			<u>1,818,799</u>
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety Big City/Big County Seat Belt Enforcement Grant	20.600	PT-08-04-01-47 PT-09-04-01-45	<u>42,858</u> <u>18,011</u>
Total for program			<u>60,869</u>
Alcohol Impaired Driving Countermeasures Incentive Grants 1 Electronic Citation and Warning System	20.601	PT-08-04-01-47	<u>41,955</u>
Pass-Through Vanderburgh County Alcohol Impaired Driving Countermeasures Incentive Grants 1 DUI Task Force Indiana Enforcement Grant		K8-08-02-03-28 K8-2009-03-03-30	<u>33,024</u> <u>12,003</u>
Aggressive Driving Enforcement Program		K4-2009-08-01-20	<u>8,538</u>
Total for program			<u>95,520</u>
Total for cluster			<u>156,389</u>
Total for federal grantor agency			<u>2,487,735</u>
<u>U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u>			
Direct Grant Employment Discrimination - Title VII of the Civil Rights Act of 1964	30.001	6FPSLP0112	<u>27,571</u>
Total for federal grantor agency			<u>27,571</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, 2008  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant			
Congressionally Mandated Projects	66.202		
City of Evansville - Pigeon Creek Enhancement Project		XP-00E10001-0	<u>92,144</u>
Pass-Through the Indiana Department of Environmental Management			
Air Pollution Control Program Support	66.001	A305-5-02	<u>142,890</u>
Capitalization Grants for Clean Water - State Revolving Funds	66.458	2007 SRF 2008 SRF	8,531,276 <u>1,829,611</u>
Total for program			<u>10,360,887</u>
Total for federal grantor agency			<u>10,595,921</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Assistance to Firefighters Grant	97.044	EMW-2007-FV-01921	<u>100,000</u>
Pass-Through the Indiana Department of Homeland Security			
Emergency Management Performance Grants	97.042	FY08	<u>38,777</u>
Total for federal grantor agency			<u>138,777</u>
Total federal awards expended			<u>\$ 17,124,440</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, 2008:

Program Title	Federal CFDA Number	2008
Community Development Block Grants/ Entitlement Grants	14.218	\$ 521,151
Emergency Shelter Grants Program	14.231	161,407
Supportive Housing Program	14.235	447,556
Home Investment Partnerships Program	14.239	313,157
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	17,000

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
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: \$513,733

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF EVANSVILLE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF EVANSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on November 23, 2009, with Jonathan Weinzapfel, Mayor; Jenny Collins, Controller; and Elizabeth Barnes, Deputy Controller. The official response has been made a part of this report and may be found on pages 77 and 78.

December 4, 2009

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

Reference: Official Response to the 2008 Audit  
City of Evansville

The City of Evansville appreciates the audit performed by the Indiana State Board of Accounts (the "State") and we are pleased to submit responses to the audit 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 purposes of this letter, we are referring to the audit for fiscal year ending 2008.

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.

**Old Outstanding Checks:** The City has taken appropriate actions as stated in IC 5-11-10.5-2, IC 5-11-10.5-3, and IC 5-11-10.5-5 to void any outstanding check that has been outstanding in excess of two years.

**Transaction Recording:** Financial transactions pertaining to the sale of the Economic Development Bond, Series 2008 and related disbursements have been recorded in the City records.

**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 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 amounts.

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

**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 the 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.

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**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 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.

**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.

**Contracts:** SMG is currently under contract with an independent accounting firm who is conducting a review of their financial records for 2006, 2007, and 2008.

**Public Records Retention:** Changes have been put into place to insure proper record retention in accordance with IC 5-15-6-3(f).

**Official Bond:** The City is currently taking action as stated in IC 5-4-1-5.1(b) to insure appropriate bonds are filed with the county recorder.

Sincerely,



Jenny Collins  
Controller  
City of Evansville