

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

ANNUAL FINANCIAL REPORT

2009

CITY OF EVANSVILLE

VANDERBURGH COUNTY, INDIANA



FILED
09/30/2010

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SCHEDULE OF OFFICIALS

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



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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, 2009, 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, 2009, 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 September 1, 2010, 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 integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not 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.

The City's response to the Audit Results and Comments 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.

STATE BOARD OF ACCOUNTS

September 1, 2010



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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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 1, 2010. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiency described in item 2009-1 of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

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.

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)

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. However, we consider the significant deficiency described above in item 2009-1 to be a material weakness.

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2009-1.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. 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, 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

September 1, 2010

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Management's Discussion and Analysis

As management of the City of Evansville, Indiana ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2009. 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 of accounting.

Financial Highlights

- The cash balances of the City's Governmental Funds increased by \$1,325 in 2009.
- The cash balances of the City's Business Type Funds decreased by \$13,136 in 2009 primarily due to spending related to construction projects.
- At the end of 2009, the unreserved fund balance for the General Fund was \$7,297 or 10% of total general fund expenditures, excluding transfers out.
- The City's total debt related to governmental activities is \$53,040. This includes bonds of \$35,060, bond anticipation notes ("BANs") of \$15,896, leases of \$1,513, and other debt of \$571.
- The Utilities' total debt is \$194,725. This includes water utility bonds of \$65,545, wastewater bonds of \$63,571 and wastewater loans of \$65,609.

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.

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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 non-major 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, 2008 to December 31, 2009 is summarized in the following table:

(In \$Thousands)	Summary of Changes in Fund Balances			
	12/31/2009	12/31/2008	\$ Change	% Change
<u>Governmental Funds</u>				
General Fund:				
Unrestricted	\$ 7,297	\$ 11,427	\$ (4,130)	-36.14%
TIF Redevelopment Projects Fund:				
Restricted	14,768	8,968	5,800	64.67%
Local Income Tax Fund:				
Unrestricted	10,095	6,747	3,348	49.62%
Riverboat Fund:				
Restricted	13,708	17,580	(3,872)	-22.03%
Other Governmental Funds:				
Restricted	27,107	27,387	(280)	-1.02%
Unrestricted	2,481	2,022	459	22.70%
Sub-totals	<u>29,588</u>	<u>29,409</u>	<u>179</u>	<u>0.61%</u>
Internal Service Funds:				
Restricted	8,052	5,813	2,239	38.52%
Unrestricted	90	146	(56)	-38.36%
Sub-totals	<u>8,142</u>	<u>5,959</u>	<u>2,183</u>	<u>36.63%</u>
Total Governmental Funds	<u>\$ 83,598</u>	<u>\$ 80,090</u>	<u>\$ 3,508</u>	<u>4.38%</u>
<u>Business-Type Funds</u>				
Water Utility				
Restricted	\$ 15,271	\$ 29,423	\$ (14,152)	-48.10%
Unrestricted	3,110	1,456	1,654	113.60%
Sub-totals	<u>18,381</u>	<u>30,879</u>	<u>(12,498)</u>	<u>-40.47%</u>
Wastewater Utility				
Restricted	21,182	22,817	(1,635)	-7.17%
Unrestricted	4,697	3,700	997	26.95%
Sub-totals	<u>25,879</u>	<u>26,517</u>	<u>(638)</u>	<u>-2.41%</u>
Total Business-Type Funds	<u>\$ 44,260</u>	<u>\$ 57,396</u>	<u>\$ (13,136)</u>	<u>-22.89%</u>
Total Funds	<u>\$ 127,858</u>	<u>\$ 137,486</u>	<u>\$ (9,628)</u>	<u>-7.00%</u>

Significant changes in Governmental Fund balances are summarized as follows:

- The Unrestricted General Fund balance decreased by \$4,130 due primarily to not receiving payments in lieu of taxes from the water and wastewater utilities as well as an increase in general government spending partially offset by a decrease in public safety and health and welfare spending.
- The TIF Redevelopment Projects Fund increased by \$5,800 due to TIF revenues exceeding debt service payments while the 2006 BANs are outstanding.
- The Riverboat Capital Project Fund balance decreased \$3,872, largely due to an increase in capital outlay across all categories offset by approximately \$1,000 of additional receipts.

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

- Water Utility Restricted Cash decreased by \$14,152 due to the use of funds held for improvement projects related to the issuance of the 2008 Water District Bonds.
- Wastewater Utility Restricted Cash decreased by \$1,635 due to spending related to ongoing improvement projects.

Specific line items of receipts and disbursements varied from calendar year 2008 to calendar year 2009. 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
	(2009)	(2008)			(2009)	(2008)		
General Receipts:								
Property taxes	\$ 49,927	\$ 50,375	\$ (448)	-0.89%				
Intergovernmental	7,675	7,863	(188)	-2.39%				
Other local sources	36,681	31,204	5,477	17.55%	\$ -	\$ 179	\$ (179)	-100.00%
Net proceeds from borrowings	11,146	3,853	7,293	189.28%	6,277	56,463	(50,186)	-88.88%
Grants and contributions not restricted to specific programs	2,231	3,420	(1,189)	-34.77%				
Investment earnings	532	2,429	(1,897)	-78.10%	875	1,344	(469)	-34.90%
Transfers	-	1	(1)	-100.00%				
Total general receipts and transfers	<u>108,192</u>	<u>99,145</u>	<u>9,047</u>	<u>9.13%</u>	<u>7,152</u>	<u>57,986</u>	<u>(50,834)</u>	<u>-87.67%</u>
Program Receipts:								
Governmental activities:								
General government	6,421	6,508	(87)	-1.34%				
Public safety	7,111	7,641	(530)	-6.94%				
Highways and streets	4,835	5,359	(524)	-9.78%				
Sanitation	795	-	795	N.M.				
Health and welfare	4,090	906	3,184	351.43%				
Economic development	6,110	3,008	3,102	103.13%				
Culture and recreation	4,014	5,118	(1,104)	-21.57%				
Urban redevelopment and housing	-	290	(290)	-100.00%				
Total program receipts	<u>33,376</u>	<u>28,830</u>	<u>4,546</u>	<u>15.77%</u>				
Business-type activities:								
Wastewater utility					36,037	28,495	7,542	26.47%
Water utility					20,499	18,907	1,592	8.42%
Total receipts	<u>\$ 141,568</u>	<u>\$ 127,975</u>	<u>\$ 13,593</u>	<u>10.62%</u>	<u>\$ 63,688</u>	<u>\$ 105,388</u>	<u>\$ (41,700)</u>	<u>-39.57%</u>

(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
	(2009)	(2008)			(2009)	(2008)		
Disbursements:								
Governmental activities:								
General government	\$ 20,742	\$ 16,005	\$ 4,737	29.60%				
Public safety	58,911	60,060	(1,149)	-1.91%				
Highways and streets	11,318	13,552	(2,234)	-16.48%				
Sanitation	103	215	(112)	-52.09%				
Health and welfare	1,761	2,801	(1,040)	-37.13%				
Economic development	5,954	7,720	(1,766)	-22.88%				
Culture and recreation	29,872	16,902	12,970	76.74%				
Urban redevelopment and housing	3,286	1,706	1,580	92.61%				
Principal and interest on indebtedness	6,114	5,694	420	7.38%				
Business-type activities:								
Wastewater utility					\$ 43,017	\$ 60,252	\$ (17,235)	-28.60%
Water utility					33,808	30,713	3,095	10.08%
Total disbursements	<u>138,061</u>	<u>124,655</u>	<u>13,406</u>	<u>10.75%</u>	<u>76,825</u>	<u>90,965</u>	<u>(14,140)</u>	<u>-15.54%</u>
Net Receipts	<u>\$ 3,509</u>	<u>\$ 3,320</u>	<u>\$ 189</u>	<u>5.69%</u>	<u>\$ (13,137)</u>	<u>\$ 14,423</u>	<u>\$ (27,560)</u>	<u>-191.08%</u>

Significant changes in Governmental Fund activities are summarized as follows:

- Other local sources increased \$5,477 largely due to an increase in COIT of \$2,072 and TIF of \$1,268.
- Net proceeds from borrowings in 2009 included draws on the 2009 Arena BANS of \$10,650.
- Receipts for grants and contributions not restricted to specific programs decreased \$1,189 in 2009 due to the current economic conditions.
- Health and welfare program receipts increased by \$3,184 in 2009 due to an operating grant receipt of \$4,081.
- Economic development program receipts increased by \$3,102 in 2009 due to a capital grant receipt of \$6,110.
- Culture and Recreation program receipts decreased by \$1,104 in 2009 due a capital grant receipt of \$1,098 in 2008.
- General government disbursements increased \$4,737 in 2009 due to the current economic conditions.
- Culture and recreation disbursements increased by \$12,970 in 2009 due to increased capital disbursements in the non-major governmental funds.
- Urban redevelopment and housing disbursements increased \$1,580 due to activities related to the City's Front Door Pride, Brownfield Development and Code Enforcement housing and redevelopment projects.
- Disbursements for principal and interest on indebtedness increased \$420 as principal and interest payments began on TIF Bonds and BANS.

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

- Wastewater utility disbursements decreased \$17,235 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 non-major 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 \$127,858 have preserved the City's financial position, especially considering the current economic challenges facing local governments. The City continued its efforts to maintain, expand and beautify the community by completing capital projects that included reconstruction projects at Lincoln Avenue and West Buena Vista Road, Barrett Law sidewalk replacements, the purchase of several police vehicles and six BOC minibuses, ADA improvements, and the completion of two new pools.

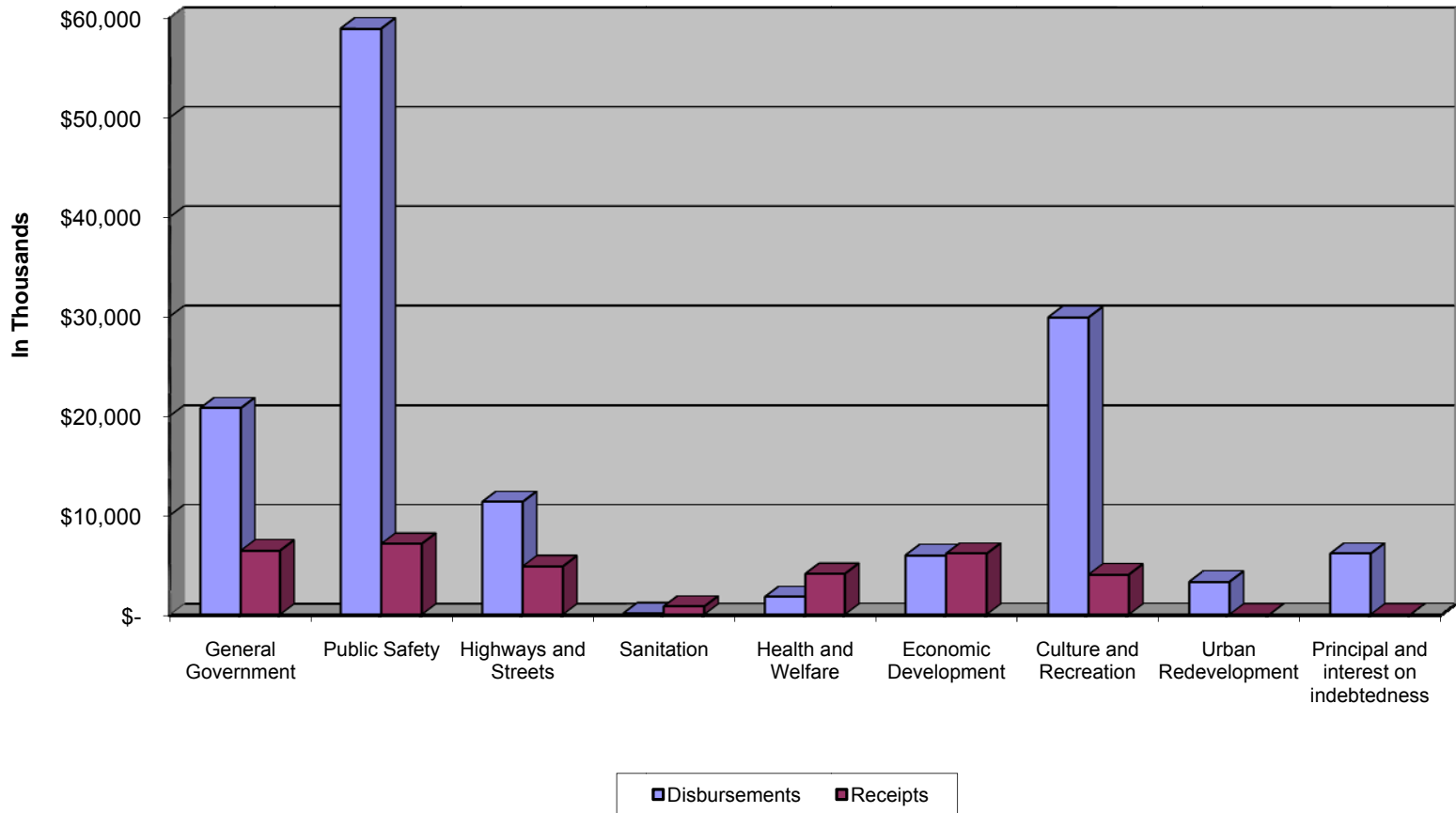
Since 2003, the City's property tax rate changed from \$0.8600 per \$100 of assessed value in 2003 to \$1.1938 in 2009. The table below summarizes the change in the tax rate since 2003. Assessed valuation and property tax levy changes are the factors that lead to the tax rate. Since 2003 the levy growth rate has been capped at or below 6% per year.

Year	Tax Rates
2003	\$ 0.8600
2004	0.9362
2005	1.0599
2006	1.1790
2007	1.1274
2008	1.1241
2009	1.1938

During the period illustrated above, the City's Net Assessed Valuation has decreased from \$4,756,714,080 to \$4,286,586,664, a decrease of approximately 10%. In addition, Senate Enrolled Act 1 has, in practice, 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 decrease in assessed value and the statewide property tax growth rate have been key factors that have led to the changes in the City's property tax rate.

The following displays the Disbursements and Program Receipts of the City's governmental activities for 2009. As demonstrated on this schedule, the City is reliant upon additional general revenues, such as property taxes, to support the program services provided by the City.

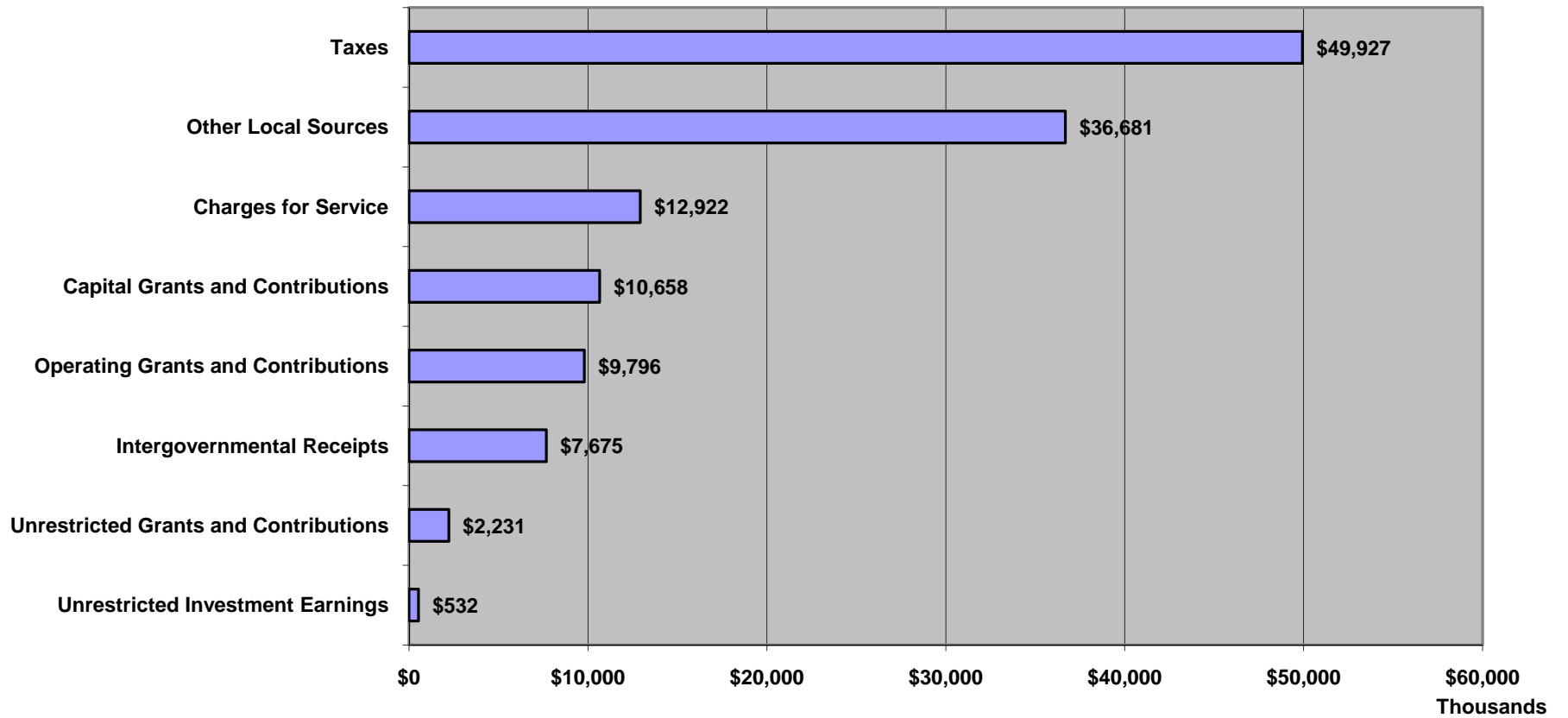
2009 Program Receipts and Disbursements - Governmental Activities



Other local sources and taxes were the City's major source of revenue to support activities such as 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:

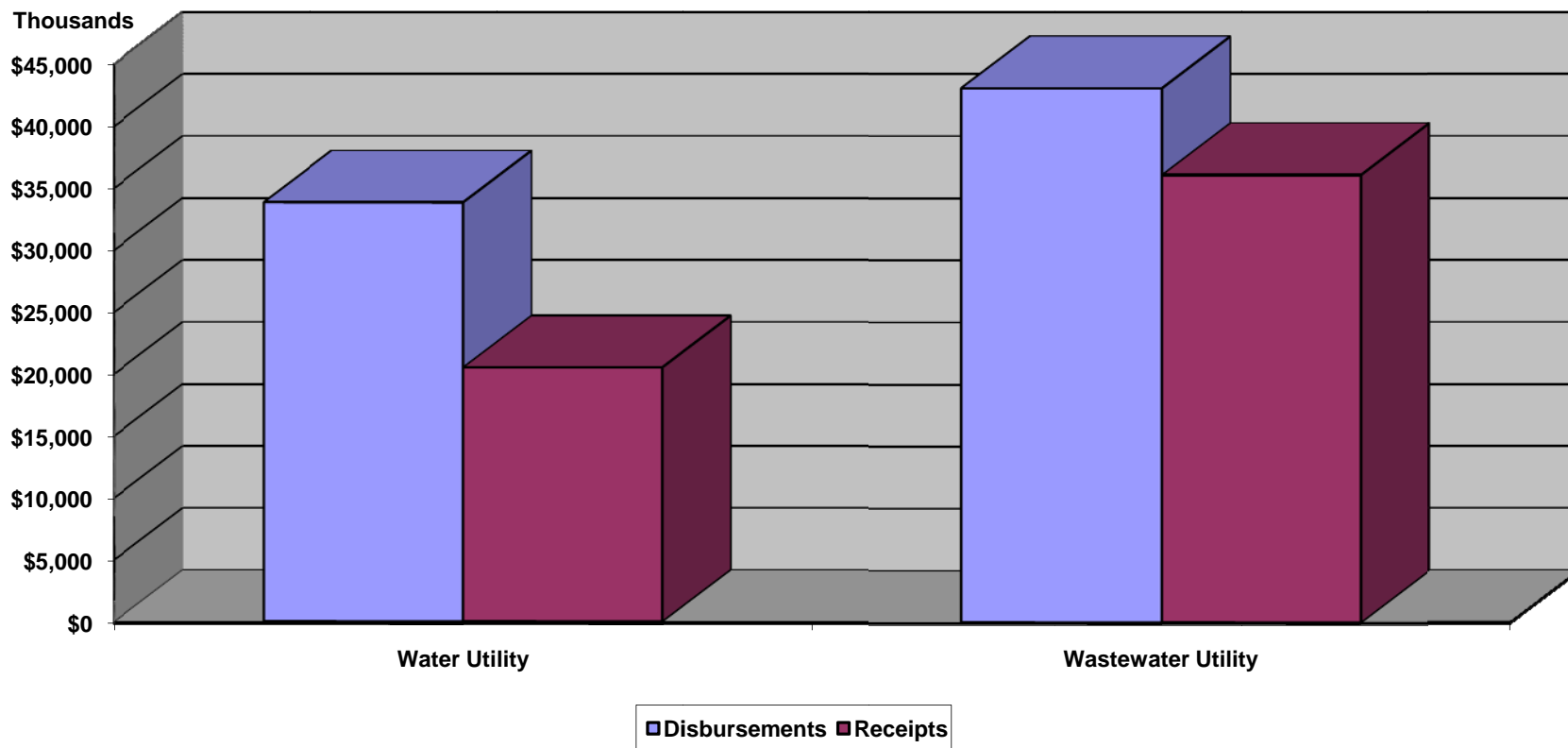
2009 Receipts by Source - Governmental Activities



Business-type Activities

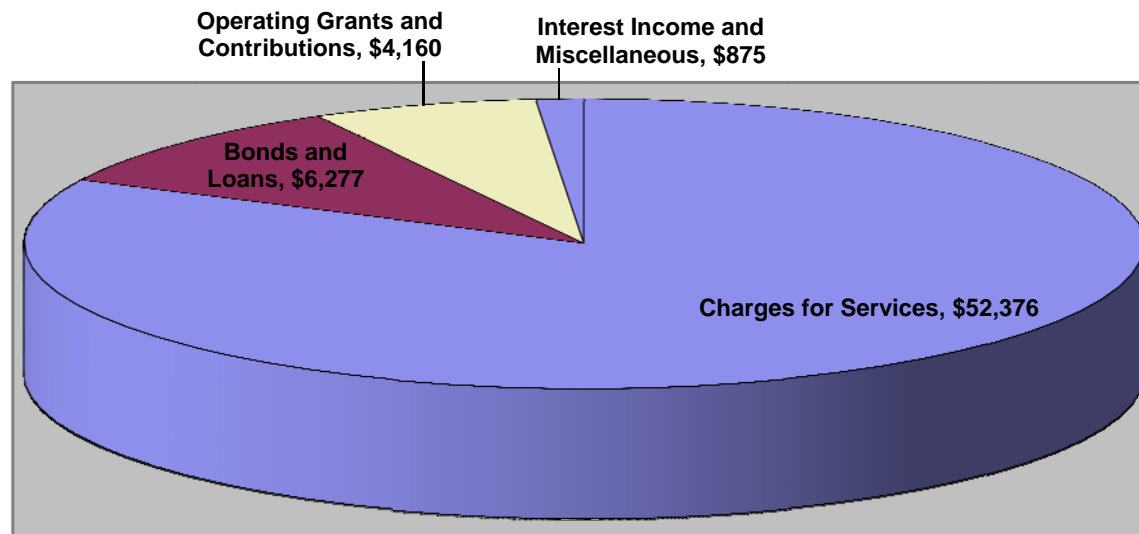
Business-type activities recorded a \$13,136 decrease in cash during 2009. The following graph displays the Disbursements and Program Receipts of the City's business-type activities. The primary reason for the disparity between program disbursements and receipts is the ongoing spending related to capital projects, which were offset by proceeds from borrowing.

2009 Program Receipts and Disbursements for Business-Type Activities



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

2009 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 \$75,456, an increase of \$1,325 in comparison with the prior year. Approximately 26% of the total amount, \$19,873, 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) Economic development	\$20,871
2) Capital outlay	13,753
3) Highways and streets	8,968
4) Culture and recreation	5,814
5) Debt Service	3,179
6) General government and Health and Welfare	2,408
7) Urban redevelopment and housing	323
8) Public Safety	268

The general fund is the major operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,297. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total expenditures of \$72,744, excluding transfers. Unreserved fund balance represents 10.0% of total general fund disbursements. As a general rule, this percentage is targeted to be between 15% and 20%.

The fund balance of the City's general fund decreased by \$4,130 during 2009. Activity highlights include the following:

- Disbursements exceeded receipts by \$12,001 excluding other financing sources and uses.
- 76.6% of general fund disbursements were related to public safety.
- The annual transfers of County Option Income Tax from the Local Income Tax Fund and other transfers in the total amount of \$7,978 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 \$5,800 during 2009. Activity highlights include the following:

- Receipts exceeded disbursements by \$5,800, excluding other financing sources and uses.
- Of the \$6,283 of total revenues, \$6,232 (99.2%) was derived from tax increment revenue.
- 25.1% of the disbursements were expended for economic development and 74.9% were expended for debt service.

The fund balance of the City's Local Income Tax Fund increased by \$3,348 during 2009. Highlights of the fund activity are as follows:

- Receipts exceeded disbursements by \$9,148, excluding other financing sources and uses.
- Of the \$15,596 of total revenues, \$14,760 (94.6%) was derived from intergovernmental revenue.
- 49.1% of the disbursements were expended for highways, streets and roadways and 46.2% were expended for general government.
- Net transfers of \$5,800 were made to other funds to support the operations of those funds.

The fund balance of the City's Riverboat Fund decreased by \$3,872 during 2009. Highlights of the fund activity are as follows:

- Disbursements exceeded receipts by \$2,072, excluding other financing sources and uses.
- Of the \$9,351 in total revenues, \$6,849 (73.2%) was derived from gaming revenues, \$1,192 (12.7%) was derived from intergovernmental revenue, and the remaining \$1,310 (14.0%) was derived from charges for services and other miscellaneous sources.
- Net transfers of \$1,800 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 2009 totaled \$44,260, \$18,381 for the Water Utility and \$25,879 for the Wastewater Utility. In addition, the City's Internal Service funds recorded a fund balance of \$8,142 at the end of 2009. The total decrease in fund balance for the water utility was \$12,498 and the decrease for the wastewater utility was \$638. 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 \$1,752 increase in appropriations and can be briefly summarized as follows:

- Increased public safety appropriations, specifically in the Central Dispatch, Police, Police Narcotics, Fire, and Ambulance and Paramedics departments
- An increase in Other Services and Charges in the Human Relations department
- An increase in Refunds in the Finance department

Overall, actual cash disbursements excluding transfers out in the General Fund of \$72,744 were \$4,839 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, 2009 amounts to \$756,898.

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 \$53,040. In addition, the business type funds had outstanding bonds, capital leases and loans of \$194,725. In 2009, the City issued \$27,750 of Wastewater Bonds, \$2,821 of Wastewater BANS, and \$10,650 of Arena BANS.

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

City of Evansville, Indiana, Summary of Long-Term Liabilities as of 12/31/2009

<u>Description</u>	Governmental-Type Activities	Business-Type Activities	Total
General Obligation Debt	\$ 26,530		\$ 26,530
Capital Leases	571		571
TIF Debt	8,530		8,530
Redevelopment BANS	15,896		15,896
Revenue Bonds		\$ 126,295	126,295
Wastewater BANS		\$ 2,821	2,821
Subtotals	51,527	129,116	180,643
Loans Payable	1,513	65,609	67,122
Subtotals	53,040	194,725	247,765
Less:			
Short-Term Principal Portion	(15,615)	(13,191)	(28,806)
Total Long-Term Debt	<u>\$ 37,425</u>	<u>\$ 181,534</u>	<u>\$ 218,959</u>

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 \$26,530 of General Obligation Debt outstanding; the statutory debt limit, based on net assessed valuation for taxes payable in 2009, is \$29,228. 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 began affecting the City in 2009. The City lost approximately \$327,000 in 2009 and will lose approximately \$2.8 million dollars in 2010. The estimated 2010 impact represents approximately 5% of the total levy according to property tax records certified by the County Auditor.
- 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 2010 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, 2009

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		Totals
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 20,741,995	\$ 4,317,295	\$ 2,103,611	\$ -	\$ (14,321,089)	\$ -	\$ (14,321,089)
Public safety	58,910,612	3,772,095	-	3,338,651	(51,799,866)	-	(51,799,866)
Highways and streets	11,318,350	17,252	3,608,596	1,209,572	(6,482,930)	-	(6,482,930)
Sanitation	102,558	794,967	-	-	692,409	-	692,409
Health and welfare	1,761,079	8,892	4,080,813	-	2,328,626	-	2,328,626
Economic development	5,953,652	-	-	6,109,720	156,068	-	156,068
Culture and recreation	29,871,573	4,011,294	2,972	-	(25,857,307)	-	(25,857,307)
Urban redevelopment and housing	3,286,345	-	-	-	(3,286,345)	-	(3,286,345)
Principal and interest on indebtedness	6,114,443	-	-	-	(6,114,443)	-	(6,114,443)
Total governmental activities	138,060,607	12,921,795	9,795,992	10,657,943	(104,684,877)	-	(104,684,877)
Business-type activities:							
Wastewater	43,016,815	32,011,294	25,508	-	-	(10,980,013)	(10,980,013)
Waterworks	33,807,807	20,364,782	134,411	-	-	(13,308,614)	(13,308,614)
Total business-type activities	76,824,622	52,376,076	159,919	-	-	(24,288,627)	(24,288,627)
Total primary government	\$ 214,885,229	\$ 65,297,871	\$ 9,955,911	\$ 10,657,943	(104,684,877)	(24,288,627)	(128,973,504)
General receipts:							
Property taxes					49,927,266	-	49,927,266
Intergovernmental					7,675,215	-	7,675,215
Other local sources					36,681,048	-	36,681,048
Net proceeds from borrowings					11,145,540	6,277,333	17,422,873
Grants and contributions not restricted to specific programs					2,230,825	-	2,230,825
Investment earnings					532,495	875,151	1,407,646
Total general receipts					108,192,389	7,152,484	115,344,873
Change in net assets					3,507,512	(17,136,143)	(13,628,631)
Net assets - beginning					80,090,562	57,396,297	137,486,859
Net assets - ending					\$ 83,598,074	\$ 40,260,154	\$ 123,858,228
Assets							
Cash and investments					\$ 19,963,547	\$ 7,807,101	\$ 27,770,648
Restricted assets:							
Cash and investments					63,634,527	32,453,053	96,087,580
Total assets					\$ 83,598,074	\$ 40,260,154	\$ 123,858,228
Net Assets							
Restricted for:							
General government					\$ 10,723,554	\$ -	\$ 10,723,554
Public safety					267,524	-	267,524
Highways and streets					8,967,979	-	8,967,979
Health and Welfare					(264,312)	-	(264,312)
Economic development					20,870,656	-	20,870,656
Culture and recreation					5,814,216	-	5,814,216
Urban redevelopment and housing					322,816	-	322,816
Debt service					3,178,611	13,458,168	16,636,779
Capital outlay					13,753,483	-	13,753,483
Other purposes					-	18,994,885	18,994,885
Unrestricted					19,963,547	7,807,101	27,770,648
Total net assets					\$ 83,598,074	\$ 40,260,154	\$ 123,858,228

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, 2009

	General	Local Income Tax	Master TIF Projects	Riverboat Capital Project	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 47,155,618	\$ -	\$ 6,231,720	\$ -	\$ 9,067,511	\$ 62,454,849
Licenses and permits	673,570	-	-	-	50,579	724,149
Intergovernmental	4,916,024	14,760,473	-	8,040,569	17,754,841	45,471,907
Charges for services	6,231,322	-	-	997,245	4,515,363	11,743,930
Fines and forfeits	453,716	-	-	-	-	453,716
Other	1,313,049	835,909	51,456	313,152	5,560,007	8,073,573
Total receipts	60,743,299	15,596,382	6,283,176	9,350,966	36,948,301	128,922,124
Disbursements:						
General government	16,159,926	2,980,061	-	-	1,079,922	20,219,909
Public safety	55,605,834	-	-	-	2,141,599	57,747,433
Highways and streets	-	3,164,476	-	-	5,896,711	9,061,187
Sanitation	102,558	-	-	-	-	102,558
Health and welfare	702,581	-	-	-	1,058,498	1,761,079
Economic development	-	-	121,194	-	5,817,008	5,938,202
Culture and recreation	-	303,892	-	-	11,472,561	11,776,453
Urban redevelopment and housing	-	-	-	-	3,286,345	3,286,345
Debt service:						
Principal	-	-	165,000	1,280,000	2,615,000	4,060,000
Interest	-	-	196,579	680,038	813,701	1,690,318
Capital outlay:						
General government	55,451	-	-	1,458,106	55,356	1,568,913
Public safety	117,483	-	-	1,045,696	-	1,163,179
Highways and streets	-	-	-	1,656,944	600,219	2,257,163
Economic development	-	-	-	-	15,450	15,450
Culture and recreation	-	-	-	5,302,526	12,792,594	18,095,120
Total disbursements	72,743,833	6,448,429	482,773	11,423,310	47,644,964	138,743,309
Excess (deficiency) of receipts over disbursements	(12,000,534)	9,147,953	5,800,403	(2,072,344)	(10,696,663)	(9,821,185)
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	11,145,540	11,145,540
Transfers in	7,978,111	1,800,000	8,967,831	-	258,302	19,004,244
Transfers out	(108,302)	(7,600,000)	-	(1,800,000)	(9,495,942)	(19,004,244)
Total other financing sources (uses)	7,869,809	(5,800,000)	8,967,831	(1,800,000)	1,907,900	11,145,540
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,130,725)	3,347,953	14,768,234	(3,872,344)	(8,788,763)	1,324,355
Cash and investment fund balance - beginning	11,427,367	6,747,329	-	17,580,034	38,376,560	74,131,290
Cash and investment fund balance - ending	\$ 7,296,642	\$ 10,095,282	\$ 14,768,234	\$ 13,707,690	\$ 29,587,797	75,455,645
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.						
						8,142,429
Net assets of governmental activities						\$ 83,598,074
Cash and Investment Assets - Ending						
Cash and investments	\$ 7,296,642	\$ 10,095,282	\$ -	\$ -	\$ 2,481,013	\$ 19,872,937
Restricted assets:						
Cash and investments	-	-	14,768,234	13,707,690	27,106,784	55,582,708
Total cash and investment assets - ending	\$ 7,296,642	\$ 10,095,282	\$ 14,768,234	\$ 13,707,690	\$ 29,587,797	\$ 75,455,645
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ 2,671,735	\$ 2,671,735
Public safety	-	-	-	-	267,524	267,524
Highways and streets	-	-	-	-	8,967,979	8,967,979
Health and Welfare	-	-	-	-	(264,312)	(264,312)
Economic development	-	-	14,768,234	-	6,102,422	20,870,656
Culture and recreation	-	-	-	-	5,814,216	5,814,216
Urban redevelopment and housing	-	-	-	-	322,816	322,816
Debt service	-	-	-	-	3,178,611	3,178,611
Capital outlay	-	-	-	13,707,690	45,793	13,753,483
Unrestricted	7,296,642	10,095,282	-	-	2,481,013	19,872,937
Total cash and investment fund balance - ending	\$ 7,296,642	\$ 10,095,282	\$ 14,768,234	\$ 13,707,690	\$ 29,587,797	\$ 75,455,645

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, 2009

	Wastewater	Waterworks	Totals	Internal Service Funds
Operating receipts:				
Metered/measured	\$ 32,011,294	\$ 13,924,627	\$ 45,935,921	\$ -
Fire protection	-	1,796,627	1,796,627	-
Charges for services	-	-	-	391,707
Miscellaneous	-	4,643,528	4,643,528	21,565,283
	<u>32,011,294</u>	<u>20,364,782</u>	<u>52,376,076</u>	<u>21,956,990</u>
Total operating receipts				
Operating disbursements:				
Cost of sales and services	-	-	-	447,481
Salaries and wages	2,829,074	3,840,296	6,669,370	-
Employee pensions and benefits	1,002,429	1,284,600	2,287,029	-
Contractual services	1,000,042	1,242,166	2,242,208	-
Transportation	-	75	75	-
Insurance claims and expense	336,342	303,289	639,631	19,326,352
Bad debt	-	42,286	42,286	-
Refunds	54,752	-	54,752	-
Equipment and capital improvements	13,001,259	13,409,242	26,410,501	-
Miscellaneous	16,581,941	9,524,344	26,106,285	-
	<u>34,805,839</u>	<u>29,646,298</u>	<u>64,452,137</u>	<u>19,773,833</u>
Total operating disbursements				
Excess (deficiency) of operating receipts over operating disbursements	<u>(2,794,545)</u>	<u>(9,281,516)</u>	<u>(12,076,061)</u>	<u>2,183,157</u>
Nonoperating receipts (disbursements):				
Investment income	64,640	810,511	875,151	-
Net proceeds from borrowings	6,277,333	-	6,277,333	-
Grants	25,508	134,411	159,919	-
Debt service of principal	(4,487,000)	(1,240,000)	(5,727,000)	-
Interest disbursements	(3,723,976)	(2,921,509)	(6,645,485)	-
	<u>(1,843,495)</u>	<u>(3,216,587)</u>	<u>(5,060,082)</u>	<u>-</u>
Total nonoperating receipts (disbursements)				
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>(4,638,040)</u>	<u>(12,498,103)</u>	<u>(17,136,143)</u>	<u>2,183,157</u>
Transfers in	15,268,193	9,683,190	24,951,383	-
Transfers out	<u>(15,268,193)</u>	<u>(9,683,190)</u>	<u>(24,951,383)</u>	<u>-</u>
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	<u>(4,638,040)</u>	<u>(12,498,103)</u>	<u>(17,136,143)</u>	<u>2,183,157</u>
Cash and investment fund balance - beginning	<u>26,516,858</u>	<u>30,879,439</u>	<u>57,396,297</u>	<u>5,959,272</u>
Cash and investment fund balance - ending	<u>\$ 21,878,818</u>	<u>\$ 18,381,336</u>	<u>\$ 40,260,154</u>	<u>\$ 8,142,429</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 4,697,238	\$ 3,109,863	\$ 7,807,101	\$ 90,610
Restricted assets:				
Cash and investments	<u>17,181,580</u>	<u>15,271,473</u>	<u>32,453,053</u>	<u>8,051,819</u>
Total cash and investment assets - December 31	<u>\$ 21,878,818</u>	<u>\$ 18,381,336</u>	<u>\$ 40,260,154</u>	<u>\$ 8,142,429</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 10,543,933	\$ 2,914,235	\$ 13,458,168	\$ -
Other purposes	6,637,647	12,357,238	18,994,885	8,051,819
Unrestricted	<u>4,697,238</u>	<u>3,109,863</u>	<u>7,807,101</u>	<u>90,610</u>
Total cash and investment fund balance - December 31	<u>\$ 21,878,818</u>	<u>\$ 18,381,336</u>	<u>\$ 40,260,154</u>	<u>\$ 8,142,429</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, 2009

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 549,459	
State	12,558,902	
Total contributions	13,108,361	
Investment earnings:		
Interest	12,402	
Total additions	13,120,763	
Deductions:		
Benefits	12,175,018	
Administrative and general	12,819	
Total deductions	12,187,837	
Excess of total additions over total deductions	932,926	
Cash and investment fund balance - beginning	5,190,709	
Cash and investment fund balance - ending	\$ 6,123,635	\$ 572,530

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 in a joint venture to operate Evansville-Vanderburgh County Building Authority which was created to construct and maintain various governmental buildings. The Evansville-Vanderburgh County 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 Room 318, Administrative Building, Evansville, IN 47708.

The City is a participant in a joint venture to operate the Evansville Metropolitan Planning Organization which was created to conduct a continuing comprehensive and cooperative process to meet Federal Aid Highway planning requirements. The Evansville Metropolitan Planning Organization's continued existence depends on continued funding by the City. Complete financial statements for the Evansville Metropolitan Planning Organization can be obtained from Room 316, Administrative Building, Evansville, IN 47708.

Related Organizations

The City's officials are also responsible for appointing the voting majority 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 voting majority of the Evansville Regional Airport and the Evansville Bond Bank.

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.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

The City reports the following major governmental funds:

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

The local income tax fund is used to account 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 master TIF projects fund is used to account 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 riverboat capital project fund is used to account for riverboat tax revenue and may be used for any legal or corporate purpose of the City.

The City reports the following major enterprise funds:

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

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

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.

The pension trust funds account for the activities of the 1925 police officers' and 1937 firefighters' pension plans, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for federal and state revenue agencies, 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.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City and its enterprise funds. 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.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

February 15. 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 may 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.

4. 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.

5. Long-Term Debt

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

6. 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."

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.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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 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.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

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

B. Cash and Investment Balance Deficits

At December 31, 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2009
Home Investment Trust	\$ (99,803)
Continuum Care	(94,075)
Emergency Shelter Grant	(170,237)
Accounts Payable	(7,474)

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. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2009, the City had deposit balances in the amount of \$129,359,710.

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.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

As of December 31, 2009, the City had the following investments:

<u>Investment Type</u>	<u>Primary Government Market Value</u>
Mutual funds	<u>\$ 1,185,010</u>

Statutory Authorization for Investments

IC 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 have a stated final maturity of one day.

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

Investment Custodial Credit Risk

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 distribution of securities with credit ratings is summarized below. 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, 2009, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2009</u>
General Fund	Other Governmental Funds	\$ 108,302
Local Income Tax	General Fund	7,600,000
Riverboat Capital Project	Local Income Tax	1,800,000
Other Governmental Funds	General Fund	378,111
Other Governmental Funds	Master TIF Projects	8,967,831
Other Governmental Funds	Other Governmental Funds	<u>150,000</u>
 Total		 <u><u>\$ 19,004,244</u></u>

The City typically uses transfers for cash flow purposes as provided by various statutory provisions. In 2009, the City established the Master TIF Projects Fund and closed the TIF Redevelopment Projects Fund with a transfer of \$8,967,831.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; 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; medical benefits to; 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.

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 \$2,052,500 per year are covered by commercial insurance. 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 transactions.

Medical Benefits to Employees, Retirees, and Dependents

The City has chosen to establish a risk financing fund for risks associated with Medical benefits to employees, retirees and dependents. Coverage is provided for life insurance, dental, health care management, vision, prescription, wellness, and employee assistance. The risk financing fund is accounted for in the Hospitalization Fund, an internal service fund, where assets are set aside for claim settlements. The City purchases commercial insurance for claims in excess of coverage provided by the fund. Amounts are paid into the health insurance fund by all funds from which payroll is paid. The amounts paid by each fund are based on an amount per employee in that fund.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

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 2009 totaled \$1,302,778.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Subsequent Events

1. Arena Project

On May 20, 2010, the Evansville Redevelopment Authority issued \$5,790,000 of Series A Tax Exempt Lease Rental Revenue Bonds and \$116,620,000 Series B Taxable Lease Rental Revenue Bonds to finance construction of a downtown arena. The interest rates on the Series A Bonds range from 2.50% to 3.00%. The interest rates on the Series B Bonds range from 4.53% to 7.21%. The final maturity date for the Series A Bonds is February 1, 2015, while the final maturity date for the Series B Bonds is February 2, 2039. The Evansville Redevelopment Authority used the proceeds to purchase the arena project from the City. The City used the proceeds from the sale to repay the \$10,650,000 of Arena BANs outstanding as of December 31, 2009.

2. Park District Refunding Bonds

On April 21, 2010, the City of Evansville issued \$9,390,000 of Park District Refunding bonds for the advance refunding of \$8,830,000 of outstanding Park District Bonds of 2001. The interest rates on the bonds range from 2.375% to 3.5% with a final maturity of July 1, 2018.

3. Redevelopment Bond Issue of 2010

On May 10, 2010, the City issued \$5,000,000 of Redevelopment District Tax Increment Revenue Bonds to repay the Redevelopment District Taxable BAN of 2006 and to pay incidental expenses in connection with the issuance of the Bonds. The interest rates range from 3.5000% to 5.125% with a final maturity date of February 1, 2024.

4. Wastewater Bond Issue of 2010

On June 10, 2010, the Wastewater Utility issued \$7,120,000 of Sewage Works Revenue Bonds, Series 2010A, with the Indiana State Revolving Fund Wastewater Loan Program for various sewer projects. The interest rate on the bond issuance is 3.09% and the final maturity date is July 1, 2031.

5. Wastewater Rate Increase

In 2010, the Wastewater Utility approved a rate ordinance allowing for an increase in rates to be phased in over a period of time. Phase I of the increase is a 9% increase over the present rates and charges to be effective January 1, 2011, and Phase II of the increase is an 11% increase over the Phase I rates and charges to be effective January 1, 2012.

D. Conduit Debt Obligation

The City has issued conduit debt (no commitment debt) 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, 2009, the outstanding aggregate principal amount payable was \$9,864,000.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

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's governing board. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2009, the City contributed \$0 to the plan for current premiums. Plan members receiving benefits contributed \$375,575, through their required contribution of \$81.06 to \$198.81 per month for retiree-only coverage and \$55.38 to \$281.41 for retiree and spouse coverage.

F. Loans Receivable – Economic Development

The City makes low interest loans to local businesses for economic development. Loans receivable under this program are as follows:

Borrower	Date of Loan	Amount	Rate	Annual Payment	December 31, 2009
Signature Learning Center	01-01-04	\$ 350,000	3.00%	\$ 31,000	\$ 149,250
Luxury Leasing	05-09-02	126,513	3.00%	9,817	77,504
Nuts and Bolts	02-04-05	60,000	3.00%	4,972	48,309
Stratman's Rental	07-28-05	150,000	3.00%	17,381	90,471
Bowen Engineering	01-04-06	200,000	3.00%	16,574	148,809
Evansville Eyecare	03-01-06	95,000	3.00%	7,873	73,937
Citizens Bank	03-25-08	2,300,000	2.00%	74,754	1,367,419
Emporia	12-15-00	200,000	3.00%	10,119	182,906
QTR	11-17-05	660,000	3.67%	57,282	514,603
Black Buggy Growth, Inc.	12-02-05	280,000	3.00%	44,397	133,959
Growth Alliance For Greater Evansville	07-16-09	280,000	0.00%	28,000	280,000
Gray Loon Marketing	12-01-08	150,000	3.50%	10,486	147,661
Grace-Whitney Properties	10-30-02	66,400	5.00%	4,658	56,909
Grace-Whitney Properties	06-25-04	53,541	5.00%	3,756	46,727
Evansville Convention and Visitors Bureau	02-28-05	500,000	0.00%	2,000	2,000
Kunkel Group	12-15-05	221,250	7.25%	4,072	22,300
Claremont	08-22-06	210,000	3.00%	20,613	95,462
Michael Martin Realty	01-10-07	75,000	3.00%	13,256	45,015
Kunkel Group	06-20-07	150,000	6.25%	26,512	105,420
Kunkel Group	12-20-06	310,000	0.00%	-	310,000
Holweger Management	04-25-08	117,254	3.00%	3,518	117,254

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. 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, 2009, and amounted to approximately a 16.8% increase to all customers.

Wastewater Utility

The current rate structure was approved by the City Council on October 12, 2009.

H. Receipts Pledged

Water Utility Receipts Pledged

The City has pledged future operating revenue receipts, net of specified operating expenditures, to repay revenue bonds issued in 2004. Proceeds from the bonds provided financing for Water Utility improvements. The bonds are payable solely from operating revenue net receipts and are payable through 2025. Annual principal and interest payments on all issues are expected to require less than 22 percent of net receipts.

The City has pledged future operating revenue receipts, net of specified operating expenditures, to repay revenue bonds issued in 2005. Proceeds from the bonds provided financing to refund outstanding revenue bonds. The bonds are payable solely from operating revenue net receipts and are payable through 2017. Annual principal and interest payments on all issues are expected to require less than 22 percent of net receipts.

The City has pledged future operating revenue receipts, net of specified operating expenditures, to repay revenue bonds issued in 2008. Proceeds from the bonds provided financing for Water Utility improvements. The bonds are payable solely from operating revenue net receipts and are payable through 2030. Annual principal and interest payments are expected to require less than 22 percent of net receipts.

Wastewater Utility Receipts Pledged

The City has pledged future operating revenue receipts, net of specified operating expenditures, to repay revenue bonds issued in 1993. Proceeds from the bonds provided financing for Wastewater Utility improvements. The bonds are payable solely from operating revenue net receipts and are payable through 2013. Annual principal and interest payments on all issues are expected to require less than 27 percent of net receipts.

The City has pledged future operating revenue receipts, net of specified operating expenditures, to repay revenue bonds issued in 1997. Proceeds from the bonds provided financing to refund outstanding bonds. The bonds are payable solely from operating revenue net receipts and are payable through 2011. Annual principal and interest payments on all issues are expected to require less than 27 percent of net receipts.

The City has pledged future operating revenue receipts, net of specified operating expenditures, to repay revenue bonds issued in 1998. Proceeds from the bonds provided financing for Wastewater Utility improvements. The bonds are payable solely from operating revenue net receipts and are payable through 2018. Annual principal and interest payments on all issues are expected to require less than 27 percent of net receipts.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City has pledged future operating revenue receipts, net of specified operating expenditures, to repay revenue bonds issued in 2003. Proceeds from the bonds provided financing for Wastewater Utility improvements. The bonds are payable solely from operating revenue net receipts and are payable through 2023. Annual principal and interest payments on all issues are expected to require less than 27 percent of net receipts.

The City has pledged future operating revenue receipts, net of specified operating expenditures, to repay revenue bonds issued in 2004. Proceeds from the bonds provided financing for Wastewater Utility improvements. The bonds are payable solely from operating revenue net receipts and are payable through 2026. Annual principal and interest payments on all issues are expected to require less than 27 percent of net receipts.

The City has pledged future operating revenue receipts, net of specified operating expenditures, to repay revenue bonds issued in 2007. Proceeds from the bonds provided financing for Wastewater Utility improvements. The bonds are payable solely from operating revenue net receipts and are payable through 2026. Annual principal and interest payments on all issues are expected to require less than 27 percent of net receipts.

The City has pledged future operating revenue receipts, net of specified operating expenditures, to repay revenue bonds issued in 2008. Proceeds from the bonds provided financing for Wastewater Utility improvements. The bonds are payable solely from operating revenue net receipts and are payable through 2028. Annual principal and interest payments on all issues are expected to require less than 27 percent of net receipts.

The City has pledged future operating revenue receipts, net of specified operating expenditures, to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for Wastewater Utility improvements. The bonds are payable solely from operating revenue net receipts and are payable through 2031. Annual principal and interest payments on all issues are expected to require less than 27 percent of net receipts.

Tax Increment Receipts Pledged

The City has pledged a portion of property taxes on incremental increases in assessed value of real and personal property located in the allocation area to repay \$5,000,000 in tax increment bonds issued in 2002 to acquire property for resale for a redevelopment project in the Downtown Redevelopment Tax Allocation Area. The bonds are payable solely from property taxes collected on incremental increases in assessed value of real and depreciable personal property located in the allocation area. Incremental pledged taxes collected in the allocation area were projected to produce 110 percent of the debt service requirements over the life of the bonds.

The City has pledged a portion of property taxes on incremental increases in assessed value of real and personal property located within the Downtown Redevelopment Area to repay \$4,385,000 in tax increment bonds issued in 2008 and made available to the Funding Recipient for payment of a portion of the costs of a project located within the Downtown Redevelopment Area. The bonds are payable solely from property taxes on incremental increases in assessed value of real and personal property located within the Downtown Redevelopment Area.

I. **Pollution Remediation Obligation**

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 City of Evansville has been very active in attempts at mitigating the penalties and damages which may be assessed. The amount of the possible judgment or a negotiated consent decree is wholly unknown at this time.

J. 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 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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$1,236,522.

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

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

On-behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$6,968,807 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

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

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

On-behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$5,590,095 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

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.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Funding Policy

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 during the period were \$5,398,963.

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)
07-01-07	\$ 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%)
07-01-09	33,413,296	39,127,034	(5,713,738)	85%	24,060,539	(24%)

Oak Hill Cemetery Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
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%
07-01-09	354,712	257,849	96,863	138%	169,379	57%

Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-04	\$ 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%)
01-01-09	3,819,185	100,720,000	(96,900,815)	4%	-	0%

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)
01-01-04	\$ 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	113,150	71,396,800	(71,283,650)	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%)
01-01-09	2,705,408	78,079,800	(75,374,392)	3%	-	0%

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	12-31-04	\$ 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%
	12-31-09	7,526,600	3%	93%
1937 Firefighters' Pension Plan	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%
	12-31-09	5,834,700	4%	96%

CITY OF EVANSVILLE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2009

	General Fund				Local Income Tax			
	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	\$ 48,869,358	\$ 47,155,618	\$ 47,155,618	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	650,385	673,570	673,570	-	-	-	-	-
Intergovernmental	4,942,754	5,286,301	4,916,024	(370,277)	14,810,022	14,760,473	14,760,473	-
Charges for services	8,944,841	7,991,763	6,231,322	(1,760,441)	-	-	-	-
Fines and forfeits	268,550	453,766	453,716	(50)	-	-	-	-
Other	2,227,865	1,370,725	1,313,049	(57,676)	50,700	835,909	835,909	-
Total revenues	65,903,753	62,931,743	60,743,299	(2,188,444)	14,860,722	15,596,382	15,596,382	-
Expenditures:								
Current:								
General government	17,098,647	17,894,572	16,159,926	1,734,646	2,028,431	3,355,136	2,980,061	375,075
Public safety	56,239,294	58,144,782	55,605,834	2,538,948	-	-	-	-
Highways and streets	-	-	-	-	3,929,326	4,429,025	3,164,476	1,264,549
Sanitation	123,765	115,691	102,558	13,133	-	-	-	-
Health and welfare	717,929	733,319	702,581	30,738	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	330,000	408,400	303,892	104,508
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal and interest	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	101,621	55,451	46,170	-	-	-	-
Public safety	-	590,510	117,483	473,027	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	74,179,635	77,580,495	72,743,833	4,836,662	6,287,757	8,192,561	6,448,429	1,744,132
Other financing sources (uses):								
Operating transfers in	10,389,062	7,978,111	7,978,111	-	1,800,000	1,800,000	1,800,000	-
Operating transfers out	(81,337)	(178,519)	(108,302)	70,217	(10,000,000)	(7,600,000)	(7,600,000)	-
Total other financing sources (uses)	10,307,725	7,799,592	7,869,809	70,217	(8,200,000)	(5,800,000)	(5,800,000)	-
Net change in fund balances	2,031,843	(6,849,160)	(4,130,725)	2,718,435	372,965	1,603,821	3,347,953	1,744,132
Fund balances - beginning	11,427,367	11,427,367	11,427,367	-	6,747,329	6,747,329	6,747,329	-
Fund balances - December 31	\$ 13,459,210	\$ 4,578,207	\$ 7,296,642	\$ 2,718,435	\$ 7,120,294	\$ 8,351,150	\$ 10,095,282	\$ 1,744,132

CITY OF EVANSVILLE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2009
(Continued)

	Master TIF Projects				Riverboat Capital Project			
	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	\$ -	\$ 6,231,720	\$ 6,231,720	\$ -	\$ 6,887,011	\$ 7,401,473	\$ -	\$ (7,401,473)
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,486,981	3,106,731	8,040,569	4,933,838
Charges for services	-	-	-	-	800,000	1,072,245	997,245	(75,000)
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	51,456	51,456	-	100,000	341,871	313,152	(28,719)
Total revenues	-	6,283,176	6,283,176	-	9,273,992	11,922,320	9,350,966	(2,571,354)
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Economic development	-	4,970,982	121,194	4,849,788	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal and interest	-	483,391	361,579	121,812	1,966,773	1,966,773	1,960,038	6,735
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	2,018,124	7,785,252	1,458,106	6,327,146
Public safety	-	-	-	-	483,200	1,270,215	1,045,696	224,519
Highways and streets	-	-	-	-	1,372,980	2,755,558	1,656,944	1,098,614
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	1,550,250	6,872,112	5,302,526	1,569,586
Total expenditures	-	5,454,373	482,773	4,971,600	7,391,327	20,649,910	11,423,310	9,226,600
Other financing sources (uses):								
Operating transfers in	-	8,967,831	8,967,831	-	-	-	-	-
Operating transfers out	-	-	-	-	(1,800,000)	(1,800,000)	(1,800,000)	-
Total other financing sources (uses)	-	8,967,831	8,967,831	-	(1,800,000)	(1,800,000)	(1,800,000)	-
Net change in fund balances	-	9,796,634	14,768,234	4,971,600	82,665	(10,527,590)	(3,872,344)	6,655,246
Fund balances - beginning	-	-	-	-	17,580,034	17,580,034	17,580,034	-
Fund balances - December 31	\$ -	\$ 9,796,634	\$ 14,768,234	\$ 4,971,600	\$ 17,662,699	\$ 7,052,444	\$ 13,707,690	\$ 6,655,246

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, 2009

	Motor Vehicle Highway	Local Road And Street	Donations	Downtown Parking Garages	Parks And Recreation	Fire Donation
Receipts:						
Taxes	\$ 816,230	\$ -	\$ -	\$ -	\$ 5,086,102	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	3,956,374	1,439,600	-	-	305,371	-
Charges for services	89,561	-	-	492,414	1,998,268	-
Other	52,072	5,004	56,077	516	2,648,251	-
Total receipts	4,914,237	1,444,604	56,077	492,930	10,037,992	-
Disbursements:						
General government	-	-	70,332	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	4,760,098	1,136,613	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Economic development	-	-	-	401,997	-	-
Culture and recreation	-	-	-	-	9,463,686	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	28,750	-	-	-
Highways and streets	19,148	423,747	-	-	-	-
Economic development	-	-	-	15,450	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	4,779,246	1,560,360	99,082	417,447	9,463,686	-
Excess (deficiency) of receipts over disbursements	134,991	(115,756)	(43,005)	75,483	574,306	-
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(150,000)	-	-
Total other financing sources (uses)	-	-	-	(150,000)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	134,991	(115,756)	(43,005)	(74,517)	574,306	-
Cash and investment fund balance - beginning	2,218,992	6,580,631	720,183	360,574	3,538,539	1,293
Cash and investment fund balance - ending	\$ 2,353,983	\$ 6,464,875	\$ 677,178	\$ 286,057	\$ 4,112,845	\$ 1,293
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	2,353,983	6,464,875	677,178	286,057	4,112,845	1,293
Total cash and investment assets - ending	\$ 2,353,983	\$ 6,464,875	\$ 677,178	\$ 286,057	\$ 4,112,845	\$ 1,293
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ 677,178	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	1,293
Highways and streets	2,353,983	6,464,875	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Economic development	-	-	-	286,057	-	-
Culture and recreation	-	-	-	-	4,112,845	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 2,353,983	\$ 6,464,875	\$ 677,178	\$ 286,057	\$ 4,112,845	\$ 1,293

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	DMD Miscellaneous Grants	Rainy Day	Local Law Enforcement Continuing Education	TIF Redevelopment Projects	Golf Course Non-Reverting	EPA Permit Fund
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	46,470	-	-	4,000
Intergovernmental	3,591,067	438,585	-	-	-	-
Charges for services	1,250	-	36,305	-	1,411,626	-
Other	511,280	20,675	3,710	-	1,258	-
Total receipts	4,103,597	459,260	86,485	-	1,412,884	4,000
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	125,950	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Economic development	3,822,411	-	-	-	-	-
Culture and recreation	-	-	-	-	1,422,494	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	3,822,411	-	125,950	-	1,422,494	-
Excess (deficiency) of receipts over disbursements	281,186	459,260	(39,465)	-	(9,610)	4,000
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(8,967,831)	-	(4,000)
Total other financing sources (uses)	-	-	-	(8,967,831)	-	(4,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	281,186	459,260	(39,465)	(8,967,831)	(9,610)	-
Cash and investment fund balance - beginning	818,893	2,021,753	82,349	8,967,831	528,763	-
Cash and investment fund balance - ending	\$ 1,100,079	\$ 2,481,013	\$ 42,884	\$ -	\$ 519,153	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 2,481,013	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	1,100,079	-	42,884	-	519,153	-
Total cash and investment assets - ending	\$ 1,100,079	\$ 2,481,013	\$ 42,884	\$ -	\$ 519,153	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	42,884	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Economic development	1,100,079	-	-	-	-	-
Culture and recreation	-	-	-	-	519,153	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	2,481,013	-	-	-	-
Total cash and investment fund balance - ending	\$ 1,100,079	\$ 2,481,013	\$ 42,884	\$ -	\$ 519,153	\$ -

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, 2009
 (Continued)

	Municipal Code Revolving	Greenway Project	Sports Program Non-Reverting	Zoo Animal Revolving	Rental Rehab Program	Certified Technology Park
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	396,831	-	-	-	-
Charges for services	-	-	316,659	-	-	-
Other	-	9,388	5,021	8,698	-	3,248
Total receipts	-	406,219	321,680	8,698	-	3,248
Disbursements:						
General government	3,669	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	210,083
Culture and recreation	-	-	373,001	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	1,683,417	-	9,324	-	-
Total disbursements	3,669	1,683,417	373,001	9,324	-	210,083
Excess (deficiency) of receipts over disbursements	(3,669)	(1,277,198)	(51,321)	(626)	-	(206,835)
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,669)	(1,277,198)	(51,321)	(626)	-	(206,835)
Cash and investment fund balance - beginning	7,254	2,401,992	61,432	47,939	90,830	791,177
Cash and investment fund balance - ending	\$ 3,585	\$ 1,124,794	\$ 10,111	\$ 47,313	\$ 90,830	\$ 584,342
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	3,585	1,124,794	10,111	47,313	90,830	584,342
Total cash and investment assets - ending	\$ 3,585	\$ 1,124,794	\$ 10,111	\$ 47,313	\$ 90,830	\$ 584,342
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ 3,585	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	584,342
Culture and recreation	-	1,124,794	10,111	47,313	-	-
Urban redevelopment and housing	-	-	-	-	90,830	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 3,585	\$ 1,124,794	\$ 10,111	\$ 47,313	\$ 90,830	\$ 584,342

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, 2009
 (Continued)

	EDA Revolving Loan Fund	Home Investment Trust	Community Development Block Grant	Old Post Office	Economic Development Loan	Continuum Care
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	1,081,727	4,688,415	-	-	728,596
Charges for services	-	-	159,765	-	-	-
Other	5,204	-	93,027	-	143,743	-
Total receipts	5,204	1,081,727	4,941,207	-	143,743	728,596
Disbursements:						
General government	-	-	614,366	500	-	-
Public safety	-	-	1,842,160	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	716,222
Economic development	1,088	-	-	-	1,130,125	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	1,038,941	2,192,240	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	24,487	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	1,088	1,038,941	4,673,253	500	1,130,125	716,222
Excess (deficiency) of receipts over disbursements	4,116	42,786	267,954	(500)	(986,382)	12,374
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	11,120	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	11,120	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,116	42,786	279,074	(500)	(986,382)	12,374
Cash and investment fund balance - beginning	1,143,249	(142,589)	(272,052)	237,976	1,779,754	(106,449)
Cash and investment fund balance - ending	<u>\$ 1,147,365</u>	<u>\$ (99,803)</u>	<u>\$ 7,022</u>	<u>\$ 237,476</u>	<u>\$ 793,372</u>	<u>\$ (94,075)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	1,147,365	(99,803)	7,022	237,476	793,372	(94,075)
Total cash and investment assets - ending	<u>\$ 1,147,365</u>	<u>\$ (99,803)</u>	<u>\$ 7,022</u>	<u>\$ 237,476</u>	<u>\$ 793,372</u>	<u>\$ (94,075)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	(94,075)
Economic development	1,147,365	-	-	237,476	793,372	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	(99,803)	7,022	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ 1,147,365</u>	<u>\$ (99,803)</u>	<u>\$ 7,022</u>	<u>\$ 237,476</u>	<u>\$ 793,372</u>	<u>\$ (94,075)</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, 2009
 (Continued)

	Police Narcotics Grant	Emergency Shelter Grant	Building Code Books	Bicycle License	Barrett Law Sidewalk Program	ERC Capital Non Reverting
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	109	-	-
Intergovernmental	8,994	219,578	-	-	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	26,353	592,406
Total receipts	8,994	219,578	-	109	26,353	592,406
Disbursements:						
General government	-	-	-	70	-	-
Public safety	15,280	-	92	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	342,276	-	-	-	-
Economic development	-	-	-	-	-	251,304
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	15,280	342,276	92	70	-	251,304
Excess (deficiency) of receipts over disbursements	(6,286)	(122,698)	(92)	39	26,353	341,102
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,286)	(122,698)	(92)	39	26,353	341,102
Cash and investment fund balance - beginning	22,907	(47,539)	2,684	2,273	122,768	1,612,629
Cash and investment fund balance - ending	\$ 16,621	\$ (170,237)	\$ 2,592	\$ 2,312	\$ 149,121	\$ 1,953,731
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	16,621	(170,237)	2,592	2,312	149,121	1,953,731
Total cash and investment assets - ending	\$ 16,621	\$ (170,237)	\$ 2,592	\$ 2,312	\$ 149,121	\$ 1,953,731
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ 2,312	\$ -	\$ -
Public safety	16,621	-	2,592	-	-	-
Highways and streets	-	-	-	-	149,121	-
Health and Welfare	-	(170,237)	-	-	-	-
Economic development	-	-	-	-	-	1,953,731
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 16,621	\$ (170,237)	\$ 2,592	\$ 2,312	\$ 149,121	\$ 1,953,731

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, 2009
 (Continued)

	Housing Trust	Recovery Act Justice Grant	Federal Grants	HUD Fair Housing	Equal Employment Opportunity Commission	Food And Beverage Tax Distribution
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,642
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	243,392	115,250	120,000	48,250	-
Charges for services	-	-	-	-	-	-
Other	8,414	-	-	-	-	-
Total receipts	8,414	243,392	115,250	120,000	48,250	192,642
Disbursements:						
General government	-	-	-	-	2,515	-
Public safety	-	48,124	109,000	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	35,005	-	-	20,159	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	35,005	48,124	109,000	20,159	2,515	-
Excess (deficiency) of receipts over disbursements	(26,591)	195,268	6,250	99,841	45,735	192,642
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	97,182	-
Transfers out	-	-	-	-	(1,300)	-
Total other financing sources (uses)	-	-	-	-	95,882	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(26,591)	195,268	6,250	99,841	141,617	192,642
Cash and investment fund balance - beginning	251,517	-	-	-	-	-
Cash and investment fund balance - ending	\$ 224,926	\$ 195,268	\$ 6,250	\$ 99,841	\$ 141,617	\$ 192,642
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	224,926	195,268	6,250	99,841	141,617	192,642
Total cash and investment assets - ending	\$ 224,926	\$ 195,268	\$ 6,250	\$ 99,841	\$ 141,617	\$ 192,642
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ 141,617	\$ -
Public safety	-	195,268	6,250	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	224,926	-	-	99,841	-	-
Debt service	-	-	-	-	-	192,642
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 224,926	\$ 195,268	\$ 6,250	\$ 99,841	\$ 141,617	\$ 192,642

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, 2009
 (Continued)

	Locust Hill Perpetual Care	Oakhill Perpetual Care	Civil Defense Donation Fund	Colman Trust	Mattie J Bayard Trust	R T Legler Trust
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	1,900	5,776	-	-	-	-
Other	-	579	100	41	-	6
Total receipts	1,900	6,355	100	41	-	6
Disbursements:						
General government	-	3,734	-	-	-	-
Public safety	-	-	993	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	3,734	993	-	-	-
Excess (deficiency) of receipts over disbursements	1,900	2,621	(893)	41	-	6
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,900	2,621	(893)	41	-	6
Cash and investment fund balance - beginning	124,357	710,676	3,509	11,657	6,058	2,129
Cash and investment fund balance - ending	\$ 126,257	\$ 713,297	\$ 2,616	\$ 11,698	\$ 6,058	\$ 2,135
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	126,257	713,297	2,616	11,698	6,058	2,135
Total cash and investment assets - ending	\$ 126,257	\$ 713,297	\$ 2,616	\$ 11,698	\$ 6,058	\$ 2,135
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ 126,257	\$ 713,297	\$ -	\$ 11,698	\$ 6,058	\$ 2,135
Public safety	-	-	2,616	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 126,257	\$ 713,297	\$ 2,616	\$ 11,698	\$ 6,058	\$ 2,135

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, 2009
 (Continued)

	CDBG-City of Evansville	CDBG-City Evansville Commerce	Historic Preservation	Berry Plastics Project	General Obligation Loan	Park Bond and Interest Retirement
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 562,599	\$ 1,114,892
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	310	-	478	565
Other	394,570	608,615	-	361,629	-	-
Total receipts	394,570	608,615	310	361,629	563,077	1,115,457
Disbursements:						
General government	-	20,391	220	364,125	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	540,000	605,000
Interest	-	-	-	16,346	26,536	498,413
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	20,391	220	380,471	566,536	1,103,413
Excess (deficiency) of receipts over disbursements	394,570	588,224	90	(18,842)	(3,459)	12,044
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	394,570	588,224	90	(18,842)	(3,459)	12,044
Cash and investment fund balance - beginning	-	-	4,714	18,846	261,341	847,049
Cash and investment fund balance - ending	\$ 394,570	\$ 588,224	\$ 4,804	\$ 4	\$ 257,882	\$ 859,093
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	394,570	588,224	4,804	4	257,882	859,093
Total cash and investment assets - ending	\$ 394,570	\$ 588,224	\$ 4,804	\$ 4	\$ 257,882	\$ 859,093
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ 394,570	\$ 588,224	\$ 4,804	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	4	257,882	859,093
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 394,570	\$ 588,224	\$ 4,804	\$ 4	\$ 257,882	\$ 859,093

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, 2009
 (Continued)

	Redevelopment TIF Bond Retirement	Park Bond of 2003	Redevelopment Bond Retirement	Redevelopment Bonds of 1998	General Obligation 2006	Sidewalk Improvement Bond
Receipts:						
Taxes	\$ 723,517	\$ -	\$ 571,529	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	486	-	-	-
Other	-	-	-	-	17	-
Total receipts	723,517	-	572,015	-	17	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	213,380	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	205,000	-	1,265,000	-	-	-
Interest	213,652	-	58,754	-	-	-
Capital outlay:						
General government	-	-	-	-	-	2,119
Highways and streets	-	-	-	-	157,324	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	418,652	213,380	1,323,754	-	157,324	2,119
Excess (deficiency) of receipts over disbursements	304,865	(213,380)	(751,739)	-	(157,307)	(2,119)
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	150,000	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	150,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	304,865	(213,380)	(601,739)	-	(157,307)	(2,119)
Cash and investment fund balance - beginning	282,833	600,224	984,807	26,446	563,823	80,537
Cash and investment fund balance - ending	<u>\$ 587,698</u>	<u>\$ 386,844</u>	<u>\$ 383,068</u>	<u>\$ 26,446</u>	<u>\$ 406,516</u>	<u>\$ 78,418</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	587,698	386,844	383,068	26,446	406,516	78,418
Total cash and investment assets - ending	\$ 587,698	\$ 386,844	\$ 383,068	\$ 26,446	\$ 406,516	\$ 78,418
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	587,698	386,844	383,068	26,446	406,516	78,418
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 587,698	\$ 386,844	\$ 383,068	\$ 26,446	\$ 406,516	\$ 78,418

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, 2009
 (Continued)

	Redevelopment Arens BAN 2008	2009 Arena BAN Series A	2009 Arena BAN Series B	Redevelopment BAN 2006	Cumulative Capital Development	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,067,511
Licenses and permits	-	-	-	-	-	50,579
Intergovernmental	-	-	-	-	372,811	17,754,841
Charges for services	-	-	-	-	-	4,515,363
Other	-	105	-	-	-	5,560,007
Total receipts	-	105	-	-	372,811	36,948,301
Disbursements:						
General government	-	-	-	-	-	1,079,922
Public safety	-	-	-	-	-	2,141,599
Highways and streets	-	-	-	-	-	5,896,711
Health and Welfare	-	-	-	-	-	1,058,498
Economic development	-	-	-	-	-	5,817,008
Culture and recreation	-	-	-	-	-	11,472,561
Urban redevelopment and housing	-	-	-	-	-	3,286,345
Debt service:						
Principal	-	-	-	-	-	2,615,000
Interest	-	-	-	-	-	813,701
Capital outlay:						
General government	-	-	-	-	-	55,356
Highways and streets	-	-	-	-	-	600,219
Economic development	-	-	-	-	-	15,450
Culture and recreation	463,389	10,624,393	12,071	-	-	12,792,594
Total disbursements	463,389	10,624,393	12,071	-	-	47,644,964
Excess (deficiency) of receipts over disbursements	(463,389)	(10,624,288)	(12,071)	-	372,811	(10,696,663)
Other financing sources (uses):						
Net proceeds from borrowings	495,540	10,637,929	12,071	-	-	11,145,540
Transfers in	-	-	-	-	-	258,302
Transfers out	-	-	-	-	(372,811)	(9,495,942)
Total other financing sources (uses)	495,540	10,637,929	12,071	-	(372,811)	1,907,900
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	32,151	13,641	-	-	-	(8,788,763)
Cash and investment fund balance - beginning	-	-	-	1	-	38,376,560
Cash and investment fund balance - ending	\$ 32,151	\$ 13,641	\$ -	\$ 1	\$ -	\$ 29,587,797
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,481,013
Restricted assets:						
Cash and investments	32,151	13,641	-	1	-	27,106,784
Total cash and investment assets - ending	\$ 32,151	\$ 13,641	\$ -	\$ 1	\$ -	\$ 29,587,797
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,671,735
Public safety	-	-	-	-	-	267,524
Highways and streets	-	-	-	-	-	8,967,979
Health and Welfare	-	-	-	-	-	(264,312)
Economic development	-	-	-	-	-	6,102,422
Culture and recreation	-	-	-	-	-	5,814,216
Urban redevelopment and housing	-	-	-	-	-	322,816
Debt service	-	-	-	-	-	3,178,611
Capital outlay	32,151	13,641	-	1	-	45,793
Unrestricted	-	-	-	-	-	2,481,013
Total cash and investment fund balance - ending	\$ 32,151	\$ 13,641	\$ -	\$ 1	\$ -	\$ 29,587,797

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, 2009

	Printing And Supplies	Unemployment	Auto Collison Insurance	Worker's Compensation	Liability Insurance	Hospitalization	Totals
Operating receipts:							
Charges for services	\$ 391,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 391,707
Miscellaneous	-	50,554	-	922,719	2,554,933	18,037,077	21,565,283
Total operating receipts	<u>391,707</u>	<u>50,554</u>	<u>-</u>	<u>922,719</u>	<u>2,554,933</u>	<u>18,037,077</u>	<u>21,956,990</u>
Operating disbursements:							
Cost of sales and services	447,481	-	-	-	-	-	447,481
Insurance claims and expense	-	68,459	4,547	901,912	2,334,825	16,016,609	19,326,352
Total operating disbursements	<u>447,481</u>	<u>68,459</u>	<u>4,547</u>	<u>901,912</u>	<u>2,334,825</u>	<u>16,016,609</u>	<u>19,773,833</u>
Excess (deficiency) of receipts over disbursements	<u>(55,774)</u>	<u>(17,905)</u>	<u>(4,547)</u>	<u>20,807</u>	<u>220,108</u>	<u>2,020,468</u>	<u>2,183,157</u>
Cash and investment fund balance - beginning	<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>
Cash and investment fund balance - ending	<u>\$ 90,610</u>	<u>\$ 340,797</u>	<u>\$ 4,962</u>	<u>\$ 137,734</u>	<u>\$ 699,570</u>	<u>\$ 6,868,756</u>	<u>\$ 8,142,429</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ 90,610	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,610
Restricted assets:							
Cash and investments	-	340,797	4,962	137,734	699,570	6,868,756	8,051,819
Total cash and investment assets - December 31	<u>\$ 90,610</u>	<u>\$ 340,797</u>	<u>\$ 4,962</u>	<u>\$ 137,734</u>	<u>\$ 699,570</u>	<u>\$ 6,868,756</u>	<u>\$ 8,142,429</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Other purposes	\$ -	\$ 340,797	\$ 4,962	\$ 137,734	\$ 699,570	\$ 6,868,756	\$ 8,051,819
Unrestricted	90,610	-	-	-	-	-	90,610
Total cash and investment fund balance - December 31	<u>\$ 90,610</u>	<u>\$ 340,797</u>	<u>\$ 4,962</u>	<u>\$ 137,734</u>	<u>\$ 699,570</u>	<u>\$ 6,868,756</u>	<u>\$ 8,142,429</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, 2009

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 284,762	\$ 264,697	\$ 549,459
State	<u>6,968,807</u>	<u>5,590,095</u>	<u>12,558,902</u>
Total contributions	<u>7,253,569</u>	<u>5,854,792</u>	<u>13,108,361</u>
Investment receipts:			
Interest	<u>6,201</u>	<u>6,201</u>	<u>12,402</u>
Total additions	<u>7,259,770</u>	<u>5,860,993</u>	<u>13,120,763</u>
Deductions:			
Benefits	6,933,008	5,242,010	12,175,018
Administrative and general	<u>10,977</u>	<u>1,842</u>	<u>12,819</u>
Total deductions	<u>6,943,985</u>	<u>5,243,852</u>	<u>12,187,837</u>
Excess of total additions over total deductions	315,785	617,141	932,926
Cash and investment fund balance - beginning	<u>2,485,302</u>	<u>2,705,407</u>	<u>5,190,709</u>
Cash and investment fund balance - ending	<u>\$ 2,801,087</u>	<u>\$ 3,322,548</u>	<u>\$ 6,123,635</u>

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009

	<u>Payroll</u>	<u>Direct Deposit Clearing</u>	<u>Payroll Checking</u>	<u>Accounts Payable</u>	<u>Oakhill Lease Escrow</u>	<u>Electronic Tax Payments</u>	<u>Totals</u>
Additions:							
Agency fund additions	\$ 64,235,653	\$ 39,821,222	\$ 7,044,564	\$ 169,699	\$ -	\$ 16,015,039	\$ 127,286,177
Deductions:							
Agency fund deductions	<u>64,216,102</u>	<u>39,821,222</u>	<u>7,044,564</u>	<u>169,204</u>	<u>-</u>	<u>16,014,687</u>	<u>127,265,779</u>
Excess of total additions over total deductions	19,551	-	-	495	-	352	20,398
Cash and investment fund balance - beginning	<u>554,724</u>	<u>-</u>	<u>-</u>	<u>(7,969)</u>	<u>5,377</u>	<u>-</u>	<u>552,132</u>
Cash and investment fund balance - ending	<u>\$ 574,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,474)</u>	<u>\$ 5,377</u>	<u>\$ 352</u>	<u>\$ 572,530</u>

CITY OF EVANSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 20,821,421
Infrastructure	539,698,781
Buildings	98,430,248
Improvements other than buildings	35,106,007
Machinery and equipment	<u>62,841,089</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 756,897,546</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 387,100
Construction in progress	15,448,008
Buildings	39,336,724
Improvements other than buildings	93,712,274
Machinery and equipment	<u>3,384,862</u>
Total Water Utility capital assets	<u>152,268,969</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	290,915
Construction in progress	52,787,859
Buildings	124,786,227
Improvements other than buildings	112,440,436
Machinery and equipment	<u>3,571,711</u>
Total Wastewater Utility capital assets	<u>293,877,148</u>
Total business-type activities capital assets	<u>\$ 446,146,117</u>

CITY OF EVANSVILLE
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2009

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2009 Ferrara Fire Apparatus	\$ 570,660	\$ 69,588
Notes and loans payable:		
Energy Savings Loan	421,221	115,647
South Sector Police Station	128,628	15,000
Computer Refresh Program	963,607	259,363
Bonds payable:		
General obligation bonds:		
2001 Park District Bonds	10,130,000	1,105,869
2003 Park District Bonds	15,325,000	1,151,860
2004 Redevelopment District Refunding	795,000	537,294
2006 General Obligation Bonds	280,000	285,320
Economic Development Bonds:		
2008 Economic Development Bonds	4,220,000	508,826
Tax Increment Bonds:		
2002 Redevelopment TIF Bonds	4,310,000	420,517
2006 Redevelopment BANS	4,750,000	
2008 Redevelopment BANS	495,540	495,540
2009 Arena BANS A	10,637,929	10,637,929
2009 Arena BANS B	12,071	12,071
Total governmental activities debt	<u>\$ 53,039,656</u>	<u>\$ 15,614,824</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2004 Water Revenue Bonds	\$ 22,830,000	\$ 1,523,572
2005 Water Refunding Revenue Bonds	6,715,000	964,065
2008 Water Construction Bonds	36,000,000	1,688,544
Total Water Utility	<u>65,545,000</u>	<u>4,176,181</u>
Wastewater Utility:		
Loans:		
1993 Wastewater State Revolving Loan	538,000	150,520
1998 Wastewater State Revolving Loan	8,073,510	1,034,132
2004 Wastewater State Revolving Loan	6,335,000	493,956
2007 Wastewater State Revolving Loan	32,825,000	2,546,095
2008 Wastewater State Revolving Loan	17,837,000	1,274,486
Revenue bonds:		
1997 Wastewater Refunding Bonds	2,500,000	1,340,000
2003 Wastewater Refunding Bonds	30,500,000	1,584,725
2009 Wastewater Refunding Bonds	27,750,000	545,843
2009 Wastewater BANS, Series A	2,385,225	35,842
2009 Wastewater BANS, Series B	436,166	8,809
Total Wastewater Utility	<u>129,179,901</u>	<u>9,014,408</u>
Total business-type activities debt	<u>\$ 194,724,901</u>	<u>\$ 13,190,589</u>

CITY OF EVANSVILLE
AUDIT RESULTS AND COMMENTS

BUY MONEY - POLICE (City)

As stated in several 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 IC 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 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)."

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.

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. As of August 18, 2010, a review has not been completed for the years 2006, 2007, 2008, or 2009.

Payments made or received for contractual services should be supported by a written contract. 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)

CITY OF EVANSVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES (City)

The cash balance of the General Fund, General Obligation Loan Fund, Park Bond and Interest Retirement Fund, Police Pension Fund, Redevelopment Bond Retirement Fund, Community Development Block Grant Fund, Home Investment Trust Fund, Continuum Care Fund, Emergency Shelter Grant Fund, Accounts Payable Fund, Payroll Checking Account Fund, and Hospitalization Fund were overdrawn in 2009.

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)

PAYMENT IN LIEU OF TAXES (City and Water Utility)

The Water Utility did not pay to the City the amount due in lieu of taxes for the year 2009. The amount due was \$702,956.

IC 8-1.5-3-8(g) states in part: ". . . the commission shall approve rates and charges sufficient to compensate the municipality for taxes that would be due the municipality on the utility property were it privately owned." In Cause No. 43190 the Utility Regulatory Commission established a payment in lieu of taxes amount of \$702,956 for the year 2009.

ADDITIONAL COMPENSATION (City)

The Executive Director of the Department of Metropolitan Development received a salary of \$73,997.78 from the City for the year 2009. He also, by contractual agreement, received an additional amount in excess of \$40,000 from a non-profit agency. That non-profit agency has a contractual arrangement to provide services to the City. The City Council did not approve the additional compensation.

The City of Evansville Employee Handbook states that, "An employee may not receive any payment, fees, services, vacations, or other unusual favors from any person or business organization that does or seeks to do business with the City." It also states that "A conflict of interest occurs when an employee's private interest interferes or even appears to interfere in any way with the interest of the City."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC 36-4-7-3(b) states in part: "Subject to the approval of the city legislative body, the city executive shall fix the compensation of each appointive officer, deputy, and other employee of the city. . . ."

IC 36-7-14-23 states:

"Each officer of the unit who has duties in respect to the funds and accounts of the unit shall perform the same duties with respect to the funds and accounts of the department of redevelopment, except as otherwise provided in this chapter. An officer performing these duties is not entitled to any compensation in addition to that paid him by the unit."

CITY OF EVANSVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS – ALLOWABLE COSTS (City)

The City had insufficient controls to monitor compliance with OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments," concerning allocation of salaries to be paid from federal grants.

The salaries paid to most of the Department of Metropolitan Development Employees were charged to the Community Development Block Grant for work performed that was not documented to meet allowability criteria for activities permitted under the grant.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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, 2009. 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.

As described in item 2009-2 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding allowable costs that are applicable to its Community Development Block Grant/Entitlement Grants. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended December 31, 2009. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2009-2.

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)

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in item 2009-2 of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

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. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2009-2, to be a material weakness.

The City's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. 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, 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

September 1, 2010

CITY OF EVANSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

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			
Community Development Block Grants/Entitlement Grants	14.218		
		B-07-MC-18-0002	\$ 1,425,517
		B-08-MC-18-0002	3,086,242
		B-08-MN-18-003	795,351
		B-09-MC-18-0002	<u>161,495</u>
Total for program			<u>5,468,605</u>
Direct Grant			
Emergency Shelter Grants Program	14.231		
		S-08-MC-18-0002	70,513
		S-09-MC-18-0002	<u>71,762</u>
Total for program			<u>142,275</u>
Direct Grant			
Supportive Housing Program Continuum of Care Grant	14.235		
		IN36B602038	4,088
		IN36B702042	16,205
		IN36B702044	85,831
		IN36B702054	63,555
		IN36B702052	47,236
		IN36B702006	164,225
		IN36B702028	67,778
		IN-0066-B5H020801	44,802
		IN-0070-B5H020801	59,888
		IN-0016-B5H020801	<u>146,455</u>
Total for program			<u>700,063</u>
Direct Grant			
Home Investment Partnership Program	14.239		
		M-02-MC-18-0201	5,000
		M-03-MC-18-0201	54,636
		M-04-MC-18-0201	95,847
		M-05-MC-18-0201	12,740
		M-06-MC-18-0201	243,990
		M-07-MC-18-0201	554,481
		M-08-MC-18-0201	50,837
		M-09-MC-18-0201	17,310
		M-96-MC-18-0201	<u>4,100</u>
Total for program			<u>1,038,941</u>
Direct Grant			
Economic Development Initiative - Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251		
		B-06-SP-IN-0356	34,792
		B-08-SP-IN-0098	<u>44</u>
Total for program			<u>34,836</u>
Direct Grant			
ARRA - Homelessness Prevention and Rapid Rehousing Program	14.257		
		S-09-MY-18-2002	<u>200,000</u>
Direct Grant			
Fair Housing Assistance Program - State and Local	14.401		
		FF205K095016	<u>20,159</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, 2009
(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 HOUSING AND URBAN DEVELOPMENT (continued)</u>			
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii	14.228	DR2-09-007	2,799,570
Total for federal grantor agency			<u>10,404,449</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Public Safety Partnerships and Community Policing Grants Methamphetamine Initiative Law Enforcement Technology	16.710	2007CKWX0267 2008-CK-WX-0604	200,645 <u>109,000</u>
Total for program			<u>309,645</u>
Direct Grant			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-0701 2008-DJ-BX-0587	40,484 <u>22,602</u>
Total for program			<u>63,086</u>
Direct Grant			
ARRA - Recovery Act Edward Byrne Memorial Justice Assistance Grant Program\Grants to Units of Local Government	16.804	2009-SB-B9-0410	<u>48,124</u>
Pass-Through Indiana Criminal Justice Institute			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	08JF002	<u>37,700</u>
Pass-Through Vanderburgh County			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	07-DJ-021 08-DJ-017	4,880 <u>6,500</u>
Total for program			<u>11,380</u>
Pass-Through Indiana State Police			
ARRA - Recovery Act Internet Crimes Against Children Task Force Program	16.800	2009-SN-B9-K051	<u>10,000</u>
Total for federal grantor agency			<u>479,935</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205		
Intersection Improvements - Lincoln and Vann		CMQ-9982	85,061
Median Construction on Lincoln Avenue		A249-09-320055	1,080
Green River Road and Lincoln Avenue		CMAQ-000C(569)	1,588
St. Joe and SR 66		STP-E560(004)	228,441
Marchand Bridge Renovation		A249-09-320197	<u>55,523</u>
Total for cluster			<u>371,693</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, 2009
(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 TRANSPORTATION (continued)</u>			
Pass-Through Indiana Department of Transportation Federal Transit Cluster			
Federal Transit Formula Grants	20.507		
		IN-90-0474	10,362
		IN-90-0554	223,238
		IN-90-0454	19,509
		IN-90-0501	8,201
		IN-90-X583-00	<u>685,671</u>
Total for program			<u>946,981</u>
ARRA - Federal Transit Formula Grants	20.507		
		IN-96-X007	<u>565,942</u>
Total for cluster			<u>1,512,923</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-09-04-01-45	42,839
		PT-10-04-04-39	<u>21,913</u>
Total for program			<u>64,752</u>
Pass-Through Vanderburgh County Alcohol Impaired Driving Counter Measures Incentive Grants I DUI Task Force Indiana Enforcement Grant	20.601		
		K8-2009-03-03-30	39,411
		K8-2010-03-03-30	10,933
Aggressive Driving Enforcement Program		K4-2009-08-01-20	20,668
		K4-2010-08-01-21	<u>10,363</u>
Total for program			<u>81,375</u>
Pass-Through Indiana Department of Transportation State Traffic Safety Information System Improvement Grant	20.610		
		A249-09-321178	<u>192,420</u>
Total for cluster			<u>338,547</u>
Total for federal grantor agency			<u>2,223,163</u>
<u>U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u>			
Direct Grant			
Employment Discrimination Title VII of the Civil Rights Act of 1964	30.001		
		EECCN090042	<u>3,815</u>
Total for federal grantor agency			<u>3,815</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, 2009
(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>			
Pass-Through Indiana Department of Environmental Management Air Pollution Control Program Support	66.001		<u>46,820</u>
Capitalization Grants for Clean Water State Revolving Funds	66.458		
		Evansville 2007	20,562
		WW08138205	3,589,616
		WW08138205	<u>1,382,337</u>
Total for program			<u>4,992,515</u>
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458		
		WW08138205	<u>10,203</u>
Total for federal grantor agency			<u>5,049,538</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Assistance to Firefighters Grant	97.044		
		EMW-2007-FV-01921	300,000
		EMW-2007-FO-11461	60,319
		EMW-2008-FO-11960	<u>47,739</u>
Total for program			<u>408,058</u>
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		
		PA-05-IN-1795-State-0020(19)	507,738
		PA-05-IN-1828-PW-00107(0)	<u>1,186,586</u>
Total for program			<u>1,694,324</u>
Pass-Through Indiana Department of Homeland Security Emergency Management Performance Grant	97.042		
		FY 09	<u>34,217</u>
Pass-Through Indiana Department of Homeland Security Homeland Security State Program	97.073		
		2008-GE-T8-0032	<u>39,444</u>
Total for federal grantor agency			<u>2,176,043</u>
Total federal awards expended			<u>\$ 20,336,943</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 cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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, 2009:

Program Title	Federal CFDA Number	2009
Community Development Block Grant/ Entitlement Grants	14.218	\$ 2,048,954
Emergency Shelter Grants Program	14.231	141,710
Supportive Housing Program	14.235	698,620
Home Investment Partnership Program	14.239	980,534
Economic Development Initiative – Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	31,642
ARRA – Homelessness Prevention and Rapid Rehousing Program	14.257	200,000
Community Development Block Grants/ States Program and Non- Entitlement Grants in Hawaii	14.228	2,724,570
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12,999
ARRA – Recovery Act Edward Byrne Memorial Justice Assistance Grant Program\Grants to Units of Local Government	16.804	48,124
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	37,700

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?	yes
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?	yes
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 for all programs except CDBG, which was qualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
14.235	Supportive Housing Program
14.239	Home Investment Partnership Program
14.228	Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii
	Federal Transit Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.458	ARRA Capitalization Grants for Clean Water State Revolving Funds
97.036	Disaster Grants-Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs: \$610,108

Auditee qualified as low-risk auditee? yes

CITY OF EVANSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

FINDING 2009-1, INTERNAL CONTROLS - ALLOWABLE COSTS

Federal Agency: United States Department of Housing and Urban Development
Federal Program: Community Development Block Grant/Entitlement Grants
CFDA Number: 14.218
Federal Award Number: B-07-MC-0002, B-08-MC-0002, B-09-MC-0002

The City had insufficient controls to monitor compliance with OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments" concerning allocation of salaries to be paid from federal grants.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

The salaries paid to most of the Department of Metropolitan Development Employees were charged to the Community Development Block Grant for work performed that was not documented to meet allowability criteria for activities permitted under the grant.

We recommended that officials institute policies to document salary expenditures according to the cost principles applicable to the Federal grants as contained in Circular A-87.

Section III – Federal Award Findings and Questioned Costs

FINDING 2009-2, INTERNAL CONTROL – ALLOWABLE COSTS

Federal Agency: United States Department of Housing and Urban Development
Federal Program: Community Development Block Grant/Entitlement Grants
CFDA Number: 14.218
Federal Award Number: B-07-MC-0002, B-08-MC-0002, B-09-MC-0002

Salaries and wages of employees of the Department of Metropolitan Development who are paid from grant funds are required to be supported by periodic certifications and/or personnel activity reports which meet specific requirements contained in Attachment A, Circular A-87, General Principles for Determining Allowable Costs. No periodic certifications and/or personnel activity reports had been prepared for any of the employees paid from Federal funds. Instead most of their salaries were charged in full to the Community Development Block Grant.

Attachment B of Circular No. A-87, 8. Compensation for Personal Services states in part:

"8. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

CITY OF EVANSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
- (2) No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.
- (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
 - (a) More than one Federal award,
 - (b) A Federal award and a non-Federal award,
 - (c) An indirect cost activity and a direct cost activity,
 - (d) Two or more indirect activities which are allocated using different allocation bases, or
 - (e) An unallowable activity and a direct or indirect cost activity.
- (5) Personnel activity reports or equivalent documentation must meet the following standards:
 - (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
 - (b) They must account for the total activity for which each employee is compensated,
 - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
 - (d) They must be signed by the employee.
 - (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:

CITY OF EVANSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
 - (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.
- (6) Substitute systems for allocating salaries and wages to Federal awards may be used in place of activity reports. These systems are subject to approval if required by the cognizant agency. Such systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort."

A portion of salaries paid to some Department of Metropolitan Employees was charged to the CDBG grant for work performed that was not documented to meet allowability criteria for activities permitted under the grant.

We recommend that officials institute policies to document salary expenditures according to the cost principles applicable to the Federal grants.

CITY OF EVANSVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

City of Evansville

Department of Metropolitan Development

Corrective Action Plan

Federal Findings

8/31/10

The Department of Metropolitan Development (DMD) was established by municipal code to develop and implement a viable mechanism to provide decent housing, a suitable environment, and expanded economic opportunities to the residents of the city and primarily to those of low and moderate income. The DMD is responsible for planning and implementing the use of funds available through Community Development Block Grant (CDBG) programs. The mission of the Department is to promote community and economic development and to stabilize and revitalize declining neighborhoods within the City of Evansville. To this end, all of the activities of the DMD coincide with the purpose of the CDBG program.

The DMD contains several subsections that contribute to the mission including Neighborhood Inspection Services, more commonly known as Code Enforcement; Historic Preservation; Redevelopment; Brownfield; and Community Development. Although all DMD employees work to carry out the mission of the department, which is consistent with the purpose of the CDBG program, some employees also perform some duties to administer other Federal and non-Federal grants awarded to the City of Evansville and other local funds that come through the DMD.

The Executive Director of DMD has been working with the City administration to institute changes that will rectify any issues created by the above-described situation. Knowing that the City relies on DMD to administer other Federal, non-Federal and local funds, the City is moving the operating costs of the Department into the general fund for 2011. A time allocation system is being implemented to track hours worked by funding source and activity. Federal grant funds will be drawn down only for the actual activity performed as documented by the after-the-fact distribution of the actual activity of each employee. The general fund will be reimbursed by the grant funds to the extent allowable under the grant based on documentation of actual activity.

Detailed spreadsheets will be used to track hours worked by each employee. The tracking sheet will account for the total activity and total number of hours for which each employee is compensated. These reports will be signed by the employee and the supervisor(s) at least monthly and coincide with the bi-weekly pay periods.

Signed: _____


Thomas Barnett, Executive Director, DMD

CITY OF EVANSVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 1, 2010, with Jenny Collins, Controller; Elizabeth Barnes, Deputy Controller; and Roseann Young, Mayor's Chief of Staff. The official response has been made a part of this report and may be found on pages 82 through 87.

September 10, 2010

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

Reference: Official Response to the 2009 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 2009.

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.

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.

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, 2008, and 2009.

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.

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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.

Payment in Lieu of Taxes: IURC Order # 43190 provided the Water Utility a 43.5% increase in rates to be phased-in from January 1, 2008 through January 1, 2010. As you are aware, our nation entered into a severe economic downturn in 2008. The economic downturn had an immediate and profound impact on Evansville Utilities. In the second half of 2008, the utility began to see operating revenues fail to reach budget. For the year, operating revenues were 2.5% less than projected in IURC Order #43190. In addition, the utility was facing significant increases in operating expenses because of higher chemical and energy costs that were not considered in Order #43190. The net impact of higher operating costs was a 9.3% increase in operating expenses excluding depreciation. The impact of lower revenues and higher expenses resulted in a deficit of net revenues available to pay for debt service, replacements and improvements and the PILT transfer totaling \$4,679,088 for 2008 as reported in the Utility's 2008 IURC report.

Given the weak economy, operating revenues for 2009 were not expected to achieve what had been projected in IURC Order #43190. Additionally, the utility was expecting additional increases in operating expenses. Believing that further rate increases would further impair the Evansville economy, the Utility Service Board and the City agreed to suspend PILT transfers. Suspending the PILT transfers meant the utility could meet its cash operating expenses and debt service requirements.

For 2009, operating revenues were \$1,280,255 (7.3%) lower than projected in IURC Order #43190. In addition, operating expenses excluding depreciation and payments in lieu of tax were \$663,001 higher than anticipated in IURC Order #43190. Again, these variances and the fact that PILT was not paid in 2009 were reported in the Utility's 2009 IURC report.

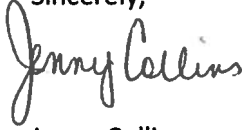
The utility would have been unable to make its cash operating and debt service requirements in 2009 and 2010 had action not been taken by Evansville officials to suspend the PILT transfers. The Evansville City Council was made aware of this situation and removed the payments in lieu of tax from the 2010 budget of the Water Utility.

With respect to the accrual of the 2009 PILT transfer, we are not aware of any instances where the IURC has allowed in a rate proceeding a revenue requirement for an out of period transfer to the city. Additional budgetary cuts have been made by the Water Utility to preserve operating funds and avoid increasing rates during this economic downturn. The net revenues are still not sufficient to resume the PILT transfer at this time. Accordingly, we do not feel it would be appropriate to accrue for the 2009 or 2010 PILT transfers. The City does anticipate resuming PILT transfers in 2011 from the sewer utility since there should be sufficient net revenues due to the rates which were recently increased. The water utility will likely not resume PILT transfers until the next rate order from the IURC.

Additional Compensation: See attached letter from the City's legal counsel.

Internal Controls – Allowable Costs: See Corrective Action Plan within the Schedule of Findings and Questioned Costs.

Sincerely,

A handwritten signature in cursive script that reads "Jenny Collins".

Jenny Collins
Controller
City of Evansville



LAW DEPARTMENT

420 Main Street, Suite 1600
P.O. Box 1065
Evansville, Indiana 47706
(812) 435-6041
Fax No. (812) 402-7977

Jonathan D. Weinzapfel
Mayor

David L. Jones
Corporation Counsel

September 7, 2010

Via E-mail: jcollins@evansvillegis.com

Jenny Collins
Controller, City of Evansville
300 Civic Center Complex
1 N.W. Martin Luther King Jr. Blvd.
Evansville, Indiana 47708

RE: State Board of Accounts Audit Results and Comments
Our Client No. 12505.001-22

Dear Ms. Collins:

I have reviewed the State Board of Accounts "Audit Results and Comments" under the section heading "Additional Compensation (City)." It is my opinion that the results and comments are an incorrect application and interpretation of both the Indiana Code sections cited therein and the City of Evansville Employee Handbook. I will address the points in the audit finding in the order in which they are raised.

"The City Council did not approve the additional compensation." Tom Barnett, the Director of the Department of Metropolitan Development ("DMD"), as well as any other City employee, can receive additional compensation from an unrelated entity as long as there is no conflict of interest between the duties and responsibilities of each position. For example, Evansville City police officers receive compensation from the City for their law enforcement duties, and many of them have off-duty security jobs in which they may actuate their arrest powers if a criminal act is committed in their presence. Tom Barnett's compensation from GAGE is from a non-profit entity and is not compensation from the City. GAGE receives funding from a variety of sources. GAGE receives partial funding from the Evansville Bond Bank, and such funds are not subject to approval of the City Council.

"The City of Evansville Employee Handbook." The provisions cited are taken out of context. The complete section on "Conflict of Interest" from the City of Evansville Employee Handbook is attached hereto. The first cited is not applicable to Mr. Barnett, i.e., "An employee may not receive any payment, fees, services, vacations, or other unusual favors from any person or business organization that does or seeks to do business with the City." This provision is applicable to for-profit entities that bid on City contracts. Mr. Barnett's services as a consultant with GAGE to provide governmental services to the City are not "unusual favors." The other provision cited is misapplied: "A conflict of interest occurs when an employee's private interest interferes or even appears to interfere in any way with the interest of the City." Mr. Barnett's services to GAGE which, in turn, provide services on behalf of the City which are not otherwise rendered by DMD in the area of economic development neither interfere or even appear to interfere in any way with the interest of the City. Mr. Barnett's services, as well as those to GAGE which, in turn, are provided to the City of Evansville, directly serve and benefit the interest of the City of Evansville in its economic development efforts. What is omitted from the "Conflict of Interest" section of the Employee Handbook are the following:

"The existence of a conflict depends upon the circumstances, including the nature and relative importance of the interest involved. A conflict of interest may be present when an employer or employee takes actions or has interests that impair the employee's ability to perform his/her job duties objectively and effectively. The appropriate municipal authorities have deemed the nature and importance of the governmental interests involved in economic development services provided by GAGE and, in turn, Mr. Barnett to be of high importance to the City of Evansville, wholly proper and not a conflict of interest."

"Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts." As set forth herein, the City of Evansville is in compliance with all ordinances, resolutions, and policies it has adopted which are relevant to this matter.


"I.C. 36-4-7-3(b)." The partial statutory citation has been taken out of context and misapplied in this audit finding. I.C. 36-4-7-3(b) states: "Subject to the approval of the city legislative body, the city executive shall fix the compensation of each appointive officer, deputy, and other employee of the city. The legislative body may reduce but may not increase any compensation fixed by the executive. Compensation must be fixed under this section not later than September 30 of each year for the ensuing budget year." This provision refers to the compensations paid to the appointed officers, deputies, or other employees approved in the annual City budget. I.C. 36-4-7-3(b) refers to the compensation set forth in city budgets which are approved by the city legislative body. I.C. 36-4-7-3(b) is in contrast to I.C. 36-4-7-2 (Elected City Officers), which provides a different definition of "compensation" with respect to all elected city

Jenny Collins
September 7, 2010
Page 3

officers. I.C. 36-4-7-2 clearly provides that "compensation" means the total of all money paid to an elected city officer for performing duties as a city officer, REGARDLESS OF THE SOURCE OF FUNDS FROM WHICH THE MONEY IS PAID. I.C. 36-4-7-3 with respect to city officers does not contain the same definition of "compensation": "regardless of the source of funds from which the money is paid." Appointed officers are not restricted as to the sources of compensation they receive from sources other than the annual City budget. Compensation paid to Mr. Barnett by GAGE is in compliance with Indiana law. Mr. Barnett has separate and distinct duties and responsibilities with GAGE which, in turn, provide governmental services to the City of Evansville. The sources of all such funds are neither from the City's annual budget nor monies approved by the City Council. Evansville Bond Bank funds are not subject to approval or appropriation by the City Council.

"I.C. 36-7-14-23." The Indiana Code provision cited is as follows: "Each officer of the unit who has duties in respect to the funds and accounts of the unit shall perform the same duties with respect to the fund and accounts of the department of redevelopment, except as otherwise provided in this chapter. An officer performing these duties is not entitled to any compensation in addition to that paid him by the unit." This provision of the Indiana Code is specific in its application to redevelopment commissions. The Evansville Redevelopment Commission is provided for in separate statute under Indiana Code, separate from the Evansville Department of Metropolitan Development. The Evansville Redevelopment Commission does not have any employees and does not pay any compensation to any employee. Mr. Barnett does not receive any compensation from the Evansville Redevelopment Commission. Evansville Municipal Code 2.50.040(C) provides that the Director of the Metropolitan Development shall report to and give staff assistance to the Redevelopment Commission as deemed necessary by the Mayor. I.C. 36-7-14-23 does not apply to Mr. Barnett's situation as Director of DMD because he is not an employee of the Evansville Redevelopment Commission and does not receive compensation from the Evansville Redevelopment Commission. Should you or the State Board of Accounts require any additional clarification of the applicable law, please contact me at your convenience.

Very truly yours,

CITY OF EVANSVILLE LAW DEPARTMENT

David L. Jones
Corporation Counsel

DLJ/npe
Attachment