

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

ANNUAL FINANCIAL REPORT

2010

CITY OF EVANSVILLE

VANDERBURGH COUNTY, INDIANA



FILED
08/31/2011

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SCHEDULE OF OFFICIALS

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



STATE OF INDIANA
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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 statement(s) of the City of Evansville (City), for the year ended December 31, 2010. These financial statement(s) are the responsibility of the City's management. Our responsibility is to express opinions on these financial statement(s) 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 statement(s) are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement(s). 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 opinion(s).

As discussed in Note 1, the City prepares its financial statement(s) on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement(s) referred to above present fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 27, 2011, 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.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement(s). 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 financial

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

statement(s). Such information has been subjected to the auditing procedures applied in the audit of the financial statement(s) and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement(s) taken as a whole.

Included in the financial statement(s) are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16) and enhanced wireless emergency telephone fees (IC 36-8-16.5). In accordance with Indiana Code 36-8-16-14 and Indiana Code 36-8-16.5-41 these fees have been subject to an annual audit performed by the State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement(s) taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement(s) and, accordingly, we express no opinion on them.

The City's response to the Audit Result(s) and Comment(s) identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

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

June 27, 2011



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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 statement(s) of the City of Evansville (City), for the year ended December 31, 2010, and have issued our report thereon dated June 27, 2011. 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 opinion(s) on the financial statement(s), 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement(s) will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement(s) are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response 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

June 27, 2011

FINANCIAL STATEMENT(S)

CITY OF EVANSVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 7,294,124	\$ 64,433,692	\$ 69,641,676	\$ 2,086,140
Motor Vehicle Highway	2,353,733	4,493,783	4,928,281	1,919,235
Local Road And Street	6,464,823	1,354,792	1,962,011	5,857,604
Donations	677,178	829,119	510,370	995,927
Parking	286,006	492,932	546,811	232,127
Parks And Recreation	4,109,372	9,951,329	9,497,576	4,563,125
Fire Donation	1,293	-	906	387
Grant, Misc	1,100,079	1,504,814	1,279,662	1,325,231
Rainy Day	2,042,429	1,031,784	-	3,074,213
Law Enforcement	42,882	161,397	135,338	68,941
Golf Course	519,153	1,419,265	1,492,416	446,002
County Option Income Tax	10,533,865	14,704,444	14,579,182	10,659,127
Municipal Code Revolving	3,585	700	3,794	491
Greenway	1,124,793	1,387,372	555,329	1,956,836
Sports	10,112	309,690	317,032	2,770
Zoo Animal Revolving	47,312	1,306	8,309	40,309
Rental Rehab	90,829	-	5,000	85,829
Certified Tech Park	584,342	2,245	148,574	438,013
Eda Revolving Loan Fund	1,147,366	1,176	637	1,147,905
Home Investment Trust	(99,803)	766,370	682,725	(16,158)
Community Dev Block Grant	6,795	3,161,725	3,751,810	(583,290)
Old Post Office	237,476	-	525	236,951
Economic Development Loan	793,373	655,729	236,171	1,212,931
Continum Care	(94,075)	249,002	154,927	
Police Narcotics	16,619	19,042	18,623	17,038
Emergency Shelter Grant	(170,236)	671,235	629,365	(128,366)
Building Code Books	2,593	-	-	2,593
Bicycle License	2,312	263	-	2,575
Sidewalk Program	149,121	60,656	381	209,396
Erc Capital Non Reverting	1,953,731	71,770	12,880	2,012,621
Housing Trust	224,925	9,156	27	234,054
Recovery Act Justice Grant	195,268	19,148	214,196	220
Federal Grants	6,250	94,275	92,192	8,333
Hud Fair Housing	99,841	27,743	43,876	83,708
Equal Emp Opportunity Commission	141,617	34,800	47,957	128,460
Master Tif Projects	14,768,234	6,527,754	8,043,880	13,252,108
Food And Beverage Tax Distribution	192,642	390,283	-	582,925
Locust Hill Perpetual Care	126,256	2,394	448	128,202
Oakhill Perpetual Care	713,297	6,831	1,070	719,058
Civil Defense Donation Fund	2,567	-	-	2,567
Colman Trust	11,698	33	-	11,731
Mattie J Bayard Trust	6,058	-	-	6,058
R T Legler Trust	2,134	5	-	2,139
Cdbg-City Bank Of Evansville	394,569	4,724	-	399,293
Cdbg-City Evansville Commerce	588,224	501,301	350,131	739,394
Special Revenue - Other	4,804	240	87	4,957
General Obligation Bond	257,882	26,064	284,864	(918)
Park District Bond	859,095	10,423,698	10,411,874	870,919
Tax Incremental Financing Debt #2	587,698	421,143	420,517	588,324
Park Bond Of 2003	386,845	-	102,459	284,386
Redevelopment Bond	383,066	250,179	539,339	93,906
Redevelopment Bond #2	26,446	26,544,226	26,544,226	26,446
General Obligation # 2	406,516	-	4,856	401,660

The notes to the financial statement(s) are an integral part of this statement.

CITY OF EVANSVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Sidewalk Improvement Bond	78,419	-	-	78,419
Redevelopment Arena Ban 2008	32,151	-	-	32,151
2009 Arena Ban Series A	13,642	21,637,985	21,603,703	47,924
2009 Arena Ban Series B	-	27,742	27,742	-
Debt Service - Other	1	5,482,941	4,800,762	682,180
Cumulative Capital Development	-	355,988	355,988	-
Riverboat Capital Project	13,707,689	22,864,447	11,656,841	24,915,295
Purchasing Internal Service	90,612	440,589	480,822	50,379
Self Insurance #2	340,796	62,481	71,054	332,223
Self Insurance #3	4,961	-	4,961	-
Self Insurance #4	137,734	1,040,462	950,104	228,092
Self Insurance # 5	699,569	2,723,214	2,472,495	950,288
Hospitalization	6,868,756	18,417,760	16,930,814	8,355,702
Police Pension	2,801,087	7,664,302	6,742,734	3,722,655
Fire Pension	3,322,549	6,330,306	5,061,392	4,591,463
Payroll	574,277	63,303,797	63,240,504	637,570
Direct Deposit Clearing	-	46,305,967	46,305,967	-
Payroll #2	-	1,995,754	1,995,754	-
Accounts Payable #1	(7,473)	181,610	179,635	(5,498)
Oakhill Lease Escrow	5,377	-	-	5,377
Electronic Tax Payments	352	15,008,820	15,009,172	-
Wastewater Util-Bond And Interest	1,462,370	2,928,950	2,924,725	1,466,595
Wastewater Utility-Other #1	1,244,865	749,996	349,702	1,645,159
Sewer Payroll	13,903	3,587,523	3,588,645	12,781
Sewer Operating	4,683,337	35,184,447	31,438,502	8,429,282
2007 Srf Construction Fund	-	5	5	-
2007 Srf Reserve Fund	6,176,463	11,763,575	8,774,704	9,165,334
2007 Srf Sinking Fund	2,905,089	5,922,362	5,567,167	3,260,284
2008 Srf Construction Fund	5,385,083	13,296	965,005	4,433,374
2008 Sewer Bond Anticipation	-	567,944	567,944	-
2009 Sewer Bond Note Series B	35	221,751	221,786	-
Sewer Debt Service Reserves	9	-	-	9
Srfww-Evansville 09	4,000,000	6,178	4,006,178	-
Srfww - Evansville 09	-	5,741,230	5,741,230	-
Srfww Evansville 10	-	766,514	766,514	-
Sewage 2010B-1 Construction	-	22,295,051	460,172	21,834,879
Sewage 2010B-2 Construction	-	49,476	49,476	-
Sewage 2010B1 Bond Fund	-	414,147	288,402	125,745
Sewage 2010 B2 Bond Fund	-	1,891	-	1,891
Water Utility-Operating	3,087,982	55,237,485	53,736,498	4,588,969
Water Utility-Other #1	187,361	-	-	187,361
Water Utility-Other #11	962,817	170,684	166,335	967,166
Water Utility-Other #12	21,055	-	21,055	-
Water Utility-Other #13	18,833	4,767,591	4,751,316	35,108
Water Utility-Other #14	2,726,120	4,990,122	4,156,181	3,560,061
Water Utility-Other #16	1,500	-	1,500	-
Water Utility-Other #18	11,371,866	21,211	6,986,946	4,406,131
2008 Waterworkd Bond Series	754	1,668,544	1,668,544	754
	<hr/> <u>\$ 134,537,055</u>	<hr/> <u>\$ 523,933,767</u>	<hr/> <u>\$ 493,291,286</u>	<hr/> <u>\$ 165,179,536</u>

The notes to the financial statement(s) are an integral part of this statement.

**CITY OF EVANSVILLE, VANDERBURGH COUNTY
NOTES TO FINANCIAL STATEMENT(S)**

Note 1. 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 some or all of 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, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF EVANSVILLE, VANDERBURGH COUNTY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF EVANSVILLE, VANDERBURGH COUNTY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF EVANSVILLE, VANDERBURGH COUNTY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be 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.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 this 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 members' contributions, set by state statute at 3 percent 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. That report may be obtained by contacting:

CITY OF EVANSVILLE, VANDERBURGH COUNTY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

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 Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan 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 Indiana Code 5-10.3-11.

CITY OF EVANSVILLE, VANDERBURGH COUNTY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. 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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Evansville's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF EVANSVILLE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Donations	Parking	Parks And Recreation
Cash and investments - beginning	\$ 7,294,124	\$ 2,353,733	\$ 6,464,823	\$ 677,178	\$ 286,006	\$ 4,109,372
Receipts:						
Taxes	45,613,746	879,780	-	-	-	7,199,401
Licenses and permits	611,498	-	-	-	-	-
Intergovernmental	2,548,308	3,299,438	1,327,475	-	-	-
Charges for services	5,668,580	246,875	-	-	491,163	1,807,850
Fines and forfeits	750,292	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	9,241,268	67,690	27,317	829,119	1,769	944,078
Total receipts	64,433,692	4,493,783	1,354,792	829,119	492,932	9,951,329
Disbursements:						
Personal services	60,362,546	3,226,545	740,992	-	146,322	5,426,760
Supplies	2,410,925	718,169	12,252	13,932	8,272	553,394
Other services and charges	5,626,338	968,550	180,938	492,948	242,217	3,458,711
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	652,096	15,017	859,347	2,490	-	30,000
Utility operating expenses	-	-	-	-	-	-
Other disbursements	589,771	-	168,482	1,000	150,000	28,711
Total disbursements	69,641,676	4,928,281	1,962,011	510,370	546,811	9,497,576
Excess (deficiency) of receipts over disbursements	(5,207,984)	(434,498)	(607,219)	318,749	(53,879)	453,753
Cash and investments - ending	\$ 2,086,140	\$ 1,919,235	\$ 5,857,604	\$ 995,927	\$ 232,127	\$ 4,563,125

CITY OF EVANSVILLE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Fire Donation	Grant, Misc	Rainy Day	Law Enforcement	Golf Course	County Option Income Tax
Cash and investments - beginning	\$ 1,293	\$ 1,100,079	\$ 2,042,429	\$ 42,882	\$ 519,153	\$ 10,533,865
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	35,967	-	-
Intergovernmental	-	1,233,167	1,022,086	-	-	13,263,234
Charges for services	-	19,250	-	52,114	1,392,474	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	252,397	9,698	73,316	26,791	1,441,210
Total receipts	-	1,504,814	1,031,784	161,397	1,419,265	14,704,444
Disbursements:						
Personal services	-	25,631	-	-	710,364	-
Supplies	906	39	-	6,484	237,775	-
Other services and charges	-	1,253,992	-	128,854	474,277	6,979,182
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	70,000	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	7,600,000
Total disbursements	906	1,279,662	-	135,338	1,492,416	14,579,182
Excess (deficiency) of receipts over disbursements	(906)	225,152	1,031,784	26,059	(73,151)	125,262
Cash and investments - ending	\$ 387	\$ 1,325,231	\$ 3,074,213	\$ 68,941	\$ 446,002	\$ 10,659,127

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Municipal Code Revolving	Greenway	Sports	Zoo Animal Revolving	Rental Rehab	Certified Tech Park
Cash and investments - beginning	\$ 3,585	\$ 1,124,793	\$ 10,112	\$ 47,312	\$ 90,829	\$ 584,342
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	232,528	-	-	-	-
Charges for services	700	-	285,452	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,154,844	24,238	1,306	-	2,245
Total receipts	700	1,387,372	309,690	1,306	-	2,245
Disbursements:						
Personal services	-	-	219,462	-	-	-
Supplies	3,794	-	14,653	-	-	-
Other services and charges	-	-	82,817	-	5,000	148,574
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	555,329	-	8,309	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	100	-	-	-
Total disbursements	3,794	555,329	317,032	8,309	5,000	148,574
Excess (deficiency) of receipts over disbursements	(3,094)	832,043	(7,342)	(7,003)	(5,000)	(146,329)
Cash and investments - ending	\$ 491	\$ 1,956,836	\$ 2,770	\$ 40,309	\$ 85,829	\$ 438,013

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Eda Revolving Loan Fund	Home Investment Trust	Community Dev Block Grant	Old Post Office	Economic Development Loan	Continum Care
Cash and investments - beginning	\$ 1,147,366	\$ (99,803)	\$ 6,795	\$ 237,476	\$ 793,373	\$ (94,075)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	760,463	2,902,962	-	-	249,002
Charges for services	-	-	174,639	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,176	5,907	84,124	-	655,729	-
Total receipts	1,176	766,370	3,161,725	-	655,729	249,002
Disbursements:						
Personal services	-	46,599	1,675,516	-	-	-
Supplies	-	303	32,358	-	-	-
Other services and charges	637	622,608	1,995,603	525	227,243	154,327
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	33,566	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	13,215	14,767	-	8,928	600
Total disbursements	637	682,725	3,751,810	525	236,171	154,927
Excess (deficiency) of receipts over disbursements	539	83,645	(590,085)	(525)	419,558	94,075
Cash and investments - ending	\$ 1,147,905	\$ (16,158)	\$ (583,290)	\$ 236,951	\$ 1,212,931	\$ -

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Police Narcotics	Emergency Shelter Grant	Building Code Books	Bicycle License	Sidewalk Program	Erc Capital Non Reverting
Cash and investments - beginning	\$ 16,619	\$ (170,236)	\$ 2,593	\$ 2,312	\$ 149,121	\$ 1,953,731
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	263	-	-
Intergovernmental	19,042	649,161	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	22,074	-	-	60,656	71,770
Total receipts	19,042	671,235	-	263	60,656	71,770
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	47	-	-	-	-	-
Other services and charges	-	629,365	-	-	381	12,880
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	18,576	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	18,623	629,365	-	-	381	12,880
Excess (deficiency) of receipts over disbursements	419	41,870	-	263	60,275	58,890
Cash and investments - ending	\$ 17,038	\$ (128,366)	\$ 2,593	\$ 2,575	\$ 209,396	\$ 2,012,621

CITY OF EVANSVILLE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Housing Trust	Recovery Act Justice Grant	Federal Grants	Hud Fair Housing	Equal Emp Opportunity Commission	Master Tif Projects
Cash and investments - beginning	\$ 224,925	\$ 195,268	\$ 6,250	\$ 99,841	\$ 141,617	\$ 14,768,234
Receipts:						
Taxes	-	-	-	-	-	6,445,995
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	19,148	94,275	16,615	34,800	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	9,156	-	-	11,128	-	81,759
Total receipts	9,156	19,148	94,275	27,743	34,800	6,527,754
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	88,845	-	-	-	-
Other services and charges	27	4,331	92,192	13,876	17,957	922,049
Debt service - principal and interest	-	-	-	-	-	1,109,970
Capital outlay	-	121,020	-	-	-	149,191
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	30,000	30,000	5,862,670
Total disbursements	27	214,196	92,192	43,876	47,957	8,043,880
Excess (deficiency) of receipts over disbursements	9,129	(195,048)	2,083	(16,133)	(13,157)	(1,516,126)
Cash and investments - ending	\$ 234,054	\$ 220	\$ 8,333	\$ 83,708	\$ 128,460	\$ 13,252,108

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Food And Beverage Tax Distribution	Locust Hill Perpetual Care	Oakhill Perpetual Care	Civil Defense Donation Fund	Colman Trust	Mattie J Bayard Trust
Cash and investments - beginning	\$ 192,642	\$ 126,256	\$ 713,297	\$ 2,567	\$ 11,698	\$ 6,058
Receipts:						
Taxes	390,283	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	2,356	6,325	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	38	506	-	33	-
Total receipts	390,283	2,394	6,831	-	33	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	448	1,070	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	448	1,070	-	-	-
Excess (deficiency) of receipts over disbursements	390,283	1,946	5,761	-	33	-
Cash and investments - ending	\$ 582,925	\$ 128,202	\$ 719,058	\$ 2,567	\$ 11,731	\$ 6,058

CITY OF EVANSVILLE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	R T Legler Trust	Cdbg-City Bank Of Evansville	Cdbg-City Evansville Commerce	Special Revenue - Other	General Obligation Bond	Park District Bond
Cash and investments - beginning	\$ 2,134	\$ 394,569	\$ 588,224	\$ 4,804	\$ 257,882	\$ 859,095
Receipts:						
Taxes	-	-	-	-	26,036	1,081,013
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	240	28	680
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	5	4,724	501,301	-	-	9,342,005
Total receipts	5	4,724	501,301	240	26,064	10,423,698
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	350,131	87	-	97,750
Debt service - principal and interest	-	-	-	-	284,864	1,072,474
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	9,241,650
Total disbursements	-	-	350,131	87	284,864	10,411,874
Excess (deficiency) of receipts over disbursements	5	4,724	151,170	153	(258,800)	11,824
Cash and investments - ending	\$ 2,139	\$ 399,293	\$ 739,394	\$ 4,957	\$ (918)	\$ 870,919

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Tax Incremental Financing Debt #2	Park Bond Of 2003	Redevelopment Bond	Redevelopment Bond #2	General Obligation # 2	Sidewalk Improvement Bond
Cash and investments - beginning	\$ 587,698	\$ 386,845	\$ 383,066	\$ 26,446	\$ 406,516	\$ 78,419
Receipts:						
Taxes	421,000	-	100,073	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	106	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	143	-	150,000	26,544,226	-	-
Total receipts	421,143	-	250,179	26,544,226	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	102,459	2,045	-	4,856	-
Debt service - principal and interest	420,517	-	537,294	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	26,544,226	-	-
Total disbursements	420,517	102,459	539,339	26,544,226	4,856	-
Excess (deficiency) of receipts over disbursements	626	(102,459)	(289,160)	-	(4,856)	-
Cash and investments - ending	\$ 588,324	\$ 284,386	\$ 93,906	\$ 26,446	\$ 401,660	\$ 78,419

CITY OF EVANSVILLE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	2009 Redevelopment Arena Ban 2008	2009 Arena Ban Series A	2009 Arena Ban Series B	Debt Service - Other	Cumulative Capital Development	Riverboat Capital Project
Cash and investments - beginning	\$ 32,151	\$ 13,642	\$ -	\$ 1	\$ -	\$ 13,707,689
Receipts:						
Taxes	-	-	-	-	-	7,460,394
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	355,988	3,652,831
Charges for services	-	-	-	-	-	1,212,554
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	21,637,985	27,742	5,482,941	-	10,538,668
Total receipts	-	21,637,985	27,742	5,482,941	355,988	22,864,447
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	290,271	290,271
Other services and charges	-	3,850,761	27,742	70,762	-	81,956
Debt service - principal and interest	-	-	-	4,730,000	-	1,151,860
Capital outlay	-	17,752,942	-	-	-	7,893,029
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	355,988	2,239,725
Total disbursements	-	21,603,703	27,742	4,800,762	355,988	11,656,841
Excess (deficiency) of receipts over disbursements	-	34,282	-	682,179	-	11,207,606
Cash and investments - ending	\$ 32,151	\$ 47,924	\$ -	\$ 682,180	\$ -	\$ 24,915,295

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Purchasing Internal Service	Self Insurance #2	Self Insurance #3	Self Insurance #4	Self Insurance #5	Hospitalization
Cash and investments - beginning	\$ 90,612	\$ 340,796	\$ 4,961	\$ 137,734	\$ 699,569	\$ 6,868,756
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	440,589	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	62,481	-	1,040,462	2,723,214	18,417,760
Total receipts	440,589	62,481	-	1,040,462	2,723,214	18,417,760
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	480,822	71,054	4,961	950,104	2,472,495	16,930,814
Total disbursements	480,822	71,054	4,961	950,104	2,472,495	16,930,814
Excess (deficiency) of receipts over disbursements	(40,233)	(8,573)	(4,961)	90,358	250,719	1,486,946
Cash and investments - ending	\$ 50,379	\$ 332,223	\$ -	\$ 228,092	\$ 950,288	\$ 8,355,702

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Police Pension	Fire Pension	Payroll	Direct Deposit Clearing	Payroll #2	Accounts Payable #1
Cash and investments - beginning	\$ 2,801,087	\$ 3,322,549	\$ 574,277	\$ -	\$ -	\$ (7,473)
Receipts:						
Taxes	253,604	252,578	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	7,409,586	6,076,101	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,112	1,627	63,303,797	46,305,967	1,995,754	181,610
Total receipts	<u>7,664,302</u>	<u>6,330,306</u>	<u>63,303,797</u>	<u>46,305,967</u>	<u>1,995,754</u>	<u>181,610</u>
Disbursements:						
Personal services	6,733,809	5,056,415	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	8,925	4,977	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	63,240,504	46,305,967	1,995,754	179,635
Total disbursements	<u>6,742,734</u>	<u>5,061,392</u>	<u>63,240,504</u>	<u>46,305,967</u>	<u>1,995,754</u>	<u>179,635</u>
Excess (deficiency) of receipts over disbursements	<u>921,568</u>	<u>1,268,914</u>	<u>63,293</u>	<u>-</u>	<u>-</u>	<u>1,975</u>
Cash and investments - ending	<u>\$ 3,722,655</u>	<u>\$ 4,591,463</u>	<u>\$ 637,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,498)</u>

CITY OF EVANSVILLE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Oakhill Lease Escrow	Electronic Tax Payments	Wastewater Util-Bond And Interest	Wastewater Utility-Other #1	Sewer Payroll	Sewer Operating
Cash and investments - beginning	\$ 5,377	\$ 352	\$ 1,462,370	\$ 1,244,865	\$ 13,903	\$ 4,683,337
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	27,413,918
Other receipts	-	15,008,820	2,928,950	749,996	3,587,523	7,770,529
Total receipts	-	15,008,820	2,928,950	749,996	3,587,523	35,184,447
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	2,924,725	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	349,702	-	15,429,278
Other disbursements	-	15,009,172	-	-	3,588,645	16,009,224
Total disbursements	-	15,009,172	2,924,725	349,702	3,588,645	31,438,502
Excess (deficiency) of receipts over disbursements	-	(352)	4,225	400,294	(1,122)	3,745,945
Cash and investments - ending	\$ 5,377	\$ -	\$ 1,466,595	\$ 1,645,159	\$ 12,781	\$ 8,429,282

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	2007 Srf Construction Fund	2007 Srf Reserve Fund	2007 Srf Sinking Fund	2008 Srf Construction Fund	2008 Sewer Bond Anticipation	2009 Sewer Bond Note Series B
Cash and investments - beginning	\$ -	\$ 6,176,463	\$ 2,905,089	\$ 5,385,083	\$ -	\$ 35
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	5	11,763,575	5,922,362	13,296	567,944	221,751
Total receipts	5	11,763,575	5,922,362	13,296	567,944	221,751
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	965,005	567,944	221,786
Other disbursements	5	8,774,704	5,567,167	-	-	-
Total disbursements	5	8,774,704	5,567,167	965,005	567,944	221,786
Excess (deficiency) of receipts over disbursements	-	2,988,871	355,195	(951,709)	-	(35)
Cash and investments - ending	\$ -	\$ 9,165,334	\$ 3,260,284	\$ 4,433,374	\$ -	\$ -

CITY OF EVANSVILLE
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Sewer Debt Service Reserves	Srfww 09	Srfww Evansville 09	Srfww Evansville 10	Sewage 2010B-1 Construction	Sewage 2010B-2 Construction
	\$ 9	\$ 4,000,000	\$ -	\$ -	\$ -	\$ -
Cash and investments - beginning						
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	6,178	5,741,230	766,514	22,295,051	49,476
Total receipts	-	6,178	5,741,230	766,514	22,295,051	49,476
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	4,000,000	5,741,230	-	149,859	49,476
Other disbursements	-	6,178	-	766,514	310,313	-
Total disbursements	-	4,006,178	5,741,230	766,514	460,172	49,476
Excess (deficiency) of receipts over disbursements	-	(4,000,000)	-	-	21,834,879	-
Cash and investments - ending	\$ 9	\$ -	\$ -	\$ -	\$ 21,834,879	\$ -

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Sewage 2010B1 Bond Fund	Sewage 2010 B2 Bond Fund	Water Utility-Operating	Water Utility-Other #1	Water Utility-Other #11	Water Utility-Other #12
Cash and investments - beginning	\$ -	\$ -	\$ 3,087,982	\$ 187,361	\$ 962,817	\$ 21,055
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	18,017,127	-	-	-
Other receipts	414,147	1,891	37,220,358	-	170,684	-
Total receipts	414,147	1,891	55,237,485	-	170,684	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	288,402	-	10,476,160	-	-	-
Other disbursements	-	-	43,260,338	-	166,335	21,055
Total disbursements	288,402	-	53,736,498	-	166,335	21,055
Excess (deficiency) of receipts over disbursements	125,745	1,891	1,500,987	-	4,349	(21,055)
Cash and investments - ending	\$ 125,745	\$ 1,891	\$ 4,588,969	\$ 187,361	\$ 967,166	\$ -

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Utility-Other #13	Water Utility-Other #14	Water Utility-Other #16	Water Utility-Other #18	2008 Waterworkd Bond Series	Totals
Cash and investments - beginning	\$ 18,833	\$ 2,726,120	\$ 1,500	\$ 11,371,866	\$ 754	\$ 134,537,055
Receipts:						
Taxes	-	-	-	-	-	70,123,903
Licenses and permits	-	-	-	-	-	647,728
Intergovernmental	-	-	-	-	-	45,166,210
Charges for services	-	-	-	-	-	11,801,975
Fines and forfeits	-	-	-	-	-	750,292
Utility fees	-	-	-	-	-	45,431,045
Other receipts	4,767,591	4,990,122	-	21,211	1,668,544	350,012,614
Total receipts	4,767,591	4,990,122	-	21,211	1,668,544	523,933,767
Disbursements:						
Personal services	-	-	-	-	-	84,370,961
Supplies	-	-	-	-	-	4,393,937
Other services and charges	-	-	-	-	-	29,338,850
Debt service - principal and interest	-	4,156,181	-	-	1,668,544	18,056,429
Capital outlay	-	-	-	-	-	28,160,912
Utility operating expenses	4,751,316	-	-	5,318,402	-	48,308,560
Other disbursements	-	-	1,500	1,668,544	-	280,661,637
Total disbursements	4,751,316	4,156,181	1,500	6,986,946	1,668,544	493,291,286
Excess (deficiency) of receipts over disbursements	16,275	833,941	(1,500)	(6,965,735)	-	30,642,481
Cash and investments - ending	\$ 35,108	\$ 3,560,061	\$ -	\$ 4,406,131	\$ 754	\$ 165,179,536

CITY OF EVANSVILLE
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Arena	\$ 122,410,000	\$ -
2009 Ferrara Fire Apparatus	523,895	71,588
Notes and Loans Payable:		
Energy Savings Loan	322,478	115,647
South Sector Police Station	118,773	123,524
Computer Refresh Program	716,766	259,363
Bonds payable:		
General obligation bonds:		
2001 Park District Bonds	665,000	679,963
2003 Park District Bonds	14,830,000	1,649,202
2004 Redevelopment District Refunding	280,000	284,900
2010 Park District Refunding Bonds	9,255,000	734,872
Economic Development Bonds:		
2008 Economic Development Bonds	4,055,000	507,101
Tax Increment Bonds:		
2002 Redevelopment TIF Bonds	4,095,000	421,598
2008 Redevelopment BANS	495,540	495,540
2010 Redevelopment TIF Bonds	<u>4,790,000</u>	<u>480,854</u>
Total governmental activities debt	<u>\$ 162,557,452</u>	<u>\$ 5,824,152</u>
 Business-type Activities:		
Water Utility		
Revenue bonds:		
2004 Water Revenue Bonds	22,285,000	1,524,134
2005 Water Refunding Revenue Bonds	5,985,000	969,663
2008 Water Construction Bonds	<u>36,000,000</u>	<u>2,456,941</u>
Total Water Utility	<u>64,270,000</u>	<u>4,950,738</u>
Wastewater Utility		
Loans:		
1993 Wastewater State Revolving Loan	409,000	150,360
1998 Wastewater State Revolving Loan	7,273,510	1,035,932
2004 Wastewater State Revolving Loan	6,052,000	494,532
2007 Wastewater State Revolving Loan	31,349,000	2,545,978
2008 Wastewater State Revolving Loan	17,144,000	1,273,894
2009 Wastewater State Revolving Loan	9,062,216	80,368
2010 Wastewater State Revolving Loan	766,514	11,692
Revenue bonds:		
1997 Wastewater Refunding Bonds	1,285,000	1,349,250
2003 Wastewater Refunding Bonds	30,385,000	1,575,412
2010 Wastewater Revenue Bonds B-1	27,450,000	880,216
2010 Wastewater Revenue Bonds B-2	<u>1,390,000</u>	<u>13,234</u>
Total Wastewater Utility	<u>132,566,240</u>	<u>9,410,868</u>
Total business-type activities debt	<u>\$ 196,836,240</u>	<u>\$ 14,361,606</u>

**CITY OF EVANSVILLE
AUDIT RESULTS AND COMMENTS**

ADDITIONAL COMPENSATION (City)

The Executive Director of the Department of Metropolitan Development received a salary of \$71,183.79 from the City for the year 2010. 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."

The Executive Director salary paid from the City was increased in 2011 and the payment from the non-profit agency was discontinued which corrects the situation.

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)

Indiana Code 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. . . ."

Indiana Code 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."

FEES CHARGED FOR COPIES (City)

The Evansville City/Vanderburgh County Central Dispatch Department charged one dollar per page for copies of run cards during the years 2006, 2007, 2008, 2009 and 2010. The fee was greater than allowed by Indiana Code 5-14-3-8. On October 28, 2010, the policy was revised and the Evansville City/ Vanderburgh County Central Dispatch Department started charging ten cents per page.

The fee for copying documents may not exceed the greater of: (1) ten cents per page for copies that are not color copies and twenty-five cents per page for color copies; or (2) the actual cost of copying the document. (IC 5-14-3-8) (Cities and Towns Bulletin and Uniform Compliance Guidelines, June 2009, page 15)

ANNUAL REPORT (City)

The Annual Report filed for the year 2010 was incorrect. Three funds were included that were not City funds and the proceeds and expenditure of two bond issues were not included in the receipts and disbursements. The total receipts, total disbursements and total ending balance were materially overstated.

CITY OF EVANSVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

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

BUY MONEY - POLICE (City)

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

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

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

PARKING METER FEES (City)

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

Indiana Code 36-9-12-4(a) states: "A municipality must provide, by ordinance, that: (1) All license fees collected from parking meters shall be deposited with the municipal fiscal officer; (2) the fees shall be deposited to the credit of the municipality in a special fund; and (3) disbursements from the special fund may be made only on orders of the municipal works board, or board of transportation and only for the purposes listed in subsection (b)."

SEPARATE BANK ACCOUNTS (City, Water and Wastewater Utilities)

As stated in several prior reports, Evansville Water Utility funds, Evansville Wastewater Utility funds 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 June 27, 2011, a review had not been completed for the years 2006, 2007, 2008, 2009, and 2010.

**CITY OF EVANSVILLE
AUDIT RESULTS AND COMMENTS
(Continued)**

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)

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)

OVERDRAWN CASH BALANCES (City)

The cash balance of the General Fund, Park District Bond Fund, Redevelopment Bond Fund, Sewer Payroll Fund, Sports Fund, Home Investment Trust Fund, Community Development Block Grant Fund, Continuum Care Fund, Police Narcotics Fund, Emergency Shelter Grant Fund, Water Utility - Other #13 Fund, Accounts Payable #1 Fund and Payroll #2 Fund were overdrawn in 2010.

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)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Compliance

We have audited the compliance of the City of Evansville (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. 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 items 2010-2 and 2010-3 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding activities allowed and allowable costs that are applicable to its CDBG Entitlement Grants Cluster. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the City did not comply in all material respects, with the requirements referred to above that are applicable to CDBG Entitlement Grants Cluster.

In our opinion, 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, 2010.

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

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2010-2 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2010-3, to be a significant deficiency.

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 the response.

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

June 27, 2011

CITY OF EVANSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

<u>Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity (or Other) Identifying Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	B-08-MC-18-0002 B-08-MN-18003 B-09-MC-18-0002	\$ 70,257 486,645 <u>2,853,582</u>
Total for program			<u>3,410,484</u>
Community Development Block Grant ARRA Entitlement Grants	14.253	B-09-MY-18-0002	<u>294,093</u>
Total for cluster			<u>3,704,577</u>
Direct Grant			
Emergency Shelter Grants Program	14.231	S-09-MC-18-0002 S-10-MC-18-0002	78,581 <u>49,065</u>
Total for program			<u>127,646</u>
Direct Grant			
Supportive Housing Program	14.235	IN-0016-B5H020801 IN-0038-B5H020801 IN-0066-B5H020801 IN-0070-B5H020801 IN36B702006 IN36B702028 IN36B702052	83,415 20,636 29,886 39,437 50,974 8,523 <u>16,131</u>
Total for program			<u>249,002</u>
Direct Grant			
Home Investment Partnerships Program	14.239	M-06-MC-18-0201 M-07-MC-18-0201 M-08-MC-18-0201 M-09-MC-18-0201 M-10-MC-18-0201 M-96-MC-18-0201	73,481 222,018 349,381 94,300 98 <u>308</u>
Total for program			<u>739,586</u>
Direct Grant			
Economic Development Initiative - Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-06-SP-IN-0356 B-08-SP-IN-0098	59,535 <u>44</u>
Total for program			<u>59,579</u>
Direct Grant			
ARRA - Homelessness Prevention and Rapid Rehousing Program	14.257	S-09-MY-18-2002	<u>521,514</u>
Direct Grant			
Fair Housing Assistance Program - State and Local	14.401	FF205K095016	<u>27,576</u>
Pass-Through Indiana Office of Community and Rural Affairs			
CDBG - State-Administered Small Cities Program Cluster			
Community Development Block Grants/States Program	14.228	DR2-09-007	<u>200,430</u>
Total for federal grantor agency			<u>5,629,910</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607	BOBX09050023	<u>2,989</u>

The accompanying note(s) 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, 2010
(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.S. DEPARTMENT OF JUSTICE (continued)			
Direct Grant			
Public Safety Partnership and Community Policing Grants	16.710		
Methamphetamine Initiative		2007-CK-WX-0267	31,296
Law Enforcement Technology		2008-CK-WX-0604	<u>92,192</u>
Total for program			<u>123,488</u>
Direct Grant			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		
2008-DJ-BX-0587			3,612
2009-DJ-BX-0055			<u>57,570</u>
Totals for program			<u>61,182</u>
Direct Grant			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program\Grants to Units of Local Government	16.804		
2009-SB-B9-0410			<u>222,460</u>
Pass-Through Indiana Criminal Justice Institute			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540		
09-JF-030			<u>37,700</u>
Pass-Through Vanderburgh County			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		
08-DJ-017			<u>19,381</u>
Total for federal grantor agency			<u>467,200</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205		
Intersection Improvements - Lincoln and Vann		CMQ-9982	11,365
Green River Road and Lincoln Avenue		CMAQ-000C(569)	239
St. Joe and SR 66		STP-E560(004)	3,091
Oak Hill Road From Highway 41 to SR 62		DES-0101271	103,111
Intersection Improvements - Lincoln Avenue		DES-08100012-R3191	19,384
Pigeon Creek Greenway Phase 3C-5		DES-08100043	77,027
Renovation of Joan Marchand Bridge		DES-0401193	63
Bike Racks		DES-0088090	<u>36,364</u>
Total for Program			<u>250,644</u>
ARRA - Highway Planning and Construction	20.205		
Pigeon Creek Greenway Phase 3C-2		DES-0900384	<u>32,936</u>
Total for cluster			<u>283,580</u>
Pass-Through Indiana Department of Transportation			
Federal Transit Cluster			
ARRA - Federal Transit - Capital Investment Grants	20.500	IN-04-0027-00	<u>480,000</u>
Federal Transit Formula Grants	20.507		
IN-90-0474			2,988
IN-90-0554			3,660
IN-90-X583-00			<u>750,647</u>
Total for program			<u>757,295</u>
ARRA - Federal Transit Formula Grants	20.507		
IN-96-0007			<u>1,889,888</u>
Total for cluster			<u>3,127,183</u>
Pass-Through Indiana Department of Transportation			
Transit Services Program Cluster			
Job Access - Reverse Commute	20.516		
IN-37-X1020-00			<u>128,792</u>

The accompanying note(s) 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, 2010
(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 (continued)			
Transit Services Program Cluster (continued)			
New Freedom Program	20.521	IN-57-X057-00	<u>106,898</u>
Total for cluster			<u>235,690</u>
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
Big City/Big County Seat Belt Enforcement Grant		PT-10-04-04-39	<u>51,087</u>
		PT-11-04-04-50	<u>14,896</u>
Total for program			<u>65,983</u>
Pass-Through Vanderburgh County			
Alcohol Impaired Drinking Countermeasures Incentives Grants	20.601		
DUI Task Force Indiana Enforcement Grant		K8-2010-03-03-30	<u>30,893</u>
		K8-2011-03-03-30	<u>5,762</u>
Dangerous Driving Enforcement Program		K4-2010-08-01-21	<u>17,136</u>
		CA-2011-08-01-19	<u>3,714</u>
Total for program			<u>57,505</u>
Total for cluster			<u>123,488</u>
Total for federal grantor agency			<u>3,769,941</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>47,957</u>
Total for federal grantor agency			<u>47,957</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Department of Environmental Management			
Capitalization Grants for Clean Water State Revolving Funds	66.458		
Evansville 2007			<u>2,785</u>
WW08138205			<u>419,769</u>
WW08138205			<u>2,242,510</u>
Evansville 2010			<u>306,606</u>
Total for program			<u>2,971,670</u>
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	WW08138205	<u>1,589,797</u>
Total for program			<u>1,589,797</u>
Total for federal grantor agency			<u>4,561,467</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Vanderburgh County			
Emergency Management Performance Grants	97.042	FY 10	<u>30,485</u>
Pass-through Indiana Department of Homeland Security			
State Homeland Security Program	97.073	2008-GE-T8-0032	<u>473,406</u>
Total for federal grantor agency			<u>503,891</u>
Total federal awards expended			<u>\$ 14,980,366</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF EVANSVILLE
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. 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.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2010:

Program Title	Federal CFDA Number	
CDBG Entitlement Grants Cluster		\$ 806,522
Emergency Shelter Grants Program	14.231	123,148
Supportive Housing Program	14.235	103,267
Home Investment Partnerships Program	14.239	595,574
Economic Development Initiative – Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	24,743
ARRA – Homelessness Prevention and Rapid Rehousing Program	14.257	500,000
CDBG – State Administered Small Cities Program Cluster		200,430
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 Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	yes
Type of auditor's report issued on compliance for major programs:	Unqualified except for CDBG Entitlement Grants Cluster, 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
14.257	CDBG – Entitlement Grants Cluster ARRA – Homelessness Prevention and Rapid Rehousing Program
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant Program\Grants to Units of Local Government
66.458	Federal Transit Cluster Capitalization Grants for Clean Water State Revolving Funds
97.073	State Homeland Security Program

Dollar threshold used to distinguish between Type A and Type B programs: \$449,411

Auditee qualified as low-risk auditee? no

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

Section II – Financial Statement Findings

FINDING 2010-1 - INTERNAL CONTROLS – ALLOWABLE COSTS

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. Thus the financial expenditures were not allocated correctly between funds of the City and 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)

We recommended that the City develop a time allocation system for the Department of Metropolitan Development employees to allocate their time worked to specific federal programs and/or non-federal assignments.

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-2 - 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-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.

- (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.

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

- (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:
 - (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

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

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

FINDING 2010-3 - PROGRAM REQUIREMENTS – 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-08-MC-0002, B-09-MC-0002

The City of Evansville does not have sufficient written policies and procedures in place to ensure all CDBG funds are used in accordance with all program requirements. The City has not fully established written policies and procedures for the various activities funded by CDBG. Without these written policies and procedures the City must rely solely on the experience and capabilities of staff to ensure that CDBG funds are used in accordance with program requirements.

The recipient is responsible for ensuring that CDBG funds are used in accordance with all program requirements (24 CFR 570.501(b) and 24 CFR Subpart K). The City of Evansville cannot ensure the system being used to administer the CDBG program is in accordance with all the CDBG requirements.

We recommended that the City should prepare written policies and procedures for the CDBG program that includes all funded activities. Processes used for administering the program and the activities of the City, its subrecipients and Community Based Development Organizations should be included. Program applications and agreements should be included within the policies and procedures.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER 2009-2

Original SBA Audit Report Number:	B37602
Fiscal Year:	2009
Auditee Contact Person:	Thomas Barnett
Title of Contact Person:	Executive Director
	Department of Metropolitan Development
Phone Number:	(812) 436-7823
Status of Finding:	The city developed a new time allocation sheet to track employee time spent on various CDBG programs. The time allocation sheet was submitted to HUD and the effective date of use was January 1, 2011. The finding was cleared by HUD in 2011.

Signed:

Date:



DEPARTMENT OF METROPOLITAN DEVELOPMENT

JONATHAN WEINZAPFEL
MAYOR

One N.W. Martin Luther King, Jr. Blvd.
306 Civic Center Complex Evansville, IN 47708
(812) 436-7823 TDD: (812) 436-4928 Fax: (812) 436-7809

THOMAS BARNETT, AICP
EXECUTIVE DIRECTOR

CORRECTIVE ACTION PLAN

2010 Federal Findings and Questioned Costs
7/14/2011

FINDING 2010-1 & FINDING 2010-2, INTERNAL CONTROLS – ALLOWABLE COSTS

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 implement 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 moved the operating costs of the Department into the general fund for 2011. A time allocation system has been 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 that works on multiple grants and/or activities. The tracking sheet will account for the total activity and total number of hours for which each employee is compensated. These reports will be prepared at



least monthly and coincide with one or more of the bi-weekly pay periods. These reports will be signed by the employee.

FINDING 2010-3, PROGRAM REQUIREMENTS – ALLOWABLE COSTS

DMD is in the process of preparing and implementing written policies and procedures for the CDBG program to include all funded activities. Processes used for administering the program and the activities of the grantee, its subrecipients and its CBDOs will be included. Program applications and agreements will be included in the policies and procedures. These policies and procedures are being reviewed and approved by the regional field office of our granting agency, the U. S. Department of Housing and Urban Development.

Signed: 
Thomas Barnett, Executive Director, DMD

CITY OF EVANSVILLE
EXIT CONFERENCE

The contents of this report were discussed on August 9, 2011, with Jenny Collins, Controller; Roseann Young, Chief of Staff; and John E. Friend, City Council member. The Official Response has been made a part of this report and may be found on pages 54 and 55.

August 23, 2011

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

Reference: Official Response to the 2010 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 2010.

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.

Additional Compensation: The City has enacted the plan as outlined in the 2009 audit responses. This has resulted in the position being funded in total through the general fund.

Fees Charged for Copies: As noted in the findings of the State, the City updated its policy on October 28, 2010 to charge 10 cents per page in accordance with IC 5-14-3-8.

Annual Report: The City concurs that three funds included in the report should not have been included. These funds have been maintained by the City but should not have been included in the report. Also, the City concurs that the proceeds and expenditures of two new bond issues were not included in the legacy accounting system of the City and therefore were excluded from the annual report. The funds were however, maintained by hand and made available for the audit. The City has migrated to a new accounting and reporting system and, as of the date of this letter, the funds are included in the City's accounting system and they will be reported each year both to the auditors and as part of the prescribed annual report.

Buy Money: The Buy Money program is an integral part of the police operations and the City plans to discuss the establishment of 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.

Internal Controls – Allowable Costs: The city has now included these costs as a new department in the general fund. This corrective action took effect with the 2011 budget.

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

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

Sincerely,



Jenny Collins
Controller
City of Evansville