

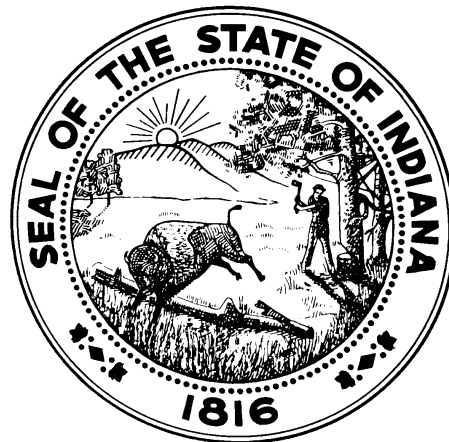
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2006

CITY OF EVANSVILLE

VANDERBURGH COUNTY, INDIANA



FILED
12/31/2007

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SCHEDULE OF OFFICIALS

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



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 statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evansville (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2006, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated September 24, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

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

STATE BOARD OF ACCOUNTS

September 24, 2007



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evansville (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 24, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

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

STATE BOARD OF ACCOUNTS

September 24, 2007

Management's Discussion and Analysis

As management of the City of Evansville, Indiana ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2006. All amounts, unless otherwise indicated, are expressed in thousands of dollars. Information is presented on the cash basis of accounting which is another comprehensive basis.

Financial Highlights

- The cash balances of the City's Governmental Funds increased by \$6,897 in 2006.
- The cash balances of the City's Business Type Funds decreased by \$2,615 in 2006.
- At the end of 2006, the unreserved fund balance for the general fund was \$6,132 or 9% of total general fund expenditures, excluding transfers out.
- The City's total bond related debt decreased by \$2,025 (5 percent) during the current fiscal year.
- The total bond related debt of the utilities decreased by \$2,075 (3 percent) during the fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

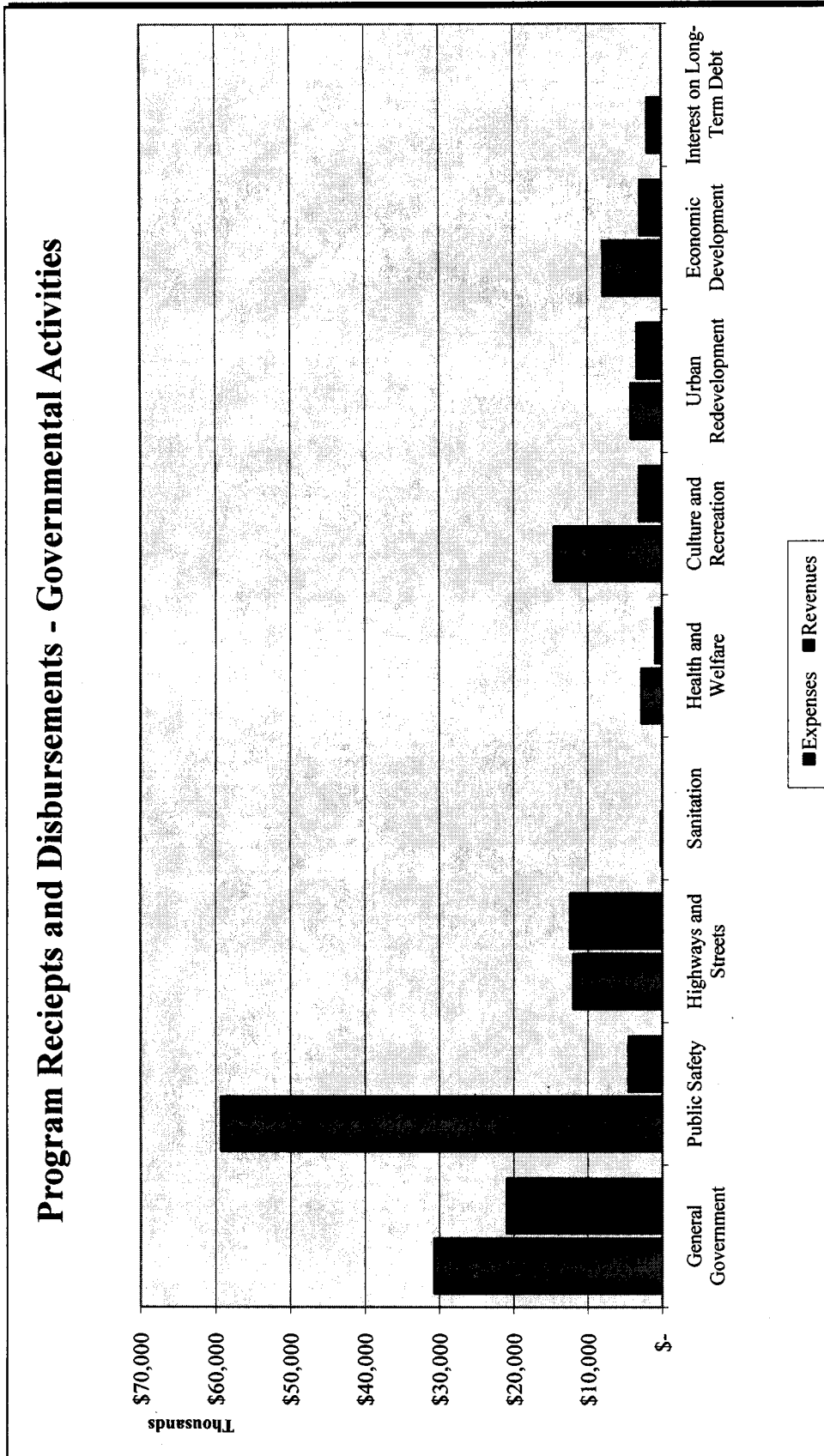
Other Information

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

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

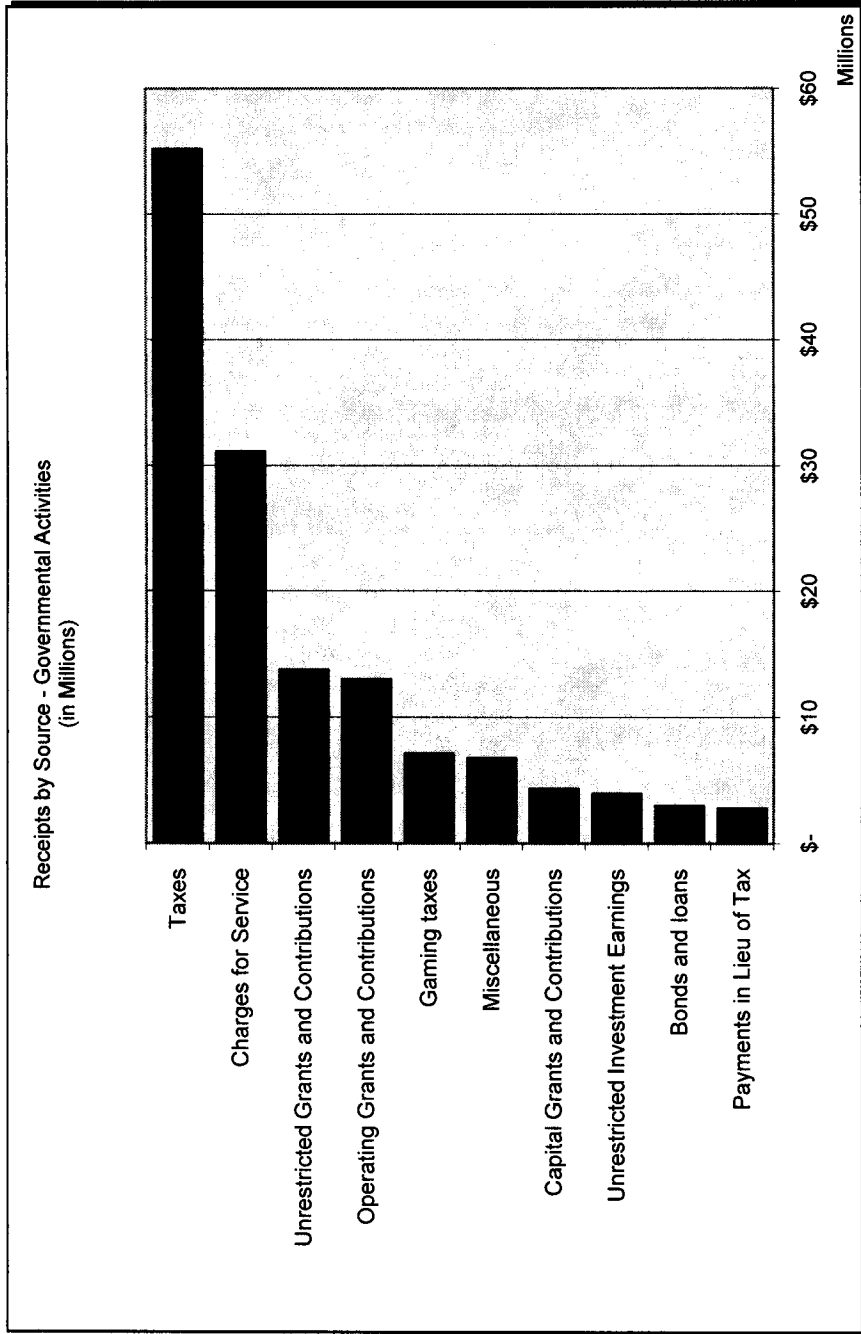
The City's overall cash and cash equivalents plus investments of \$113,542 has positioned the City in a strong financial position especially considering the current economic challenges facing local governments. The City completed capital projects that included the completion of phase three of the Weinbach Avenue Reconstruction project, phase six of the Eastview drainage improvement and the purchase of self contained breathing apparatus for the Evansville Fire Department. The City's property tax rate changed from \$1.2058 per \$100 of assessed value in 2002 to \$0.8600 in 2003, to \$0.9362 in 2004, \$1.0599 in 2005 and \$1.179 in 2006. Changes from 2002 to 2003 are partly related to the State of Indiana property tax restructuring moving to a market-based system, resulting in an increased assessed valuation. In addition, Senate Enrolled Act 1 has forced the City to raise its maximum property tax levy each year in order to preserve the ability to raise the levy in ensuing years. Prior to this legislation, the City had not adopted tax rates based on the maximum allowable levy.

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



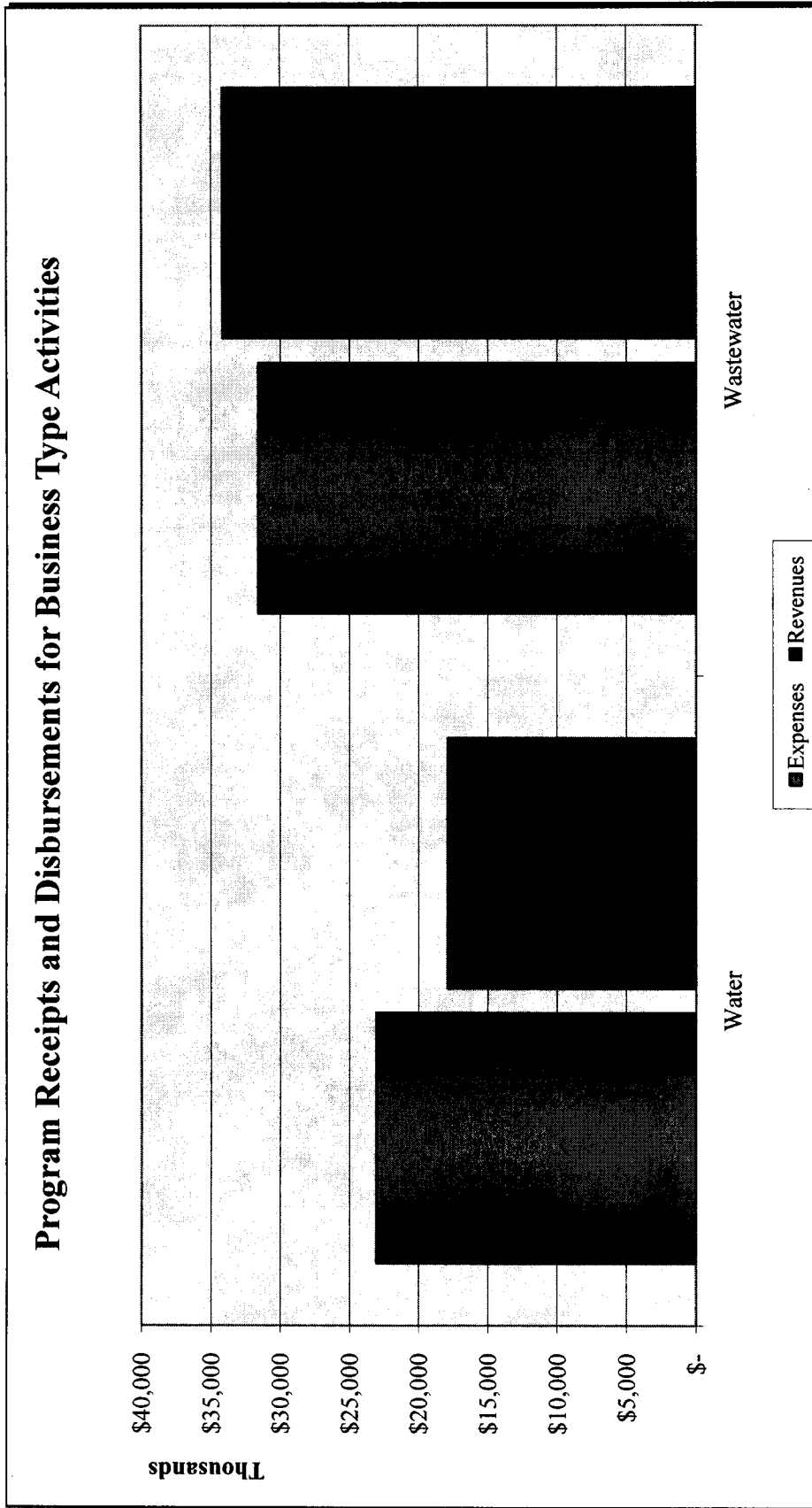
Taxes, as in prior years, were the City's major source of revenue supporting its activities, primarily in the area of public safety, culture and recreation as well as economic development and assistance. Other sources of revenue consisted primarily of unrestricted grants and contributions, unrestricted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

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



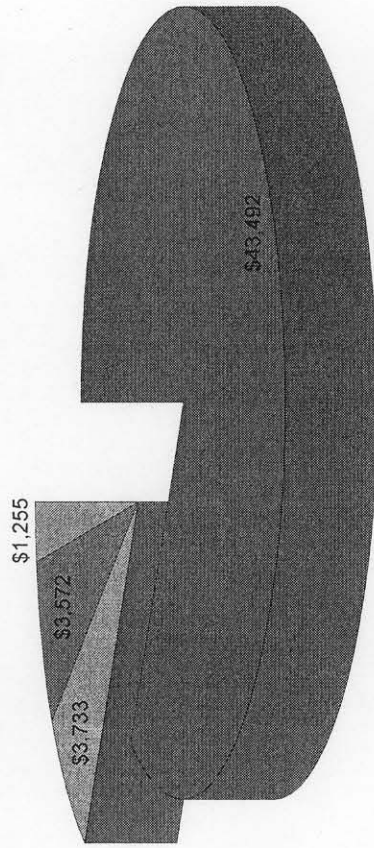
Business-type Activities

Business-type activities recorded a \$2.6 million decrease in cash during 2006. The following graph displays the Disbursements and Program Receipts of the City's business-type activities.



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

Receipts by Source - Business Type Activities (In Thousands)



- Charges for Services
- Bonds and Loans
- Miscellaneous
- Interest Income

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful to assess the City's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$80,863, an increase of \$6,897 in comparison with the prior year. Approximately, 15.4% of this total amount \$12,480 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to 1) debt service (\$3,933); 2) public safety (\$195); 3) highways and streets (\$12,786); 4) perpetual care (\$771); 5) culture and recreation (\$2,601); 6) economic development (\$4,128); 7) redevelopment (\$3,238); 8) self insurance (\$5,639); 9) capital projects (\$33,698) and other uses (\$1,394).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,132. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total expenditures of \$66,264, excluding transfers. Unreserved fund balance represents 9% of total general fund disbursements.

The fund balance of the City's general fund increased by \$4,903 during 2006. Activity highlights include the following:

- Disbursements exceeded receipts by \$2,932 excluding other financing sources and uses.
- The majority (83%) of the disbursements related to public safety.
- The annual transfers of County Option Income Tax from the Local Income Tax Fund and other transfers in the total amount of \$7,949 are used to offset the operating deficit in the General Fund.

The City also has two other major governmental funds and one major debt service fund. These are the Local Income Tax Fund, the Riverboat Fund, the Parks Bonds of 2003 Fund and the Local Road and Street Fund.

The fund balance of the City's local income tax fund increased by \$2,172 during 2006. Highlights of the fund activity are as follows:

- Receipts exceeded disbursements by \$7,994, excluding other financing sources and uses.
- Of the \$14,259 of total revenues, \$14,049 was derived from intergovernmental revenue.
- 65% of the disbursements were expended for highways, streets and roadways.
- Net transfers of \$7,622 were made to other funds to support the operations of those funds.

The fund balance of the City riverboat fund decreased by \$1,749 during 2006. Highlights of the fund activity are as follows:

- Receipts exceeded disbursements by \$301, excluding other financing sources and uses.
- Of the \$13,330 in total revenues, \$7,065 (53%) was derived from gaming revenues and \$2,438 (18%) was derived from charges for services.
- Net transfers of \$2,050 were made to other funds.

The fund balance of the City Park Bonds of 2003 Fund decreased by \$2116 during 2006. Highlights of the fund activity are as follows:

- The fund received interest of \$402 in 2006 and disbursed \$2,518 for costs related to culture and recreation projects and debt.

The fund balance of the City Local Roads and Streets Fund increased by \$507 during 2006. Highlights of the fund activity are as follows:

- Receipts were derived primarily from intergovernmental (state) distributions.
- All disbursements were related to highway and street operations and maintenance.

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

Fund balances at the end of 2006 totaled \$32,679, \$13,369 for the Water Utility and \$19,310 for the Wastewater Utility. In addition, the City's Internal Service funds recorded a fund balance of \$5,816 at the end of 2006. The total decrease in fund balance for the water utility was \$5,159 and the increase for the wastewater utility was \$2,544. Other factors concerning the finances of these two utilities have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

A difference between the original budget and the final budget was a \$2,826 increase in appropriations and can be briefly summarized as follows:

- Increases in fuel expenses due to the rise in fuel costs;
- Increases in liability claims.
- Capital improvements at the city-owned golf courses.
- Increases in costs of providing ambulance service.
- Purchase of a new city telephone system.

Overall, actual cash disbursements in the General Fund of \$65,608 were \$3,821 lower than the adjusted budget.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2006 amounts to \$705,691. This investment in capital assets includes land, building and systems, improvements, machinery and equipment and infrastructure. In 2006, the city completed it's accounting for infrastructure. The result was to add historical and estimated historical values for items such as streets and storm sewers. The total value of the City's infrastructure at December 31, 2006 is estimated at \$526,992 or 75% of the total capital assets of the City.

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

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

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

<u>Description</u>	<u>Governmental-Type Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Obligation Debt	\$33,385	\$ -	\$ 33,385
TIF Debt	4,905	-	4,905
Revenue Bonds	-	69,790	69,790
Subtotals	38,290	69,790	108,080
Loans Payable		16,157	16,157
Subtotals	38,290	85,947	124,237
Less:			
Short-Term Portion	(2,270)	(3,180)	(5,450)
Total Long-Term Debt	\$36,020	\$82,767	\$118,787

The City maintains a "AA-" rating from Standard & Poor's and Fitch Investor Services and a "A1" rating from Moody's Investor Service for general obligation debt. Both ratings indicate high quality and strong capacity to pay the City's bonds.

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

Economic Factors and 2007 Budgets and Rates

- The tax rates proposed for 2007 for the City, increased from \$0.9362 in 2004 to \$1.0599 in 2005 to \$1.179 in 2006 and \$1.1274 in 2007.
- The homestead tax credit will be in excess of 8%, which consists of a 6% state credit and a 2% City credit.
- The utilities continue improvements through the State Revolving Fund loan program.

All of the above factors were considered in preparing the City's budget for the 2007 fiscal year.

Requests for Information

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

CITY OF EVANSVILLE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 30,704,424	\$ 19,882,450	\$ 262,928	\$ 787,185	\$ (9,771,861)	\$ -	\$ (9,771,861)
Public safety	59,313,309	4,549,349	44,669	-	(54,719,291)	-	(54,719,291)
Highways and streets	11,988,369	614,755	8,322,582	3,483,840	432,808	-	432,808
Sanitation	253,381	-	-	-	(253,381)	-	(253,381)
Health and welfare	2,796,654	-	932,524	-	(1,864,130)	-	(1,864,130)
Culture and recreation	14,561,188	3,109,562	-	-	(11,451,626)	-	(11,451,626)
Urban redevelopment and housing	4,222,317	-	3,379,426	-	(842,891)	-	(842,891)
Economic development	7,956,239	2,941,902	25,798	-	(4,988,539)	-	(4,988,539)
Interest on long-term debt	1,955,283	-	-	-	(1,955,283)	-	(1,955,283)
Total governmental activities	133,751,164	31,098,018	12,967,927	4,271,025	(85,414,194)	-	(85,414,194)
Business-type activities:							
Water	23,061,309	16,706,867	-	-	-	(6,354,442)	(6,354,442)
Wastewater	31,606,051	26,784,718	-	-	-	(4,821,333)	(4,821,333)
Total business-type activities	54,667,360	43,491,585	-	-	-	(11,175,775)	(11,175,775)
Total primary government	\$ 188,418,524	\$ 74,589,603	\$ 12,967,927	\$ 4,271,025	(85,414,194)	(11,175,775)	(96,589,969)
General receipts:							
Property taxes					50,738,693	-	50,738,693
Financial institutions tax					428,161	-	428,161
Auto and aircraft tax					4,036,122	-	4,036,122
Payment in lieu of taxes					2,756,665	-	2,756,665
Gaming taxes					7,075,457	-	7,075,457
Bonds and loans					2,951,208	3,732,988	6,684,196
Grants and contributions not restricted to specific programs					13,724,677	-	13,724,677
Miscellaneous					6,700,254	3,572,017	10,272,271
Unrestricted investment earnings					3,900,302	1,255,281	5,155,583
Total general receipts					92,311,539	8,560,286	100,871,825
Change in net assets					6,897,345	(2,615,489)	4,281,856
Net assets - beginning					73,966,003	35,294,421	109,260,424
Net assets - ending					\$ 80,863,348	\$ 32,678,932	\$ 113,542,280
Assets							
Cash and investments					\$ 12,480,735	\$ 13,481,964	\$ 25,962,699
Restricted assets:							
Cash and investments					68,382,613	18,551,160	86,933,773
Cash with fiscal agent					-	645,808	645,808
Total assets					\$ 80,863,348	\$ 32,678,932	\$ 113,542,280
Net Assets							
Restricted for:							
Culture and recreation					\$ 2,600,682	\$ -	\$ 2,600,682
Debt service					3,933,115	15,964,287	19,897,402
Capital projects					33,697,997	-	33,697,997
Perpetual care					770,716	-	770,716
Road projects					12,785,612	-	12,785,612
Redevelopment					3,237,904	-	3,237,904
Economic development					4,127,971	-	4,127,971
Public safety					195,383	-	195,383
Self-insurance					5,639,331	-	5,639,331
Other purposes					1,393,902	3,232,681	4,626,583
Unrestricted					12,480,735	13,481,964	25,962,699
Total net assets					\$ 80,863,348	\$ 32,678,932	\$ 113,542,280

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

CITY OF EVANSVILLE
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	General	Local Income Tax	Riverboat	Park Bonds of 2003	Local Road and Street	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 40,481,888	\$ -	\$ -	\$ -	\$ -	\$ 10,256,805	\$ 50,738,693
Licenses and permits	589,865	-	-	-	-	45,482	635,347
Intergovernmental	7,447,456	14,049,301	1,631,652	-	1,418,176	11,011,301	35,557,886
Charges for services	9,834,435	44,469	2,438,019	-	670	4,342,744	16,660,337
Fines and forfeits	452,942	-	-	-	-	-	452,942
Interest	2,301,336	60,668	532,121	401,987	250,146	310,140	3,856,398
Gaming taxes	-	-	7,064,611	-	-	-	7,064,611
Other	2,223,880	104,137	1,663,745	-	2,085	1,819,260	5,813,107
Total receipts	63,331,802	14,258,575	13,330,148	401,987	1,671,077	27,785,732	120,779,321
Disbursements:							
General government	10,203,340	1,253,652	19,695	-	-	1,798	11,478,485
Public safety	54,448,089	174,374	282,161	-	-	1,642,798	56,547,422
Highways and streets	-	4,036,330	460,594	-	1,164,207	4,200,618	9,861,749
Sanitation	114,106	-	-	-	-	139,275	253,381
Health and welfare	842,455	1,472	-	-	-	1,837,708	2,681,635
Culture and recreation	-	362,452	216,743	-	-	9,742,316	10,321,511
Urban redevelopment and housing	-	11,403	10,000	-	-	2,914,970	2,936,373
Economic development and assistance	-	91,919	3,201,119	-	-	2,637,034	5,930,072
Debt service:							
Principal	-	-	1,185,000	-	-	2,485,000	3,670,000
Interest	-	-	866,510	-	-	1,183,773	2,050,283
Capital outlay:							
General government	-	284,057	2,802,758	-	-	-	3,086,815
Public safety	656,133	3,994	2,105,647	-	-	113	2,765,887
Highways and streets	-	45,174	812,068	-	-	534,378	1,391,620
Health and welfare	-	-	115,019	-	-	-	115,019
Culture and recreation	-	-	949,965	2,518,212	-	241,500	3,709,677
Urban redevelopment and housing	-	-	-	-	-	100,944	100,944
Economic development and assistance	-	-	2,267	-	-	708,900	711,167
Total disbursements	66,264,123	6,264,827	13,029,546	2,518,212	1,164,207	28,371,125	117,612,040
Excess (deficiency) of receipts over disbursements	(2,932,321)	7,993,748	300,602	(2,116,225)	506,870	(585,393)	3,167,281
Other financing sources (uses):							
Bond proceeds	-	-	-	-	-	2,951,208	2,951,208
Transfers in	7,949,333	1,800,000	-	-	-	775,121	10,524,454
Transfers out	(113,665)	(7,621,982)	(2,050,000)	-	-	(738,807)	(10,524,454)
Total other financing sources (uses)	7,835,668	(5,821,982)	(2,050,000)	-	-	2,987,522	2,951,208

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

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

	General	Local Income Tax	Riverboat	Park Bonds of 2003	Local Road and Street	Other Governmental Funds	Totals
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,903,347	2,171,766	(1,749,398)	(2,116,225)	506,870	2,402,129	6,118,489
Cash and investment fund balance - beginning	<u>1,229,137</u>	<u>3,405,756</u>	<u>23,014,431</u>	<u>13,710,838</u>	<u>7,456,308</u>	<u>20,112,013</u>	<u>68,928,483</u>
Cash and investment fund balance - ending	<u>\$ 6,132,484</u>	<u>\$ 5,577,522</u>	<u>\$ 21,265,033</u>	<u>\$ 11,594,613</u>	<u>\$ 7,963,178</u>	<u>\$ 22,514,142</u>	<u>75,046,972</u>
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because: Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							<u>5,816,376</u>
Net assets of governmental activities							<u>\$ 80,863,348</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ 6,132,484	\$ 5,577,522	\$ -	\$ -	\$ -	\$ 593,684	\$ 12,303,690
Restricted assets:							
Cash and investments	-	-	21,265,033	11,594,613	7,963,178	21,920,458	62,743,282
Total cash and investment assets - December 31	<u>\$ 6,132,484</u>	<u>\$ 5,577,522</u>	<u>\$ 21,265,033</u>	<u>\$ 11,594,613</u>	<u>\$ 7,963,178</u>	<u>\$ 22,514,142</u>	<u>\$ 75,046,972</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,600,682	\$ 2,600,682
Debt service	-	-	-	-	-	3,933,115	3,933,115
Capital projects	-	-	21,265,033	11,594,613	-	838,351	33,697,997
Perpetual care	-	-	-	-	-	770,716	770,716
Road projects	-	-	-	-	7,963,178	4,822,434	12,785,612
Redevelopment	-	-	-	-	-	3,237,904	3,237,904
Economic development	-	-	-	-	-	4,127,971	4,127,971
Public safety	-	-	-	-	-	195,383	195,383
Other purposes	-	-	-	-	-	1,393,902	1,393,902
Unrestricted	<u>6,132,484</u>	<u>5,577,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>593,684</u>	<u>12,303,690</u>
Total cash and investment fund balance - December 31	<u>\$ 6,132,484</u>	<u>\$ 5,577,522</u>	<u>\$ 21,265,033</u>	<u>\$ 11,594,613</u>	<u>\$ 7,963,178</u>	<u>\$ 22,514,142</u>	<u>\$ 75,046,972</u>

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

CITY OF EVANSVILLE
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2006

	Water Utility	Wastewater Utility	Totals	Internal Service Funds
Operating receipts:				
Metered receipts	\$ 13,662,208	\$ 20,326,347	\$ 33,988,555	\$ -
Pretreatment	-	260,143	260,143	-
Surcharge	-	320,472	320,472	-
Refuse service	-	4,579,662	4,579,662	-
Tap fees	-	999,134	999,134	-
Allocation of joint costs	2,270,464	-	2,270,464	-
Employer/Employee contributions	-	-	-	16,645,366
Other	774,195	298,960	1,073,155	228,710
Total operating receipts	16,706,867	26,784,718	43,491,585	16,874,076
Operating disbursements:				
Cost of sales and services	-	-	-	1,245,957
Equipment and capital improvements	6,544,915	8,631,808	15,176,723	-
Salaries and wages	3,411,550	2,414,978	5,826,528	-
Employee pensions and benefits	1,439,987	1,043,333	2,483,320	-
Contractual services	7,218,053	12,800,525	20,018,578	-
Insurance disbursements	293,434	320,410	613,844	14,893,167
Payment in lieu of tax	564,591	2,162,072	2,726,663	-
Miscellaneous disbursements	1,260,595	75,967	1,336,562	-
Total operating disbursements	20,733,125	27,449,093	48,182,218	16,139,124
Excess (deficiency) of operating receipts over operating disbursements	(4,026,258)	(664,375)	(4,690,633)	734,952
Nonoperating receipts (disbursements):				
State revolving loan proceeds	-	3,732,988	3,732,988	-
Interest and investment receipts	748,497	506,784	1,255,281	43,904
Customer deposits	184,003	-	184,003	-
Miscellaneous receipts	262,636	3,125,378	3,388,014	-
Debt service of principal	(970,000)	(1,930,000)	(2,900,000)	-
Interest and investment disbursement	(1,358,184)	(2,226,958)	(3,585,142)	-
Total nonoperating receipts (disbursements)	(1,133,048)	3,208,192	2,075,144	43,904
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(5,159,306)	2,543,817	(2,615,489)	778,856
Transfers in	26,981,351	6,947,572	33,928,923	-
Transfers out	(26,981,351)	(6,947,572)	(33,928,923)	-
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(5,159,306)	2,543,817	(2,615,489)	778,856
Cash and investment fund balance - beginning	18,528,691	16,765,730	35,294,421	5,037,520
Cash and investment fund balance - ending	<u>\$ 13,369,385</u>	<u>\$ 19,309,547</u>	<u>\$ 32,678,932</u>	<u>\$ 5,816,376</u>
Cash and Investment Assets - December 31				
Cash and investments	\$ 2,425,235	\$ 11,056,729	\$ 13,481,964	\$ 177,045
Restricted assets:				
Cash and investments	10,534,267	8,016,893	18,551,160	5,639,331
Cash with fiscal agent	409,883	235,925	645,808	-
Total cash and investment assets - December 31	<u>\$ 13,369,385</u>	<u>\$ 19,309,547</u>	<u>\$ 32,678,932</u>	<u>\$ 5,816,376</u>
Cash and Investment Fund Balance - December 31				
Restricted for:				
Debt service	\$ 9,529,239	\$ 6,435,048	\$ 15,964,287	\$ 5,639,331
Other purposes	1,414,911	1,817,770	3,232,681	-
Unrestricted	2,425,235	11,056,729	13,481,964	177,045
Total cash and investment fund balance - December 31	<u>\$ 13,369,385</u>	<u>\$ 19,309,547</u>	<u>\$ 32,678,932</u>	<u>\$ 5,816,376</u>

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

CITY OF EVANSVILLE
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES
IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2006

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Additions:		
Contributions:		
Employer	\$ 6,138,766	\$ -
Plan members	54,208	-
State	<u>6,245,980</u>	<u>-</u>
Total contributions	<u>12,438,954</u>	<u>-</u>
Investment earnings:		
Interest	<u>2,762</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>61,981,180</u>
Total additions	<u>12,441,716</u>	<u>61,981,180</u>
Deductions:		
Benefits	11,495,607	-
Administrative and general	36,808	-
Agency fund deductions	<u>-</u>	<u>63,621,433</u>
Total deductions	<u>11,532,415</u>	<u>63,621,433</u>
Excess (deficiency) of total additions over total deductions	909,301	(1,640,253)
Cash and investment fund balance - beginning	<u>759,797</u>	<u>2,096,310</u>
Cash and investment fund balance - ending	<u>\$ 1,669,098</u>	<u>\$ 456,057</u>

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment and housing.

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

Primary Government: City of Evansville

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

Joint Ventures

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

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

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

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

Related Organizations

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

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

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2006, disbursements/encumbrances exceeded budgeted appropriations in the following fund by the amounts below:

Fund	2006
Local Income Tax	\$ (1,103,063)

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

C. Cash and Investment Balance Deficits

At December 31, 2006, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2006
Home Investment Trust	\$ (14,698)
Community Development Block Grant	(48,267)
Accounts Receivable/Payable Clearing	(60,962)

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2006, the City had the following investments:

Investment Type	Primary Government Market Value
Mutual Funds	\$ 3,236,166

Investment Policies

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

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

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Custodial Credit Risk

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

Interest Rate Risk

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

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
Mutual Bond Funds	\$ 3,236,166	-	-

Credit Risk

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

Standard and Poor's Rating	City's Investments	
	Moody's Rating	Mutual Funds
Unrated	Unrated	\$ 3,236,166

Concentration of Credit Risk

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

Foreign Currency Risk

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

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2006, were as follows:

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfer From	Transfer To	2006
General Fund	Other governmental	\$ 113,665
Local Income Tax Fund	General Fund	7,519,025
	Other governmental	102,957
Riverboat	Local Income Tax Fund	1,800,000
	Other governmental	250,000
Other governmental	General Fund	430,308
	Other governmental	308,499
		<u>\$ 10,524,454</u>
Total		

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

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. The City is self insured for the first \$100,000 to \$150,000 of claims, depending on the type of loss. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Torts; Theft of, Damage to, and Destruction of Assets; Errors and Omissions; Job Related Illnesses or Injuries to Employees; and Natural Disasters

The City has chosen to establish three risk financing funds for risks associated with torts: theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The risk financing funds are accounted for in the Liability Insurance Fund, Auto Collision Fund, and the Workers' Compensation Fund, internal service funds, where assets are set aside for claim settlements. The City is self-insured for the first \$100,000 to \$150,000 per incident depending on the type of loss. Also all claims in excess of \$1,925,000 per year are covered by commercial insurance. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Medical Benefits to Employees, Retirees, and Dependents

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

B. Holding Corporation

The City has entered into a capital lease with the Evansville Redevelopment Authority (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year totaled \$1,391,750.

C. Subsequent Events

Water Utility

On April 10, 2007, the Utility received an \$8,000,000 Bond Anticipation Note from the Evansville Bond Bank for improvements to the filtration plant.

Wastewater Utility

On July 24, 2007, the Utility awarded a contract in the amount of \$16,516,000 to Bowen Engineering for improvements to the West Treatment Plant which will be funded with the existing State Revolving Loan.

D. Conduit Debt Obligation

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

As of December 31, 2006, there were 25 series of economic development bonds outstanding. The aggregate principal amount payable for the series issued could not be determined; however, their original issue amounts totaled \$77,128,000.

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Postemployment Benefits

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the City on or after attaining age 52 with at least 20 years of service. Currently, 322 retirees meet these eligibility requirements. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2006, disbursements of \$2,614,003 were recognized for postemployment benefits.

F. Rate Structure – Enterprise Funds

Water Utility

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

Wastewater Utility

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

G. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

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

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

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

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

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

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

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

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	City and Utilities PERF	Oak Hill Cemetery PERF	Redevelopment Commission PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 1,440,912	\$ 37,684	\$ -	\$ 7,454,700	\$ 5,428,300
Interest on net pension obligation	(64,961)	734	(502)	3,122,200	2,379,900
Adjustment to annual required contribution	<u>74,029</u>	<u>(837)</u>	<u>572</u>	<u>(3,403,600)</u>	<u>(2,594,400)</u>
Annual pension cost	1,449,980	37,581	70	7,173,300	5,213,800
Contributions made	<u>1,241,994</u>	<u>11,424</u>	<u>-</u>	<u>4,351,689</u>	<u>3,427,304</u>
Increase in net pension obligation	207,986	26,157	70	2,821,611	1,786,496
Net pension obligation, beginning of year	<u>(896,019)</u>	<u>10,125</u>	<u>(6,919)</u>	<u>46,255,443</u>	<u>35,257,222</u>
Net pension obligation, end of year	<u>\$ (688,033)</u>	<u>\$ 36,282</u>	<u>\$ (6,849)</u>	<u>\$ 49,077,054</u>	<u>\$ 37,043,718</u>

	City and Utilities PERF	Oak Hill Cemetery PERF	Redevelopment Commission PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:					
City Plan members	5.75% 3%	7.75% 3%	0% 3%	435% 6%	450% 6%
Actuarial valuation date	07-01-06	07-01-06	07-01-06	01-01-06	01-01-06
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years	30 years	30 years
Amortization period (from date)	07-01-97	07-01-97	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	75% of expected actuarial value plus 25% of market value	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

* 2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
City and Utilities PERF	06-30-04	\$ 1,027,023	110%	\$ (849,918)
	06-30-05	1,165,577	104%	(896,019)
	06-30-06	1,449,980	86%	(688,033)
Oak Hill Cemetery PERF	06-30-04	4,722	159%	(1,585)
	06-30-05	18,509	37%	10,125
	06-30-06	37,581	62%	36,282
Redevelopment Commission PERF	06-30-04	71	0%	(6,989)
	06-30-05	70	0%	(6,919)
	06-30-06	70	0%	(6,849)
1925 Police Officers' Pension Plan	12-31-03	10,138,900	54%	40,502,227
	12-31-04	10,237,600	44%	46,255,433
	12-31-05	7,173,300	61%	49,077,054
1937 Firefighters' Pension Plan	12-31-03	7,572,100	50%	31,579,941
	12-31-04	7,576,700	51%	35,257,222
	12-31-05	5,213,800	66%	37,043,718

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2006, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	240	198
Current active employees	26	12

CITY OF EVANSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2006, 2005, and 2004, were \$5,025,287, \$4,807,255, and \$4,638,365, respectively, equal to the required contributions for each year.

H. Contingent Liability

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

CITY OF EVANSVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

City and Utilities Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 26,372,983	\$ 28,282,016	\$ (1,909,033)	93%	\$ 21,306,381	(9%)
07-01-05	27,324,967	31,763,368	(4,438,401)	86%	22,008,817	(20%)
07-01-06	30,018,856	32,921,068	(2,902,212)	91%	22,197,140	(13%)

Oak Hill Cemetery Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 208,952	\$ 349,886	\$ (140,934)	60%	\$ 161,952	(87%)
07-01-05	214,254	511,995	(297,741)	42%	266,145	(112%)
07-01-06	282,521	318,664	(36,143)	89%	187,714	(19%)

Redevelopment Commission Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 417,457	\$ 131,108	\$ 286,349	318%	\$ 71,442	401%
07-01-05	417,169	160,288	256,881	260%	84,200	305%
07-01-06	*	*	*	*	*	*

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 886,825	\$ 102,142,900	\$ (101,256,075)	1%	\$ 2,559,100	(3,957%)
01-01-02	3,759,278	101,686,700	(97,927,422)	4%	2,519,100	(3,887%)
01-01-03	3,647,956	98,306,900	(94,658,944)	4%	3,084,500	(3,069%)
01-01-04	924,783	102,479,700	(101,554,917)	1%	2,398,600	(4,234%)
01-01-05	721,196	96,885,000	(96,163,804)	1%	2,043,000	(4,707%)
01-01-06	646,637	97,697,700	(97,051,063)	1%	1,712,700	(5,667%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 529,533	\$ 77,991,200	\$ (77,461,667)	1%	\$ 1,999,300	(3,874%)
01-01-02	3,370,069	81,448,400	(78,078,331)	4%	2,100,500	(3,717%)
01-01-03	3,628,789	73,425,100	(69,796,311)	5%	2,630,100	(2,654%)
01-01-04	467,288	76,487,800	(76,020,512)	1%	1,791,400	(4,244%)
01-01-05	694,505	70,862,300	(70,167,795)	1%	1,530,200	(4,586%)
01-01-06	113,160	71,396,800	(71,283,640)	0%	1,205,300	(5,914%)

*Information not available

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

1925 Police Officers' Pension Plan				
	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
			1925 Police Officers' Pension Plan	12-31-00
	12-31-01	10,877,200	22%	46%
	12-31-02	11,198,800	16%	25%
	12-31-03	11,755,200	15%	31%
	12-31-04	12,279,900	12%	25%
	12-31-05	7,454,700	15%	43%
1937 Firefighters' Pension Plan	12-31-00	8,566,100	13%	23%
	12-31-01	8,320,300	27%	20%
	12-31-02	8,992,600	28%	54%
	12-31-03	8,824,500	20%	29%
	12-31-04	9,169,100	15%	28%
	12-31-05	5,428,300	14%	49%

CITY OF EVANSVILLE, INDIANA

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive/ (Negative)
RECEIPTS				
Taxes	\$ 41,044,846	\$ 40,481,888	\$ 40,481,888	\$ -
Licenses and permits	489,233	589,865	589,865	-
Intergovernmental	7,044,238	7,465,240	7,447,456	(17,784)
Charges for services	7,191,068	7,397,390	9,834,435	2,437,045
Fines and forfeits	151,450	266,036	452,942	186,906
Interest	587,200	2,301,336	2,301,336	-
Other	4,430,047	5,440,189	2,223,880	(3,216,309)
Total receipts	60,938,082	63,941,944	63,331,802	(610,142)
DISBURSEMENTS				
Current:				
General government	11,035,620	11,551,365	10,203,340	1,348,025
Public safety	54,738,733	56,989,530	54,448,089	2,541,441
Health and welfare	664,342	715,971	842,455	(126,484)
Sanitation	164,287	172,014	114,106	57,908
Total current	66,602,982	69,428,880	65,607,990	3,820,890
Capital outlay:				
Public safety	-	696,679	656,133	40,546
Total capital outlay	-	696,679	656,133	40,546
Total disbursements	66,602,982	70,125,559	66,264,123	3,861,436
Excess (deficiency) of receipts over (under) expenditures	(5,664,900)	(6,183,615)	(2,932,321)	(4,471,578)
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	7,532,295	7,949,333	7,949,333	-
Transfers out	(103,645)	(113,665)	(113,665)	-
Total other financing sources and uses and special items	7,428,650	7,835,668	7,835,668	-
Net change in fund balances	1,763,750	1,652,053	4,903,347	3,251,294
Fund balances -- beginning	1,229,137	1,229,137	1,229,137	-
Fund balances -- ending	\$ 2,992,887	\$ 2,881,190	\$ 6,132,484	\$ 3,251,294

CITY OF EVANSVILLE, INDIANA

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LOCAL INCOME TAX FUND
For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	13,406,840	14,070,291	14,049,301	(20,990)
Charges for services	8,000	8,600	44,469	35,869
Interest	40,000	60,668	60,668	-
Other	-	140,006	104,137	(35,869)
Total receipts	<u>13,454,840</u>	<u>14,279,565</u>	<u>14,258,575</u>	<u>(20,990)</u>
DISBURSEMENTS				
Current:				
General government	1,738,438	2,632,559	1,253,652	1,378,907
Public safety	75,000	244,873	174,374	70,499
Highways and streets	3,699,000	5,660,384	4,036,330	1,624,054
Health and welfare	-	1,472	1,472	-
Culture and recreation	-	62,131	362,452	(300,321)
Urban redevelopment and housing	-	-	11,403	(11,403)
Economic development	-	-	91,919	(91,919)
Total current	<u>5,512,438</u>	<u>8,601,419</u>	<u>5,931,602</u>	<u>2,669,817</u>
Capital outlay:				
General government	-	358,833	284,057	74,776
Public safety	-	122,582	3,994	118,588
Highways and streets	-	55,822	45,174	10,648
Health and welfare	-	244	-	244
Culture and recreation	-	4,891	-	4,891
Total capital outlay	<u>-</u>	<u>542,372</u>	<u>333,225</u>	<u>209,147</u>
Total disbursements	<u>5,512,438</u>	<u>9,143,791</u>	<u>6,264,827</u>	<u>2,878,964</u>
Excess (deficiency) of receipts over (under) expenditures	<u>7,942,402</u>	<u>5,135,774</u>	<u>7,993,748</u>	<u>(2,899,954)</u>
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers in	1,840,000	1,800,000	1,800,000	-
Transfers out	(7,163,778)	(7,623,782)	(7,621,982)	(1,800)
Total other financing sources and uses and special items	<u>(5,323,778)</u>	<u>(5,823,782)</u>	<u>(5,821,982)</u>	<u>(1,800)</u>
Net change in fund balances	2,618,624	(688,008)	2,171,766	2,859,774
Fund balances -- beginning	<u>3,405,756</u>	<u>3,405,756</u>	<u>3,405,756</u>	<u>-</u>
Fund balances -- ending	<u>\$ 6,024,380</u>	<u>\$ 2,717,748</u>	<u>\$ 5,577,522</u>	<u>\$ 2,859,774</u>

CITY OF EVANSVILLE, INDIANA

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

RIVERBOAT FUND

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive/ (Negative)
RECEIPTS				
Intergovernmental	\$ -	\$ 1,766,783	\$ 1,631,652	\$ (135,131)
Charges for services	2,190,000	3,044,908	2,438,019	(606,889)
Gaming taxes	6,887,011	7,064,611	7,064,611	-
Interest	340,000	532,121	532,121	-
Loan proceeds	68,094	302,423	-	(302,423)
Other	120,466	1,366,641	1,663,745	297,104
Total receipts	9,605,571	14,077,487	13,330,148	(747,339)
DISBURSEMENTS				
Current:				
General government	118,750	977,635	19,695	957,940
Public safety	47,750	639,790	282,161	357,629
Highways and streets	100,000	2,582,595	460,594	2,122,001
Culture and recreation	44,500	740,109	216,743	523,366
Urban redevelopment and housing			10,000	(10,000)
Economic development		5,786,082	3,201,119	2,584,963
Total current	311,000	10,726,211	4,190,312	6,535,899
Debt Service:				
Principal retirement	655,000	655,000	1,185,000	(530,000)
Interest	1,309,173	2,445,767	866,510	1,579,257
Total debt service	1,964,173	3,100,767	2,051,510	1,049,257
Capital outlay:				
General government	170,738	4,255,072	2,802,758	1,452,314
Public safety	1,502,700	3,457,346	2,105,647	1,351,699
Highways and streets	2,132,500	2,434,410	812,068	1,622,342
Health and welfare	29,000	160,958	115,019	45,939
Culture and recreation	1,098,325	2,773,197	949,965	1,823,232
Economic development			2,267	(2,267)
Total capital outlay	4,933,263	13,080,983	6,787,724	6,293,259
Total disbursements	7,208,436	26,907,961	13,029,546	13,878,415
Excess (deficiency) of receipts over (under) expenditures	2,397,135	(12,830,474)	300,602	(14,625,754)
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS				
Transfers out	(2,050,000)	(2,050,000)	(2,050,000)	-
Total other financing sources and uses and special items	(2,050,000)	(2,050,000)	(2,050,000)	-
Net change in fund balances	347,135	(14,880,474)	(1,749,398)	13,131,076
Fund balances -- beginning	23,014,431	23,014,431	23,014,431	-
Fund balances -- ending	\$ 23,361,566	\$ 8,133,957	\$ 21,265,033	\$ 13,131,076

CITY OF EVANSVILLE, INDIANA

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

LOCAL ROADS AND STREETS FUND

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,986,808	\$ 1,951,165	\$ 1,418,176	\$ (532,989)
Charges for services	550	670	670	-
Interest	75,000	250,146	250,146	-
Other	1,200	3,124	2,085	(1,039)
Total receipts	<u>2,063,558</u>	<u>2,205,105</u>	<u>1,671,077</u>	<u>(534,028)</u>
DISBURSEMENTS				
Current:				
Highways and streets	<u>1,337,983</u>	<u>8,131,278</u>	<u>1,164,207</u>	<u>6,967,071</u>
Total disbursements	<u>1,337,983</u>	<u>8,131,278</u>	<u>1,164,207</u>	<u>6,967,071</u>
Excess (deficiency) of receipts over (under) expenditures	<u>725,575</u>	<u>(5,926,173)</u>	<u>506,870</u>	<u>(7,501,099)</u>
Net change in fund balances	725,575	(5,926,173)	506,870	6,433,043
Fund balances -- beginning	<u>7,456,308</u>	<u>7,456,308</u>	<u>7,456,308</u>	<u>-</u>
Fund balances -- ending	<u>\$ 8,181,883</u>	<u>\$ 1,530,135</u>	<u>\$ 7,963,178</u>	<u>\$ 6,433,043</u>

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Law Enforcement Education	Learning Center Sinking	Historic Preservation	Colman Trust	EPA Permit	Law Enforcement Block Grant	Law Enforcement Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	16,740	-	-	-	28,722	-	-
Intergovernmental	-	-	-	-	-	(12,261)	-
Charges for services	18,413	25,000	140	-	-	-	-
Interest	-	11,500	-	339	-	141	-
Other	934	-	-	-	-	-	-
Total receipts	36,087	36,500	140	339	28,722	(12,120)	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	116,665	-	-	-	-	-	1,545
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Economic development and assistance	-	-	179	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-
Total disbursements	116,665	-	179	-	-	-	1,545
Excess (deficiency) of receipts over disbursements	(80,578)	36,500	(39)	339	28,722	(12,120)	(1,545)
Other financing sources (uses):							
Bond proceeds	-	-	-	-	-	-	-
Transfers in	92,525	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	92,525	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,947	36,500	(39)	339	28,722	(12,120)	(1,545)
Cash and investment fund balance - beginning	97,138	187,115	4,324	10,794	29,785	13,682	1,545
Cash and investment fund balance - ending	\$ 109,085	\$ 223,615	\$ 4,285	\$ 11,133	\$ 58,507	\$ 1,562	\$ -
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	109,085	223,615	4,285	11,133	58,507	1,562	-
Total cash and investment assets - December 31	\$ 109,085	\$ 223,615	\$ 4,285	\$ 11,133	\$ 58,507	\$ 1,562	\$ -
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Capital projects	-	223,615	-	-	-	-	-
Perpetual care	-	-	-	-	-	-	-
Road projects	-	-	-	-	-	-	-
Redevelopment	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Public safety	109,085	-	-	-	58,507	1,562	-
Other purposes	-	-	4,285	11,133	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 109,085	\$ 223,615	\$ 4,285	\$ 11,133	\$ 58,507	\$ 1,562	\$ -

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Motor Vehicle Highway	Law Enforcement 1998 Grant	Rainy Day	Municipal Code Revolving	Parks and Recreation	Golf Course Nonreverting	TIF Redevelopment Projects
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 4,258,397	\$ -	\$ 3,000,000
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	5,552,017	-	-	-	432,326	-	-
Charges for services	102,817	-	-	-	1,844,099	1,381,553	-
Interest	22,674	-	26,134	-	-	8,692	7,881
Other	27,307	-	-	-	700,501	2,558	459
Total receipts	5,704,815	-	26,134	-	7,235,323	1,392,803	3,008,340
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	360,000	2,883	-	-	-	-	-
Highways and streets	4,198,942	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	7,958,041	1,345,765	-
Urban redevelopment and housing	-	-	-	-	-	-	1,277,393
Economic development and assistance	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	103,073	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-
Total disbursements	4,558,942	2,883	-	-	7,958,041	1,448,838	1,277,393
Excess (deficiency) of receipts over disbursements	1,145,873	(2,883)	26,134	-	(722,718)	(56,035)	1,730,947
Other financing sources (uses):							
Bond proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,145,873	(2,883)	26,134	-	(722,718)	(56,035)	1,730,947
Cash and investment fund balance - beginning	1,244,108	3,234	567,550	8,754	2,727,274	527,299	1,187,532
Cash and investment fund balance - ending	\$ 2,389,981	\$ 351	\$ 593,684	\$ 8,754	\$ 2,004,556	\$ 471,264	\$ 2,918,479
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ 593,684	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	2,389,981	351	-	8,754	2,004,556	471,264	2,918,479
Total cash and investment assets - December 31	\$ 2,389,981	\$ 351	\$ 593,684	\$ 8,754	\$ 2,004,556	\$ 471,264	\$ 2,918,479
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ 2,004,556	\$ 471,264	\$ -
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	-	-
Road projects	2,389,981	-	-	-	-	-	-
Redevelopment	-	-	-	-	-	-	2,918,479
Economic development	-	-	-	-	-	-	-
Public safety	-	351	-	-	-	-	-
Other purposes	-	-	-	8,754	-	-	-
Unrestricted	-	-	593,684	-	-	-	-
Total cash and investment fund balance - December 31	\$ 2,389,981	\$ 351	\$ 593,684	\$ 8,754	\$ 2,004,556	\$ 471,264	\$ 2,918,479

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Emergency Management Donation	Richard T. Legler Trust	Sports Program Nonreverting	Zoo Animal Revolving	Rental Rehab Program	Certified Technology Park	EDA Revolving Loan
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	25,798	-
Charges for services	-	-	377,309	-	-	-	-
Interest	-	48	-	-	-	75,545	16,312
Other	700	-	6,188	4,404	1,535	-	106,740
Total receipts	700	48	383,497	4,404	1,535	101,343	123,052
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	2,421	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	379,858	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	1,084,331	5,662
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	16,867	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-
Total disbursements	2,421	-	379,858	16,867	-	1,084,331	5,662
Excess (deficiency) of receipts over disbursements	(1,721)	48	3,639	(12,463)	1,535	(982,988)	117,390
Other financing sources (uses):							
Bond proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,721)	48	3,639	(12,463)	1,535	(982,988)	117,390
Cash and investment fund balance - beginning	6,241	1,988	51,212	82,474	294,281	3,118,957	819,290
Cash and investment fund balance - ending	<u>\$ 4,520</u>	<u>\$ 2,036</u>	<u>\$ 54,851</u>	<u>\$ 70,011</u>	<u>\$ 295,816</u>	<u>\$ 2,135,969</u>	<u>\$ 936,680</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	4,520	2,036	54,851	70,011	295,816	2,135,969	936,680
Total cash and investment assets - December 31	<u>\$ 4,520</u>	<u>\$ 2,036</u>	<u>\$ 54,851</u>	<u>\$ 70,011</u>	<u>\$ 295,816</u>	<u>\$ 2,135,969</u>	<u>\$ 936,680</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ 54,851	\$ 70,011	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	-	-
Road projects	-	-	-	-	-	-	-
Redevelopment	-	-	-	-	295,816	-	-
Economic development	-	-	-	-	-	2,135,969	936,680
Public safety	4,520	-	-	-	-	-	-
Other purposes	-	2,036	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 4,520</u>	<u>\$ 2,036</u>	<u>\$ 54,851</u>	<u>\$ 70,011</u>	<u>\$ 295,816</u>	<u>\$ 2,135,969</u>	<u>\$ 936,680</u>

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Home Investment Trust	Community Development Block Grant	DMD Miscellaneous Grants	Old Post Office	Economic Development Loan	Downtown Parking Garages	Continuum Care
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	487,565	2,891,861	163,349	-	-	-	550,111
Charges for services	-	74,907	-	-	-	503,883	-
Interest	-	17,359	30,959	2,720	50,174	-	-
Other	-	199,787	83,171	-	79,360	54	-
Total receipts	487,565	3,183,914	277,479	2,720	129,534	503,937	550,111
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	896,507	172,014	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	139,275	-	-	-	-	-
Health and welfare	-	1,030,532	159,988	-	-	-	544,431
Culture and recreation	-	58,652	-	-	-	-	-
Urban redevelopment and housing	490,005	885,960	40,199	-	-	-	-
Economic development and assistance	-	141,273	47,429	-	430,000	273,853	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	113	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	100,944	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-
Total disbursements	490,005	3,253,256	419,630	-	430,000	273,853	544,431
Excess (deficiency) of receipts over disbursements	(2,440)	(69,342)	(142,151)	2,720	(300,466)	230,084	5,680
Other financing sources (uses):							
Bond proceeds	-	-	-	-	-	-	-
Transfers in	-	19,619	54,588	-	-	-	-
Transfers out	-	-	(1,500)	-	-	(300,000)	(6,999)
Total other financing sources (uses)	-	19,619	53,088	-	-	(300,000)	(6,999)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,440)	(49,723)	(89,063)	2,720	(300,466)	(69,916)	(1,319)
Cash and investment fund balance - beginning	(12,258)	1,456	554,351	235,256	1,355,788	734,063	34,386
Cash and investment fund balance - ending	<u>\$ (14,698)</u>	<u>\$ (48,267)</u>	<u>\$ 465,288</u>	<u>\$ 237,976</u>	<u>\$ 1,055,322</u>	<u>\$ 664,147</u>	<u>\$ 33,067</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	(14,698)	(48,267)	465,288	237,976	1,055,322	664,147	33,067
Total cash and investment assets - December 31	<u>\$ (14,698)</u>	<u>\$ (48,267)</u>	<u>\$ 465,288</u>	<u>\$ 237,976</u>	<u>\$ 1,055,322</u>	<u>\$ 664,147</u>	<u>\$ 33,067</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	-	-
Road projects	-	-	-	-	-	-	-
Redevelopment	(14,698)	-	-	-	-	-	-
Economic development	-	-	-	-	1,055,322	-	-
Public safety	-	-	-	-	-	-	-
Other purposes	-	(48,267)	465,288	237,976	-	664,147	33,067
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ (14,698)</u>	<u>\$ (48,267)</u>	<u>\$ 465,288</u>	<u>\$ 237,976</u>	<u>\$ 1,055,322</u>	<u>\$ 664,147</u>	<u>\$ 33,067</u>

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Police Narcotics Grant	Emergency Shelter Grant	Housing Trust	Fire Department Donations	Building Commission Code Books	Oak Hill Perpetual Care	Locust Hill Perpetual Care
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	56,930	101,200	-	-	-	-	-
Charges for services	-	-	-	-	1,192	8,455	3,330
Interest	-	-	5,225	-	-	1,782	1,441
Other	12,234	-	2,488	-	-	-	-
Total receipts	69,164	101,200	7,713	-	1,192	10,237	4,771
Disbursements:							
General government	-	-	-	-	-	1,405	393
Public safety	90,484	-	-	-	199	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	102,757	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	221,413	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-
Total disbursements	90,484	102,757	221,413	-	199	1,405	393
Excess (deficiency) of receipts over disbursements	(21,320)	(1,557)	(213,700)	-	993	8,832	4,378
Other financing sources (uses):							
Bond proceeds	-	-	-	-	-	-	-
Transfers in	10,020	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	10,020	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,300)	(1,557)	(213,700)	-	993	8,832	4,378
Cash and investment fund balance - beginning	24,178	1,753	225,560	1,293	6,194	644,910	112,596
Cash and investment fund balance - ending	\$ 12,878	\$ 196	\$ 11,860	\$ 1,293	\$ 7,187	\$ 653,742	\$ 116,974
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	12,878	196	11,860	1,293	7,187	653,742	116,974
Total cash and investment assets - December 31	\$ 12,878	\$ 196	\$ 11,860	\$ 1,293	\$ 7,187	\$ 653,742	\$ 116,974
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	653,742	116,974
Road projects	-	-	-	-	-	-	-
Redevelopment	-	-	11,860	-	-	-	-
Economic development	-	-	-	-	-	-	-
Public safety	12,878	-	-	1,293	7,187	-	-
Other purposes	-	196	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 12,878	\$ 196	\$ 11,860	\$ 1,293	\$ 7,187	\$ 653,742	\$ 116,974

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Bicycle License	General Obligation Loan	Park Bond and Interest Retirement	Redevelopment Bond Retirement	Redevelopment TIF Retirement	Sidewalk Improvement Bonds	Victory Learning Center
Receipts:							
Taxes	\$ -	\$ 646,098	\$ 1,229,228	\$ 1,123,082	\$ -	\$ -	\$ -
Licenses and permits	20	-	-	-	-	-	-
Intergovernmental	-	59,887	124,795	104,100	-	-	-
Charges for services	-	426	480	740	-	-	-
Interest	-	-	-	-	22,005	9,209	-
Other	-	-	-	-	590,720	-	-
Total receipts	20	706,411	1,354,503	1,227,922	612,725	9,209	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	80	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	1,676	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-
Debt service:							
Principal	-	735,000	530,000	1,220,000	-	-	-
Interest	-	25,233	570,438	184,334	403,768	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	534,378	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-
Total disbursements	80	760,233	1,100,438	1,404,334	403,768	536,054	-
Excess (deficiency) of receipts over disbursements	(60)	(53,822)	254,065	(176,412)	208,957	(526,845)	-
Other financing sources (uses):							
Bond proceeds	-	-	-	-	-	-	-
Transfers in	-	48,369	-	300,000	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	48,369	-	300,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(60)	(5,453)	254,065	123,588	208,957	(526,845)	-
Cash and investment fund balance - beginning	2,251	408,055	462,887	883,710	1,597,306	1,371,298	7,038
Cash and investment fund balance - ending	\$ 2,191	\$ 402,602	\$ 716,952	\$ 1,007,298	\$ 1,806,263	\$ 844,453	\$ 7,038
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	2,191	402,602	716,952	1,007,298	1,806,263	844,453	7,038
Total cash and investment assets - December 31	\$ 2,191	\$ 402,602	\$ 716,952	\$ 1,007,298	\$ 1,806,263	\$ 844,453	\$ 7,038
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	402,602	716,952	1,007,298	1,806,263	-	-
Capital projects	-	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	-	-
Road projects	-	-	-	-	-	844,453	-
Redevelopment	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Other purposes	2,191	-	-	-	-	-	7,038
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 2,191	\$ 402,602	\$ 716,952	\$ 1,007,298	\$ 1,806,263	\$ 844,453	\$ 7,038

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Cumulative Capital Improvement	Greenway Project	Redevelopment Bonds of 1998	Redevelopment BAN of 2006	General Obligation Bonds of 2006	Mattie J. Bayard Trust	Totals
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,256,805
Licenses and permits	-	-	-	-	-	-	45,482
Intergovernmental	434,353	39,270	-	-	-	-	11,011,301
Charges for services	-	-	-	-	-	-	4,342,744
Interest	-	-	-	-	-	-	310,140
Other	-	120	-	-	-	-	1,819,260
Total receipts	434,353	39,390	-	-	-	-	27,785,732
Disbursements:							
General government	-	-	-	-	-	-	1,798
Public safety	-	-	-	-	-	-	1,642,798
Highways and streets	-	-	-	-	-	-	4,200,618
Sanitation	-	-	-	-	-	-	139,275
Health and welfare	-	-	-	-	-	-	1,837,708
Culture and recreation	-	-	-	-	-	-	9,742,316
Urban redevelopment and housing	-	-	-	-	-	-	2,914,970
Economic development and assistance	-	-	-	654,307	-	-	2,637,034
Debt service:							
Principal	-	-	-	-	-	-	2,485,000
Interest	-	-	-	-	-	-	1,183,773
Capital outlay:							
Public safety	-	-	-	-	-	-	113
Highways and streets	-	-	-	-	-	-	534,378
Culture and recreation	-	121,560	-	-	-	-	241,500
Urban redevelopment and housing	-	-	-	-	-	-	100,944
Economic development and assistance	-	-	-	708,900	-	-	708,900
Total disbursements	-	121,560	-	1,363,207	-	-	28,371,125
Excess (deficiency) of receipts over disbursements	434,353	(82,170)	-	(1,363,207)	-	-	(585,393)
Other financing sources (uses):							
Bond proceeds	-	-	-	1,363,208	1,588,000	-	2,951,208
Transfers in	-	250,000	-	-	-	-	775,121
Transfers out	(430,308)	-	-	-	-	-	(738,807)
Total other financing sources (uses)	(430,308)	250,000	-	1,363,208	1,588,000	-	2,987,522
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,045	167,830	-	1	1,588,000	-	2,402,129
Cash and investment fund balance - beginning	-	442,861	26,446	-	-	6,058	20,112,013
Cash and investment fund balance - ending	\$ 4,045	\$ 610,691	\$ 26,446	\$ 1	\$ 1,588,000	\$ 6,058	\$ 22,514,142
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 593,684
Restricted assets:							
Cash and investments	4,045	610,691	26,446	1	1,588,000	6,058	21,920,458
Total cash and investment assets - December 31	\$ 4,045	\$ 610,691	\$ 26,446	\$ 1	\$ 1,588,000	\$ 6,058	\$ 22,514,142
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,600,682
Debt service	-	-	-	-	-	-	3,933,115
Capital projects	4,045	610,691	-	-	-	-	838,351
Perpetual care	-	-	-	-	-	-	770,716
Road projects	-	-	-	-	1,588,000	-	4,822,434
Redevelopment	-	-	26,446	1	-	-	3,237,904
Economic development	-	-	-	-	-	-	4,127,971
Public safety	-	-	-	-	-	-	195,383
Other purposes	-	-	-	-	-	6,058	1,393,902
Unrestricted	-	-	-	-	-	-	593,684
Total cash and investment fund balance - December 31	\$ 4,045	\$ 610,691	\$ 26,446	\$ 1	\$ 1,588,000	\$ 6,058	\$ 22,514,142

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 As of and for the Year Ended December 31, 2006

	Printing and Supply	Hospitalization	Unemployment	Auto Collision Insurance	Worker's Compensation	Liability Insurance	Totals
Operating receipts:							
Employer/Employee contribution	\$ -	\$ 14,132,191	\$ 66,445	\$ 17,021	\$ 687,789	\$ 1,741,920	\$ 16,645,366
Other	228,710	-	-	-	-	-	228,710
Total operating receipts	228,710	14,132,191	66,445	17,021	687,789	1,741,920	16,874,076
Operating disbursements:							
Cost of sales and services	155,773	1,002,458	-	-	87,726	-	1,245,957
Insurance disbursements	-	11,626,290	27,278	49,131	680,789	2,509,679	14,893,167
Total operating disbursements	155,773	12,628,748	27,278	49,131	768,515	2,509,679	16,139,124
Excess (deficiency) of receipts over disbursements	72,937	1,503,443	39,167	(32,110)	(80,726)	(767,759)	734,952
Nonoperating receipts:							
Interest and investment receipts	-	29,968	3,309	1,217	3,291	6,119	43,904
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	72,937	1,533,411	42,476	(30,893)	(77,435)	(761,640)	778,856
Cash and investment fund balance - beginning	104,108	3,081,799	220,377	88,006	255,352	1,287,878	5,037,520
Cash and investment fund balance - ending	\$ 177,045	\$ 4,615,210	\$ 262,853	\$ 57,113	\$ 177,917	\$ 526,238	\$ 5,816,376
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ 177,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,045
Restricted assets:							
Cash and investments	-	4,615,210	262,853	57,113	177,917	526,238	5,639,331
Total cash and investment assets - December 31	\$ 177,045	\$ 4,615,210	\$ 262,853	\$ 57,113	\$ 177,917	\$ 526,238	\$ 5,816,376
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Self-Insurance	\$ -	\$ 4,615,210	\$ 262,853	\$ 57,113	\$ 177,917	\$ 526,238	\$ 5,639,331
Unrestricted	177,045	-	-	-	-	-	177,045
Total cash and investment fund balance - December 31	\$ 177,045	\$ 4,615,210	\$ 262,853	\$ 57,113	\$ 177,917	\$ 526,238	\$ 5,816,376

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2006

	<u>Fire Pension</u>	<u>Police Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 2,986,947	\$ 3,151,819	\$ 6,138,766
Plan members	17,994	36,214	54,208
State	<u>2,825,383</u>	<u>3,420,597</u>	<u>6,245,980</u>
Total contributions	<u>5,830,324</u>	<u>6,608,630</u>	<u>12,438,954</u>
Investment receipts:			
Interest	<u>1,058</u>	<u>1,704</u>	<u>2,762</u>
Total additions	<u>5,831,382</u>	<u>6,610,334</u>	<u>12,441,716</u>
Deductions:			
Benefits	5,244,823	6,250,784	11,495,607
Administrative and general	<u>14,169</u>	<u>22,639</u>	<u>36,808</u>
Total deductions	<u>5,258,992</u>	<u>6,273,423</u>	<u>11,532,415</u>
Excess of total additions over total deductions	572,390	336,911	909,301
Cash and investment fund balance - beginning	<u>113,160</u>	<u>646,637</u>	<u>759,797</u>
Cash and investment fund balance - ending	<u>\$ 685,550</u>	<u>\$ 983,548</u>	<u>\$ 1,669,098</u>

CITY OF EVANSVILLE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2006

	Housing Rehabilitation Services	Cash Bonds	Oak Hill Lease Escrow	Accounts Receivable/ Payable Clearing	Payroll Summary	Advance Sales Escrow	Totals
Additions:							
Agency fund additions	\$ -	\$ -	\$ -	\$ 825,529	\$ 61,155,651	\$ -	\$ 61,981,180
Deductions:							
Agency fund deductions	-	-	-	806,075	61,137,455	1,677,903	63,621,433
Excess (deficiency) of total additions over total deductions	-	-	-	19,454	18,196	(1,677,903)	(1,640,253)
Cash and investment fund balance - beginning	14	1,000	5,377	(80,416)	492,432	1,677,903	2,096,310
Cash and investment fund balance - ending	<u>\$ 14</u>	<u>\$ 1,000</u>	<u>\$ 5,377</u>	<u>\$ (60,962)</u>	<u>\$ 510,628</u>	<u>\$ -</u>	<u>\$ 456,057</u>

CITY OF EVANSVILLE
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For the Year Ended December 31, 2006

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 14,812,257
Infrastructure (includes storm sewers)	526,991,710
Buildings	94,859,915
Improvements other than buildings	29,377,696
Machinery and equipment	<u>39,649,699</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 705,691,277</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 370,150
Construction in progress	5,539,056
Buildings	30,068,219
Improvements other than buildings	79,167,301
Machinery and equipment	1,009,092
Transportation equipment	<u>1,634,044</u>
Total Water Utility capital assets	<u>117,787,862</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	80,987
Construction in progress	12,584,374
Buildings	113,725,549
Improvements other than buildings	94,102,678
Machinery and equipment	<u>1,937,525</u>
Total Wastewater Utility capital assets	<u>222,431,113</u>
Total business-type activities capital assets, not being depreciated	<u>\$ 340,218,975</u>

CITY OF EVANSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For the Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Bonds payable:		
General obligation bonds:		
1998 Redevelopment General Obligation Bond	\$ 2,050,000	\$ 655,000
2001 Park District General Obligation Bond	11,870,000	555,000
2003 Park District General Obligation Bond	15,325,000	
2004 Redevelopment Refunding	2,550,000	615,000
2006 Bonds	1,590,000	255,000
Redevelopment Tax Increment Bonds and Bond Anticipation Notes:		
Redevelopment TIF Bonds of 2002	<u>4,905,000</u>	<u>190,000</u>
Total governmental activities long-term debt	<u>\$ 38,290,000</u>	<u>\$ 2,270,000</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water Revenue Bonds of 2004	\$ 24,395,000	\$ 510,000
Water Refunding Revenue Bonds of 2005	<u>8,770,000</u>	<u>665,000</u>
Total Water Utility	<u>33,165,000</u>	<u>1,175,000</u>
Wastewater Utility		
Revenue bonds:		
Wastewater Revenue Bonds of 1997, Series A	5,750,000	1,025,000
Wastewater Refunding Revenue Bonds of 2003	30,875,000	130,000
Loans:		
Wastewater Revenue SRF Loan of 1993	896,000	115,000
Wastewater Revenue SRF Loan of 1998	10,348,510	735,000
Wastewater Revenue SRF Loan 2004, Series B	<u>4,912,042</u>	<u>-</u>
Total Wastewater Utility	<u>52,781,552</u>	<u>2,005,000</u>
Total business-type activities long-term debt:	<u>\$ 85,946,552</u>	<u>\$ 3,180,000</u>

CITY OF EVANSVILLE
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balance of the General Fund, General Obligation Loan Fund, Fire Pension Fund, Park Bond and Interest Retirement Fund, Police Pension Fund, TIF Redevelopment Projects Fund, Redevelopment Bond Retirement Fund, Home Investment Trust Fund, Community Development Block Grant Fund, Continuum Care Fund, Police Narcotics Grant Fund, Emergency Shelter Grant Fund, Accounts Receivable/Payable Clearing Fund, Hospitalization Fund, Worker's Compensation Fund and Payroll Summary Fund were overdrawn in 2006.

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)

FIREFIGHTERS PENSION

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

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

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

POLICE PENSION

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

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

Per Indiana Code 36-8-6-9.6(c): "Except as otherwise provided in this subsection, a payment shall also be made to each child of a deceased member less than eighteen (18) years of age, in an amount fixed by ordinance but at least an amount . . ."

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

CITY OF EVANSVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS

As stated in several prior audit reports, the Payroll Fund does not reconcile to the payroll bank account.

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

COLLECTION OF AMOUNTS DUE

The City awarded construction contracts for five sidewalk repair projects in the years 2005 and 2006. These projects were authorized by Ordinance G-2004-19 which approved the use of Barrett Law funding. Under Barrett Law the abutting property owner pays for the cost of the project. As authorized by Ordinance G-2004-19 the property owners were to be assessed either twenty five percent (25%) or fifty percent (50%) of the cost of the sidewalk repair on their property. As of September 13, 2007, only one final assessment roll has been approved by the Board of Public Works and no money has been collected.

Per Indiana Code 36-9-37-9(a): "When the assessment roll for an improvement ordered by the works board of a municipality is finally approved, the assessment roll shall be certified to the municipal fiscal officer. The fiscal officer shall then collect the special assessments listed on the assessment roll."

PARKING METER FEES

As stated in several prior audit reports, parking meter fees are deposited into the General 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

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

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

CITY OF EVANSVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

BUY MONEY – POLICE

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

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

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

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

Compliance

We have audited the compliance of the City of Evansville (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006. 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 non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

September 24, 2007

CITY OF EVANSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2006

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 AGRICULTURE</u>			
Pass-Through Indiana Department of Natural Resources Cooperative Forestry Assistance	10.664	2004-2005 2005-2006	\$ 4,516 <u>7,000</u>
Total for Federal Grantor Agency			<u>11,516</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Award			
Community Development Block Grants/Entitlement Grants	14.218	B-04-MC-18-0002 B-05-MC-18-0002	312,573 <u>2,579,288</u>
Total for Program			<u>2,891,861</u>
Emergency Shelter Grants (ESG) Program	14.231	S-05-MC-18-0002	<u>101,200</u>
Supportive Housing Program	14.235	IN36B10-2001 IN36B20-2002 IN36B20-2003 IN36B30-1002 IN36B40-1001 IN36B40-1002 IN36B40-1003 IN36B40-1004 IN36B40-1005 IN36B50-1003 IN36B50-1004 IN36B50-1005 IN36B50-1007	18,695 35,405 33,673 1,443 85,480 95,914 30,427 20,486 38,488 94,429 25,623 62,664 <u>84</u>
Total for Program			<u>542,811</u>
HOME Investment Partnerships Program	14.239	M-04-MC-18-0201 M-04-MC-18-0201 M-04-MC-18-0201 M-04-MC-18-0201 M-04-MC-18-0201	5,718 61,456 82,934 166,505 <u>170,952</u>
Total for Program			<u>487,565</u>
Total for Federal Grantor Agency			<u>4,023,437</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Award			
Local Law Enforcement Block Grant Program	16.592	2004-LBBX-1671	<u>49,825</u>
Pass-Through Indiana Criminal Justice Institute Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	04-JF-029	<u>13,340</u>
Crime Victim Assistance	16.575	05VA126 05VA127 05VA129	61,628 61,608 <u>28,942</u>
Total for Program			<u>152,178</u>
Edward Byrne Memorial Formula Grant Program	16.579	03-DB-062 04-DB-040	28,630 <u>61,600</u>
Total for Program			<u>90,230</u>

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

CITY OF EVANSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2006
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE (continued)</u>			
Pass-Through Indiana Criminal Justice Institute (continued)			
Violence Against Women Formula Grants	16.588		<u>10,409</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738		
		05-DJ-067	14,092
		2005-DBJX-1069	<u>80,304</u>
Total for Program			<u>94,396</u>
Total for Federal Grantor Agency			<u>410,378</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction	20.205	CMAQ-000C(569)	2,220
Federal Transit-Formula Grants	20.507		
		IN-90-0103	861,124
		IN-90-0287	102,603
		IN-90-0300	274,094
		IN-90-0334	204,475
		IN-90-0454	627,251
		IN-90-0474	14,434
		IN-90-0501	<u>1,317,266</u>
Total for Program			<u>3,401,247</u>
State and Community Highway Safety	20.600	PT-06-04-07-52	<u>66,275</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		
		J8-06-04-04-01	14,556
		154-AL-06-03-03-23	29,127
		KB-07-03-01-25	6,218
		PT-07-04-01-55	<u>17,643</u>
Total for Program			<u>67,544</u>
Total for Federal Grantor Agency			<u>3,537,286</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management			
Air Pollution Control Program Support	66.001	A305-5-02	<u>109,710</u>
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS18229102	<u>2,630,298</u>
Total for Federal Grantor Agency			<u>2,740,008</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
State Domestic Preparedness Equipment Support Program	97.004	C4AP-4-448	<u>18,289</u>
Disaster Grants - Public Assistance	97.036		<u>49,049</u>
Assistance to Firefighters Grant	97.044	EMW-2004-FG-12355	<u>316,406</u>
Total for Federal Grantor Agency			<u>383,744</u>
Total Federal Awards Expended			<u>\$ 11,106,369</u>

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

CITY OF EVANSVILLE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2006:

Program Title	Federal CFDA Number	2006
Community Development Block Grants/Entitlement Grants	14.218	\$ 1,034,323
Emergency Shelter Grants (ESG) Program	14.231	102,757
Supportive Housing Program	14.235	544,126
HOME Investment Partnerships Program	14.239	436,646
Crime Victim Assistance	16.575	147,607
Violence Against Women Formula Grants	16.588	11,386

CITY OF EVANSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

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

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
14.235	Supportive Housing Program
14.239	HOME Investment Partnerships Program

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF EVANSVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF EVANSVILLE
EXIT CONFERENCE

The contents of this report were discussed on October 29, 2007, with Jonathan Weinzapfel, Mayor; and Jenny Collins, Deputy Controller.