

**CITY OF EVANSVILLE**  
**FINANCIAL STATEMENTS WITH**  
**INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended December 31, 2008**

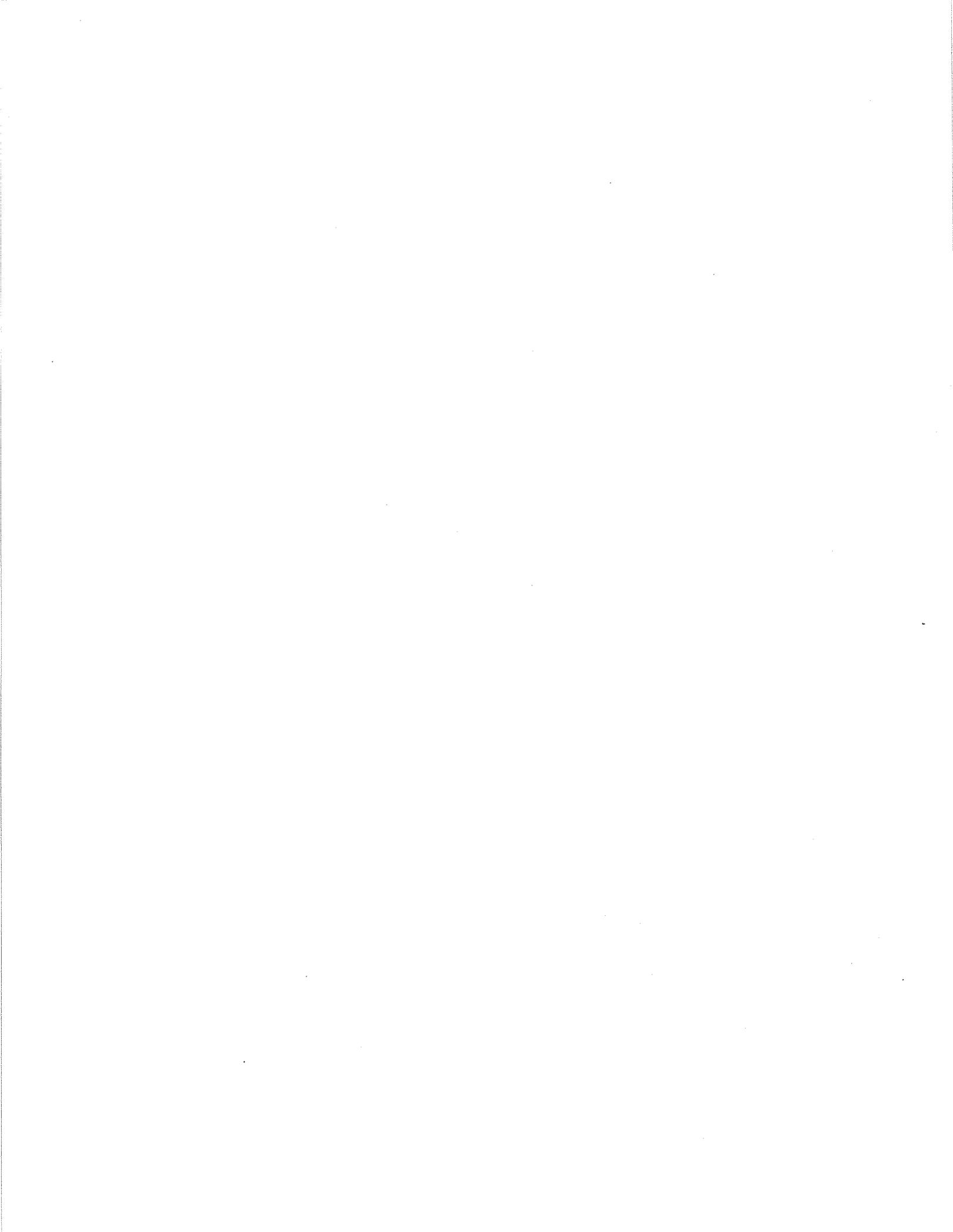
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**City of Evansville  
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December 31, 2008**

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**Johnson & Block**  
AND COMPANY, INC.

Certified Public Accountants

*Quality service through our commitment to clients and staff*

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**INDEPENDENT AUDITOR'S REPORT**

July 2, 2009

To the City Council  
City of Evansville, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Evansville, Wisconsin, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Evansville, Wisconsin, management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the City of Evansville, a discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority of the City of Evansville, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Evansville, Wisconsin, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the general fund budgetary comparison information on pages i through x and 42, are not a required part 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 of Evansville's basic financial statements. The combining non-major fund financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These financial statements 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.

*Johnson Block & Company, Inc.*

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Madison, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2008

As management of the City of Evansville, we offer readers of the City of Evansville financial statements this narrative overview and analysis of the financial activities of the City of Evansville for the fiscal year ended December 31, 2008. We encourage the reader to consider the information presented here in conjunction with the Independent Auditor's Report at the front of this report and the City's financial statements, which immediately follow this section.

### THE FINANCIAL HIGHLIGHTS

When revenues exceed expenses, the result is an increase in net assets. When expenses exceed revenues, the result is a decrease in net assets. You can think of this relationship between revenues and expenses as the City's operating results. You can think of the City's net assets, as measured in the Statement of Net Assets, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the City's goal is to provide services that improve the quality of life for our residents, not to generate profits as companies do. For this reason, you will need to consider many other non-financial factors, such as the condition of our roads, in assessing the overall health of our City.

- The assets of the primary government of the City of Evansville exceeded its liabilities as of December 31, 2008, by \$19,672,453 (net assets). Of this amount, \$3,189,611 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total general fund expenditures for operations were \$164,024 less than budgeted.
- General fund revenues exceeded the budget by \$35,473.
- As of December 31, 2008, the City of Evansville's governmental funds reported combined ending fund balances of \$2,084,782.
- As of December 31, 2008, the unreserved/undesignated fund balance for the general fund was \$1,044,143, or approximately 39 percent of total general fund expenditures.
- The City of Evansville's governmental liability for long-term debt including compensated absences and long-term debt was \$8,966,752. The business-type debt totaled \$8,573,571.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of Evansville's basic financial statements. These basic financial statements are comprised of 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 themselves.

**Government-wide financial statements.** The government-wide financial statements are the *Statement of Net Assets* and *Statement of Activities*. These statements present an aggregate view of the City's finances in a manner similar to private-sector business. The government-wide financial statements can be found on pages 1 and 2 of this report.

- The *statement of net assets* presents information on all of the City of Evansville's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Evansville is improving or deteriorating.
- The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e. g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City of Evansville 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 of Evansville include general government, public safety, public works, health and human services, parks and recreation, and conservation and development. The business-type activities of the City of Evansville include the Water and Light Utility and the Wastewater Treatment Plant or sanitary sewer utility. In addition, the City added a storm-water utility fund in 2008.

The government-wide financial statements include only the activities of the City of Evansville. The Evansville Housing Authority is considered to be a component unit of the City of Evansville for reporting purposes.

**Fund financial statements.** The City also produces 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. The City, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the City-wide statements and provide information that may be useful in evaluating a City's short-term financing requirements. There are two fund financial statements, the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance.

**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, fund statements focus on short-term inflows and outflows of expendable resources and their impact on fund balance.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Evansville maintains ten individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the Statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service and five Capital Projects funds. Four of the capital project funds are TIF districts. Data from the remaining three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report.

The City of Evansville adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3 through 6 of this report.

*Proprietary funds* are used to report the same functions presented as business-type activities 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 electric and water utilities (Water and Light Committee) and the sewer utility (Public Works Committee), which are considered to be major funds of the City of Evansville. The storm-water fund is non-major. The basic proprietary fund financial statements can be found on pages 7 through 11 of this report.

*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 statements because the resources of those funds are not available to support the City of Evansville's programs. The fiduciary fund maintained by the City of Evansville is the Tax Collection Agency Fund which records the tax roll and tax collections for other taxing jurisdictions within the City of Evansville. The basic fiduciary fund financial statements can be found on page 12 of this report.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**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 on pages 13 through 41 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds and other information related to the individual funds is presented immediately following the required supplementary information. Individual fund statements and schedules can be found on pages 41 through 43 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Table 1, below, provides a summary of the City's assets for the year ended December 31, 2008.

**TABLE 1**  
**City of Evansville Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 5,845,780	\$6,659,107	\$ 5,258,485	\$ 5,957,819	\$11,104,265	\$12,616,926
Capital assets	7,330,377	6,244,832	23,073,973	22,172,075	30,404,350	28,416,907
Total Assets	13,176,157	12,903,939	28,332,458	28,129,894	41,508,615	41,033,833
Long-term liabilities outstanding	8,384,372	8,787,310	8,223,516	8,054,810	16,607,888	16,842,120
Other liabilities	3,763,367	3,070,551	1,464,907	1,560,090	5,228,274	4,630,641
Total Liabilities	12,147,739	11,857,861	9,688,423	9,614,900	21,836,162	21,472,761
Net Assets:						
Invested in capital assets, net of related debt	856,976	127,060	14,487,610	13,157,597	15,344,586	13,284,657
Restricted	151,349	379,344	986,907	1,078,711	1,138,256	1,458,055
Unrestricted	20,093	539,674	3,169,518	4,278,686	3,189,611	4,818,360
Total Net Assets	\$ 1,028,418	\$1,046,078	\$18,644,035	\$18,514,994	\$19,672,453	\$19,561,072

A significant portion of the City's net assets (78%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The restricted portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$3,189,611 may be used to meet the City's ongoing obligations to citizens and creditors.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

Table 2, below, provides a summary of the City's operating results and their impact on net assets for the year ended December 31, 2008. In 2008, the governmental activities relied primarily on property taxes (44%), program revenues (41%) and state aids (11%) to fund its operations. Combined, these account for 96% of all revenues or \$4.63 million. Business-type activities relied primarily on program revenues to fund its operations. Utility charges accounted for 95% of business-type revenues. Capital grants and contributions were also another source of revenue for business-type activities contributing 3.4% of the total revenue. Combined, these account for 98% of all business-type revenues.

**TABLE 2**  
**City of Evansville's Change in Net Assets**  
**2008 and 2007**

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 840,896	\$ 785,643	\$ 7,703,699	\$ 6,908,775	\$ 8,544,595	\$ 7,694,418
Operating grants and contributions	647,090	587,382	-	-	647,090	587,382
Capital grants and contributions	470,328	282,361	282,252	331,133	752,580	613,494
<b>General Revenues:</b>						
Property taxes	2,123,944	1,990,837	-	-	2,123,944	1,990,837
Grants and contributions not restricted to specific programs	545,760	546,101	-	-	545,760	546,101
Unrestricted Interest and Investment	150,654	255,566	132,110	188,709	282,764	444,275
Other- Gain on sale of capital assets	-	-	-	4,999	-	4,999
Other- Loss on sale of capital assets	(3,738)	-	-	-	(3,738)	-
Miscellaneous	27,753	4,858	19,471	21,766	47,224	26,624
<b>Total Revenues</b>	<b>4,802,687</b>	<b>4,452,748</b>	<b>8,137,532</b>	<b>7,455,382</b>	<b>12,940,219</b>	<b>11,908,130</b>
<b>Expenses:</b>						
General Government	605,749	862,172	-	-	605,749	862,172
Public Safety	1,459,967	1,378,706	-	-	1,459,967	1,378,706
Public Works	939,411	736,472	-	-	939,411	736,472
Health & human services	129,131	130,879	-	-	129,131	130,879
Recreation and education	583,718	555,177	-	-	583,718	555,177
Conservation and development	911,178	967,946	-	-	911,178	967,946
Interest on long-term debt	465,458	247,562	-	-	465,458	247,562
Capital Outlay	40,589	64,291	-	-	40,589	64,291
Electric and Water	-	-	6,807,983	6,148,774	6,807,983	6,148,774
Sewer	-	-	529,625	483,236	529,625	483,236
Storm-water	-	-	71,528	-	71,528	-
<b>Total Expenses</b>	<b>5,135,201</b>	<b>4,943,205</b>	<b>7,409,136</b>	<b>6,632,010</b>	<b>12,544,337</b>	<b>11,575,215</b>
<b>Increase (decrease) in net assets</b>						
before transfers	(332,514)	(490,457)	728,396	823,372	395,882	332,915
Transfers	314,854	(583,317)	(314,854)	583,317	-	-
<b>Increase in Net Assets</b>	<b>(17,660)</b>	<b>(1,073,774)</b>	<b>413,542</b>	<b>1,406,689</b>	<b>395,882</b>	<b>332,915</b>
<b>Net Assets - January 1</b>	<b>1,046,078</b>	<b>2,119,852</b>	<b>18,230,493</b>	<b>16,823,804</b>	<b>19,276,571</b>	<b>18,943,656</b>
<b>Net Assets - December 31</b>	<b>\$1,028,418</b>	<b>\$ 1,046,078</b>	<b>\$18,644,035</b>	<b>\$18,230,493</b>	<b>\$19,672,453</b>	<b>\$19,276,571</b>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

**Governmental Activities:** Governmental activities decreased the City's net assets by \$17,660. The key element of this decrease is the TIF expenditures. Some of these borrowings are for developer incentives that are not capital assets. In 2008, the City spent \$800,000 in non-capital developer incentives.

**Business-type activities:** Business-type activities increased City of Evansville's net assets by \$413,542, which offset the decrease in Governmental activities and is responsible for the City's total growth of \$395,882 in net assets. Key elements of this increase are as follows:

- The City's electric and water utility had operating income of \$635,749 before an operating transfer out for the tax equivalent of \$314,857.
- The electric and water utility received capital contributions of \$244,016.

The sewer fund restated beginning net assets by \$284,502. The reduction was for deferred assessments.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

**Governmental funds.** The focus of City of Evansville's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of December 31, 2008, the City's governmental funds reported combined ending fund balances of \$2,084,782, a decrease of \$1,720,038 from the prior year. Of the combined ending fund balance, \$656,134 is reserved and \$1,658,134 is designated. The net deficit of \$230,216 in unreserved/undesignated fund balance is due mainly to TIF 5 deficit of \$1,406,178. This deficit has been financed by advances from the general fund, electric and water utility and sewer fund.

The general fund is the chief operating fund of the City. At the end of the current year, unreserved/undesignated fund balance of the general fund was \$1,044,143, while total fund balance reached \$1,641,569. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 42% of total general fund expenditures, while total fund balance represents 61% of that same amount.

During the current year, the City's general fund balance increased by \$188,009. Key factors in this increase are as follows:

- The total revenues were \$35,473 over budgeted amounts and expenditures were \$164,024 under budget.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

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

Operating revenues were up \$792,000 from 2007. The main increases were in the electric and water utility which had a full year of rate increases. The stormwater utility was new in 2008 and accounted for \$63,545 in sales.

Operating expenses increased by approximately \$740,000. This was due primarily to in additional costs for purchase of electricity. This amounted to \$454,000. Substation repairs, line maintenance, and WWTP engineering also had notable impacts. Depreciation expenses increased by approximately \$69,000.

The Water and Light Utility had an increase of net assets of \$421,097 in 2008 after deducting a transfer of \$314,857 to the City's General Fund. Net assets were \$12,123,350 as of December 31, 2008.

The Wastewater Treatment Plant Utility had an increase of net assets of \$428 in 2008. Net assets were \$6,528,668 as of December 31, 2008.

The storm-water utility was new in 2008 and had a deficit of \$7,983.

The Water and Light Utility's outstanding debt at December 31, 2008 was \$6,561,700, an increase of \$9,600 over the balance at December 31, 2007. Fixed assets, net of accumulated depreciation, of \$16,248,673 increased \$899,413 from 2007.

The Wastewater Treatment Plant Utility's outstanding debt at December 31, 2008 was \$1,889,628, an increase of \$249,477 over the balance at December 31, 2007. Fixed assets, net of accumulated depreciation, of \$6,825,300 increased \$2,604 from 2007.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Evansville's general fund had an original budget of \$2,718,536 and a revised final budget of \$2,868,886, amounting to a \$150,350 increase in appropriations. Actual expenditures totaled \$2,704,862. Budgeted differences can be briefly summarized as follows:

- Actual expenditures were less than budgeted expenditures by \$164,024. The majority were in the general government area (\$75,958 less than budget) and public works (\$72,191 less than budget).

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** City of Evansville's investment in capital assets for its governmental and business-type activities as of December 31, 2008, amounts to \$30,404,350 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, public domain infrastructure (highway and bridges), and construction in progress.

### CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

- A summary of the fixed assets is identified below:

#### City of Evansville Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
	Land	\$ 454,256	\$ 521,756	171,362	171,362	\$ 625,618
Infrastructure Work in Process	2,184,330	1,619,419	3,577,482	352,060	5,761,812	1,971,479
Other Work in Process	15,983	175,548	-	-	15,983	175,548
Depreciable Capital Assets	6,004,364	7,772,015	25,263,844	30,019,515	31,268,208	37,791,530
Accumulated depreciation	(2,414,101)	(2,758,361)	(6,840,732)	(7,468,964)	(9,254,833)	(10,227,325)
<b>Total</b>	<b>\$6,244,832</b>	<b>\$ 7,330,377</b>	<b>\$22,171,956</b>	<b>\$23,073,973</b>	<b>\$28,416,788</b>	<b>\$30,404,350</b>

The significant capital additions in 2008 included purchase of land and building for police,, continued street work for Madison Street and other TIF 5 projects, purchase of two new plow trucks and the purchase of new police vehicle as well as other capital items. Additional information on the City of Evansville's capital assets can be found in Note IV-B on pages 27-29 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Evansville had total debt outstanding of \$17,418,079. Of this amount, \$7,354,000 was backed by the full faith of the City.

**City of Evansville Outstanding Debt**  
**Long-term Debt**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
2000 Refunding Notes	\$ -	\$ 750,000	\$ -	\$ -	\$ -	\$ 750,000
2003A GO Notes	165,300	185,900	234,700	264,100	400,000	450,000
2003B GO Notes	247,000	257,000	473,000	513,000	720,000	770,000
2005 GO Notes	1,452,762	1,498,882	122,238	126,118	1,575,000	1,625,000
2007 GO Comm. Dev. Bonds	930,000	930,000	-	-	930,000	930,000
2007 GO Comm. Dev. Bonds	2,860,000	2,860,000	-	-	2,860,000	2,860,000
2007 STFL	-	1,918,000	-	-	-	1,918,000
2007 STFL	500,000	500,000	-	-	500,000	500,000
2008 STFL	169,000				169,000	-
2008 STFL	200,000				200,000	-
2005 CWFL			1,407,389	1,474,033	1,407,389	1,474,033
2005 Mortgage Revenue Bonds			3,100,000	3,200,000	3,100,000	3,200,000
2007 Mortgage Revenue Bonds			2,615,000	2,615,000	2,615,000	2,615,000
2008 Note Anticipation Note	686,000		499,000		1,185,000	-
2008 Note Anticipation Note	1,365,000		-		1,365,000	-
2008 Capital Lease	177,923				177,923	-
Compensated absences	213,767	195,315			213,767	195,315
<b>Total</b>	<b>\$ 8,966,752</b>	<b>\$ 9,095,097</b>	<b>\$ 8,451,327</b>	<b>\$ 8,192,251</b>	<b>\$ 17,418,079</b>	<b>\$ 17,287,348</b>

The City is not rated by Moody's Investors Service or any other rating agency for its general obligation debt.

Additional information on the City's long-term debt can be found in Note IV-D on pages 31-35 of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The City of Evansville's Mayor and Common Council adopted a general fund budget for the year 2009, which is an increase of 4.85% over the adopted budget of the previous year.
- The property tax rate increased from \$6.66535 to \$6.95903 per \$1,000 assessed valuation.
- One major increase was \$75,618 increase for the fire district due to the construction of a new fire hall.
- Also there was an increase of \$103,858 for debt service on a lake restoration project after an advisory referendum.
- The City's financial results are dependent on two main factors:
- Having sufficient growth in tax base from new construction to produce sufficient revenue to cover increased costs of current service levels without needing to increase the City's mill rate on assessed value.
- Being able to provide high-quality services to a growing population while putting off increases in staffing as long as possible.
- Where appropriate, services should be funded by reasonable user charges.

All of these factors were considered in preparing the City's budget for the 2009 fiscal year.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Evansville's finances. Questions, concerning any of the information provided in this report or requests for additional information should be addressed to the City of Evansville Finance Department, 31 South Madison Street, Evansville, Wisconsin, 53536. General information relating to the City of Evansville, Wisconsin, can be found at the City's website, <http://www.ci.evansville.wi.gov> .

**City of Evansville  
Evansville, WI**

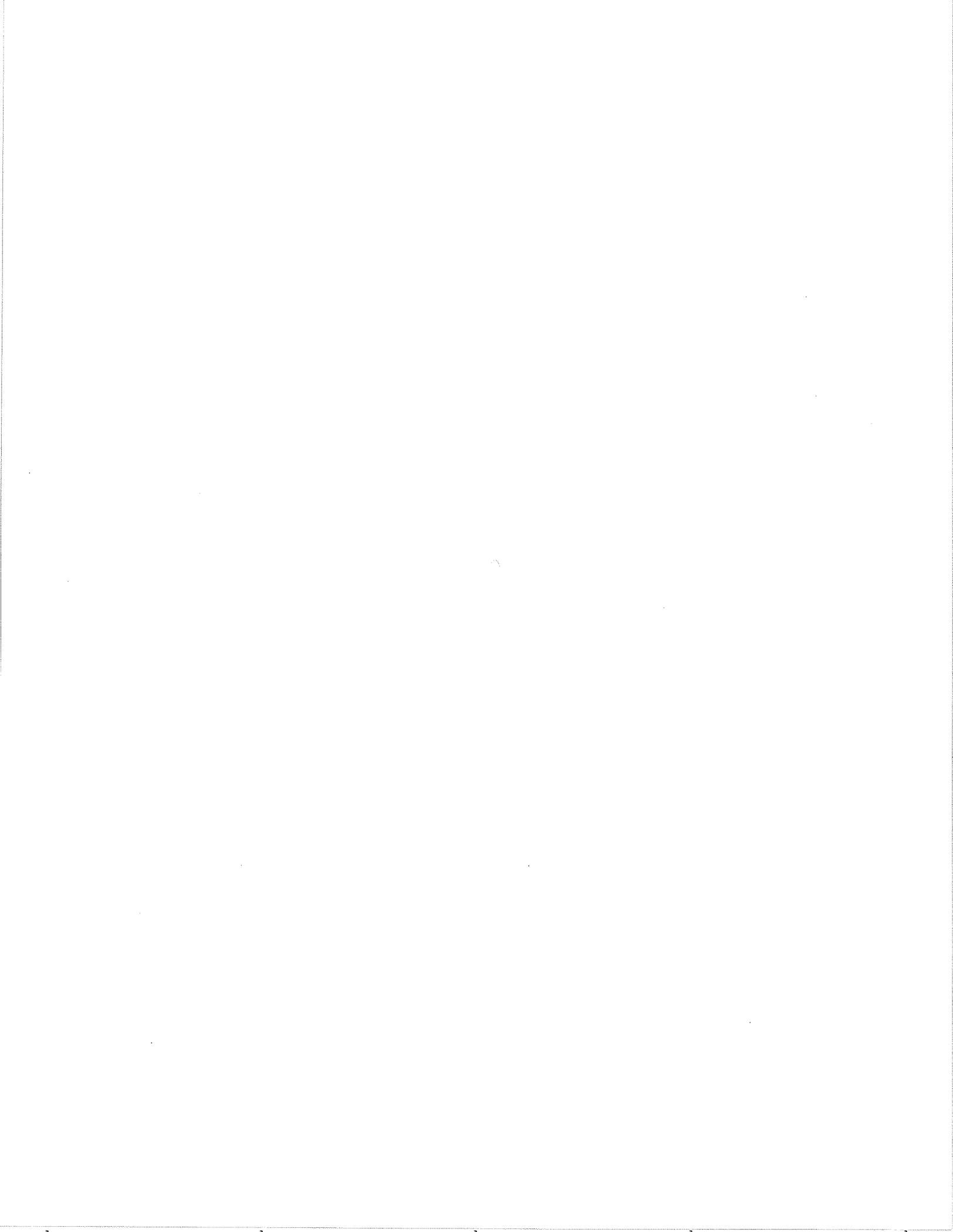
**Statement of Net Assets  
December 31, 2008**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
<b>ASSETS</b>				
Cash and Investments	\$ 3,136,626	\$ 1,829,528	\$ 4,966,154	\$ 712,491
Restricted Cash	-	986,907	986,907	-
Receivables	3,426,812	1,253,891	4,680,703	145,901
Internal Balances	(848,530)	848,530	-	-
Inventories	-	202,424	202,424	-
Other assets	130,872	137,205	268,077	3,949
Capital Assets				
Land, improvements, and construction in progress	2,316,723	523,422	2,840,145	25,758
Other Capital Assets, net of depreciation	5,013,654	22,550,551	27,564,205	259,176
Total Capital Assets	<u>7,330,377</u>	<u>23,073,973</u>	<u>30,404,350</u>	<u>284,934</u>
Total Assets	<u>\$ 13,176,157</u>	<u>\$ 28,332,458</u>	<u>\$ 41,508,615</u>	<u>\$ 1,147,275</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 585,997	\$ 519,101	\$ 1,105,098	\$ 14,634
Deferred Revenues	2,482,913	544,089	3,027,002	-
Long-term liabilities				
Due within one year				
Bonds, notes and capital leases	548,385	331,500	879,885	-
Accrued interest	112,077	51,661	163,738	-
Compensated Absences	33,995	18,556	52,551	18,030
Due in more than one year				
Bonds, notes and capital leases	8,204,600	8,119,828	16,324,428	-
Compensated absences	179,772	103,688	283,460	-
Total liabilities	<u>12,147,739</u>	<u>9,688,423</u>	<u>21,836,162</u>	<u>32,664</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	856,976	14,487,610	15,344,586	284,934
Restricted for:				
Special Revenue	151,349	-	151,349	-
Other Purposes	-	986,907	986,907	21,194
Unrestricted	20,093	3,169,518	3,189,611	808,483
Total net assets	<u>1,028,418</u>	<u>18,644,035</u>	<u>19,672,453</u>	<u>1,114,611</u>
Total Liabilities and Net Assets	<u>\$ 13,176,157</u>	<u>\$ 28,332,458</u>	<u>\$ 41,508,615</u>	<u>\$ 1,147,275</u>

City of Evansville  
Evansville, WI

Statement of Activities  
For the Year Ended December 31, 2008

Functions/Programs Primary government	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for	Operating	Capital Grants	Governmental	Primary Government		Component
						Business-type	Total	
Governmental Activities								
General Government	\$ 605,749	\$ 111,093	\$ 10,709	\$ -	\$ (483,947)	\$ -	\$ (483,947)	
Public Safety	1,459,967	367,015	28,144	-	(1,064,808)		(1,064,808)	
Public Works	939,411	205,308	258,456	289,533	(186,114)		(186,114)	
Health, Welfare and Sanitation	129,131	22,775	-	-	(106,356)		(106,356)	
Culture and Recreation	583,718	111,644	47,170	27,812	(397,092)		(397,092)	
Conservation and Development	911,178	23,061	302,611	-	(585,506)		(585,506)	
Interest on Long-term debt	465,458	-	-	-	(465,458)		(465,458)	
Capital Outlay	40,589	-	-	152,983	112,394		112,394	
Total governmental activities	<u>5,135,201</u>	<u>840,896</u>	<u>647,090</u>	<u>470,328</u>	<u>(3,176,887)</u>		<u>(3,176,887)</u>	
Business-type activities:								
Electric and Water	6,807,983	7,191,227	-	244,016	-	627,260	627,260	
Sewer	529,625	448,927	-	38,236	-	(42,462)	(42,462)	
Stormwater	71,528	63,545	-	-	-	(7,983)	(7,983)	
Total business-type activities	<u>7,409,136</u>	<u>7,703,699</u>	<u>-</u>	<u>282,252</u>	<u>-</u>	<u>576,815</u>	<u>576,815</u>	
Total primary government	<u>\$ 12,544,337</u>	<u>\$ 8,544,595</u>	<u>\$ 647,090</u>	<u>\$ 752,580</u>	<u>(3,176,887)</u>	<u>576,815</u>	<u>(2,600,072)</u>	
Component Units								
Housing Authority	\$ 465,900	\$ 60,556	\$ 362,231	\$ -			\$ (43,113)	
Total component units	<u>\$ 465,900</u>	<u>\$ 60,556</u>	<u>\$ 362,231</u>	<u>\$ -</u>			<u>\$ (43,113)</u>	
General revenues:								
Taxes:								
Property taxes, levied for general purposes					1,543,927		1,543,927	
Property taxes, levied for debt service					564,801		564,801	
Other taxes					15,216		15,216	
Grants and contributions not restricted to specific programs					545,760		545,760	
Unrestricted investment earnings					150,654	132,110	282,764	18,585
Miscellaneous					27,753	19,471	47,224	
Special item - gain (loss) on disposal of asset					(3,738)	-	(3,738)	
Transfers					314,854	(314,854)	-	
Total general revenues, special items, and transfers					<u>3,159,227</u>	<u>(163,273)</u>	<u>2,995,954</u>	<u>18,585</u>
Change in net assets					(17,660)	413,542	395,882	(24,528)
Net assets - beginning					1,046,078	18,230,493	19,276,571	1,139,139
Net assets - ending					<u>\$ 1,028,418</u>	<u>\$ 18,644,035</u>	<u>\$ 19,672,453</u>	<u>\$ 1,114,611</u>



City of Evansville  
Evansville, WI

Balance Sheet  
Governmental Funds  
December 31, 2008

ASSETS	General Fund	Debt Service	Capital Projects	TIF 5	TIF 6	TIF 7	TIF 8	Non-Major Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 1,149,787	\$ 454,204	\$ 713,988	\$ -	\$ 1,041	\$ 268,336	\$ 21,047	\$ 528,225	\$ 3,136,628
Receivables:									
Taxes	1,144,500	594,264	78,700	138,963	95,263	11,246	-	350,648	2,413,584
Special Assessments	203,148	200,000	-	-	-	-	-	-	403,148
Accounts	-	-	-	-	-	-	-	12,749	12,749
Loans	280,000	-	-	-	-	-	-	-	280,000
Other	56,697	-	24,812	-	-	-	-	-	81,509
Due from Other Funds	361,258	-	-	-	-	-	-	-	361,258
Prepaid Expenses	34,716	-	-	-	-	-	-	2,785	37,501
Advances Receivable	504,785	-	-	-	432,353	-	-	-	937,138
Total Assets	<u>\$ 3,734,891</u>	<u>\$ 1,248,468</u>	<u>\$ 817,500</u>	<u>\$ 138,963</u>	<u>\$ 528,657</u>	<u>\$ 279,582</u>	<u>\$ 21,047</u>	<u>\$ 894,407</u>	<u>\$ 7,663,515</u>

LIABILITIES AND FUND BALANCES

Liabilities:									
Accounts Payable	\$ 245,267	\$ -	\$ 32,912	\$ 18,040	\$ 22,717	\$ 11,162	\$ -	\$ 9,633	\$ 339,731
Accrued Liabilities	45,370	-	-	-	-	-	-	14,835	60,205
Due to Other Funds	175,401	25,458	-	-	24,726	-	-	-	225,585
Deferred Revenue	1,627,284	729,766	78,700	138,963	95,263	11,246	-	350,648	3,031,870
Advances Payable	-	-	432,353	1,388,138	100,000	-	-	851	1,921,342
Total Liabilities	<u>2,093,322</u>	<u>755,224</u>	<u>543,965</u>	<u>1,545,141</u>	<u>242,706</u>	<u>22,408</u>	<u>-</u>	<u>375,967</u>	<u>5,578,733</u>
Fund Balance (deficit)									
Reserved	504,785	-	-	-	-	-	-	151,349	656,134
Designated	92,641	493,244	705,888	-	-	-	-	367,091	1,658,864
Unreserved/Undesignated	1,044,143	-	(432,353)	(1,406,178)	285,951	257,174	21,047	-	(230,216)
Total Fund Balance	<u>1,641,569</u>	<u>493,244</u>	<u>273,535</u>	<u>(1,406,178)</u>	<u>285,951</u>	<u>257,174</u>	<u>21,047</u>	<u>518,440</u>	<u>2,084,782</u>
Total Liabilities and Fund Balance	<u>\$ 3,734,891</u>	<u>\$ 1,248,468</u>	<u>\$ 817,500</u>	<u>\$ 138,963</u>	<u>\$ 528,657</u>	<u>\$ 279,582</u>	<u>\$ 21,047</u>	<u>\$ 894,407</u>	<u>\$ 7,663,515</u>

See accompanying notes to the basic financial statements

**City of Evansville  
Evansville, WI**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets  
December 31, 2008**

Total fund balance, governmental funds	\$	2,084,782
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.</p>		7,330,377
<p>Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Assets. This amount represents unamortized debt issuance costs.</p>		93,371
<p>Special assessment and loan receivables are fully accrued and recognized as revenue when the receivable is established for the governmental activities of the Statement of Net Assets. They are reported as deferred revenue to the extent they are not available.</p>		598,717
<p>Some liabilities, (such as Notes Payable, Long-term Compensated Absences, and Bonds Payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.</p>		
Bonds and notes - due within one year	548,385	
Bonds and notes - due in more than one year	8,204,600	
Compensated absences - current	33,995	
Compensated absences - non-current	179,772	
Accrued interest	112,077	(9,078,829)
Net Assets of Governmental Activities in the Statement of Net Assets	\$	1,028,418

See accompanying notes to the basic financial statements

City of Evansville  
Evansville, WI

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2008

	General Fund	Debt Service	Capital Projects	TIF 5	TIF 6	TIF 7	TIF 8	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>									
Property Taxes	\$ 1,032,940	\$ 564,801	\$ 81,000	\$ 64,030	\$ 9,985	\$ -	\$ -	\$ 352,705	\$ 2,105,461
Other Taxes	18,483	-	-	-	-	-	-	-	18,483
Special Assessment Revenue	-	14,788	-	-	-	39,304	-	-	54,092
Intergovernmental	831,426	-	3,000	151,099	538	-	-	120,367	1,106,430
License and Permits	122,387	-	-	-	-	-	-	-	122,387
Fines, Forfeits and Penalties	90,394	-	-	-	-	-	-	-	90,394
Public Charges for Services	316,194	-	-	-	-	-	-	-	316,194
Interest Income	131,057	18,962	26,687	-	-	70,282	-	216,923	630,086
Miscellaneous Income	32,136	19,921	2,789	10,715	-	2,232	-	4,568	151,805
Total Revenues	2,575,017	618,472	113,476	225,844	10,523	111,818	-	691,328	4,346,478
<b>EXPENDITURES</b>									
Current:									
General Government	513,064	-	-	67,266	5,536	-	-	-	585,866
Public Safety	1,122,652	-	-	-	-	-	-	270,911	1,393,563
Public Works	712,400	-	-	-	-	-	-	-	712,400
Health and Human Services	30,460	-	-	-	-	-	-	95,227	125,687
Culture, Recreation and Education	257,160	-	-	-	-	-	-	260,117	517,277
Conservation and Development	69,126	-	-	29,452	300,000	-	-	-	398,578
Capital Outlay	-	2,244,720	1,213,813	160,261	107,293	13,137	545,556	-	2,040,060
Principal Repayment	-	378,198	49,262	79,620	-	2,232	-	-	2,293,982
Interest Expense	-	2,622,918	27,826	336,599	412,829	15,369	545,556	626,255	8,555,289
Total Expenditures	2,704,862	2,622,918	1,290,901	336,599	412,829	15,369	545,556	626,255	8,555,289
Excess (Deficiency) of Revenues Over Expenditures	(129,845)	(2,004,446)	(1,177,425)	(110,755)	(402,306)	96,449	(545,556)	65,073	(4,208,811)
<b>OTHER FINANCING SOURCES (USES)</b>									
Proceeds from Long-Term Debt	-	506,122	1,913,878	-	-	-	-	-	2,420,000
Proceeds from Capital Leases	-	-	227,185	-	-	-	-	-	227,185
Payment on refunded debt	-	(506,122)	-	-	-	-	-	-	(506,122)
Transfers In	317,854	2,285,550	-	(109,385)	(55,540)	(2,075,031)	-	(15,738)	2,603,404
Transfers Out	-	-	2,141,063	(109,385)	(55,540)	(2,075,031)	-	(15,738)	(2,255,694)
Total Other Financing Sources and Uses	317,854	2,285,550	2,141,063	(109,385)	(55,540)	(2,075,031)	-	(15,738)	2,488,773
Net Change in Fund Balances	188,009	281,104	963,638	(220,140)	(457,846)	(1,978,582)	(545,556)	49,335	(1,720,038)
Fund Balances (Deficits) - Beginning	1,453,560	212,140	(690,103)	(1,186,038)	743,797	2,235,736	566,603	469,105	3,804,820
Fund Balances (Deficits) - Ending	1,641,569	493,244	273,535	(1,406,178)	285,951	257,174	21,047	518,440	2,084,782

See accompanying notes to the basic financial statements

**City of Evansville  
Evansville, WI**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to  
the Statement of Activities  
For the Year Ended December 31, 2008**

Net change in fund balances - total governmental funds: \$ (1,720,038)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Capital outlay reported in governmental fund statements	1,294,112	
Loss on disposal	(3,738)	
Depreciation expenses reported in the statement of activities	<u>(382,752)</u>	

Amount by which capital outlays are greater (less) than depreciation in the current period.		907,622
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Vested employee benefits are reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities.

Amounts paid are less than amount accrued by		(18,452)
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Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds.

Debt proceeds for the year	(2,420,000)	
The amount of long-term debt principal payments in the current year is:	<u>2,744,720</u>	324,720

In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.

Interest paid is greater than interest accrued by		4,613
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In governmental funds, revenues are reported when measurable and available. In the statements of activities, revenue is reported when earned.

Revenue recorded in the statement of activities but not in the fund statements.		459,948
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Debt issuance costs reported on governmental fund statements but deferred and amortized on statement of activities.		23,927
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Change in net assets of governmental activities		<u><u>\$ (17,660)</u></u>
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See accompanying notes to the basic financial statements

City of Evansville  
Evansville, WI

Statement of Net Assets  
Proprietary Funds  
December 31, 2008

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Electric and Water</u>	<u>Sewer</u>	<u>Stormwater</u>	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,100,788	\$ 763,279	-	\$ 1,864,067
Receivables				
Special Assessments	1,788	-	-	1,788
Accounts	1,242,576	-	-	1,242,576
				-
Due from Other Funds	245,417	67,065	29,816	342,298
Inventories	202,424	-	-	202,424
Prepaid Expenses	18,364	3,943	-	22,307
Total Current Assets	<u>2,811,357</u>	<u>834,287</u>	<u>29,816</u>	<u>3,675,460</u>
Restricted:				
Restricted Cash and Cash Equivalents	391,929	594,978	-	986,907
Total Restricted Assets	<u>391,929</u>	<u>594,978</u>	<u>-</u>	<u>986,907</u>
Capital Assets:				
Land and Improvements	76,448	94,914	-	171,362
Construction Work in Progress	322,665	29,395	-	352,060
Other Capital Assets	21,379,876	8,639,639	-	30,019,515
Less Accumulated Depreciation	(5,530,316)	(1,938,648)	-	(7,468,964)
Net Capital Assets	<u>16,248,673</u>	<u>6,825,300</u>	<u>-</u>	<u>23,073,973</u>
Noncurrent Assets				
Advances Receivable	733,565	250,639	-	984,204
Unamortized Debt Discount	112,565	2,333	-	114,898
Special Assessments	-	9,527	-	9,527
Total Noncurrent Assets	<u>846,130</u>	<u>262,499</u>	<u>-</u>	<u>1,108,629</u>
Total Assets	<u>\$ 20,298,089</u>	<u>\$ 8,517,064</u>	<u>\$ 29,816</u>	<u>\$ 28,844,969</u>

See accompanying notes to the basic financial statements

**City of Evansville  
Evansville, WI**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2008**

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Electric and Water</u>	<u>Sewer</u>	<u>Stormwater</u>	
<b>LIABILITIES</b>				
Current Liabilities:				
Cash shortfall	\$ -	\$ -	\$ 34,539	\$ 34,539
Accounts Payable	445,924	15,453	3,260	464,637
Accrued Liabilities	92,931	13,195	-	106,126
Due to Other Funds	432,269	45,702	-	477,971
Compensated Absences	16,953	1,603	-	18,556
Current Portion of Long-Term Debt:				
Bonds and Notes Payable	234,400	97,100	-	331,500
Total Current Liabilities	<u>1,222,477</u>	<u>173,053</u>	<u>37,799</u>	<u>1,433,329</u>
Non-Current Liabilities:				
Long-Term Debt				
Bonds and Notes Payable	6,327,300	1,792,528	-	8,119,828
Total Long-Term Debt	<u>6,327,300</u>	<u>1,792,528</u>	<u>-</u>	<u>8,119,828</u>
Other Liabilities				
Compensated Absences	80,873	22,815	-	103,688
Construction Advances	42,230	-	-	42,230
Deferred Revenue including regulatory credit	501,859	-	-	501,859
Total Other Liabilities	<u>624,962</u>	<u>22,815</u>	<u>-</u>	<u>647,777</u>
Total Non-Current Liabilities	<u>6,952,262</u>	<u>1,815,343</u>	<u>-</u>	<u>8,767,605</u>
Total Liabilities	<u>8,174,739</u>	<u>1,988,396</u>	<u>37,799</u>	<u>10,200,934</u>
<b>NET ASSETS (DEFICIT)</b>				
Invested in Capital Assets, Net of Related Debt	9,551,939	4,935,671	-	14,487,610
Restricted Assets	391,929	594,978	-	986,907
Unrestricted	2,179,482	998,019	(7,983)	3,169,518
Total Net Assets (Deficit)	<u>12,123,350</u>	<u>6,528,668</u>	<u>(7,983)</u>	<u>18,644,035</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 20,298,089</u>	<u>\$ 8,517,064</u>	<u>\$ 29,816</u>	<u>\$ 28,844,969</u>

See accompanying notes to the basic financial statements

**City of Evansville  
Evansville, WI**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2008**

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Electric and Water</u>	<u>Sewer</u>	<u>Stormwater</u>	
<b>REVENUES</b>				
Charges for Services	\$ 7,174,677	\$ 486,749	\$ 63,545	\$ 7,724,971
Other Operating Revenues	1,965	-	-	1,965
Total Operating Revenues	<u>7,176,642</u>	<u>486,749</u>	<u>63,545</u>	<u>7,726,936</u>
<b>OPERATING EXPENSES</b>				
Operation and Maintenance	5,970,257	323,916	71,528	6,365,701
Depreciation	570,636	159,233	-	729,869
Total Operating Expenses	<u>6,540,893</u>	<u>483,149</u>	<u>71,528</u>	<u>7,095,570</u>
Operating Income (Loss)	<u>635,749</u>	<u>3,600</u>	<u>(7,983)</u>	<u>631,366</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and Investment Revenue	89,222	43,302	-	132,524
Miscellaneous Non-Operating Revenue	14,893	-	-	14,893
Interest Expense	(267,396)	(46,007)	-	(313,403)
Amortization Revenue (Expense)	19,470	(467)	-	19,003
Total Non-Operating Revenue (Expenses)	<u>(143,811)</u>	<u>(3,172)</u>	<u>-</u>	<u>(146,983)</u>
Income (Loss) Before Contributions and Transfers	491,938	428	(7,983)	484,383
Capital Contributions	244,016	-	-	244,016
Transfers Out	(314,857)	-	-	(314,857)
Change in Net Assets	<u>421,097</u>	<u>428</u>	<u>(7,983)</u>	<u>413,542</u>
Total Net Assets - Beginning- Restated	11,702,253	6,528,240	-	18,230,493
Total Net Assets (Deficit) - Ending	<u>\$ 12,123,350</u>	<u>\$ 6,528,668</u>	<u>\$ (7,983)</u>	<u>\$ 18,644,035</u>

See accompanying notes to the basic financial statements

City of Evansville  
Evansville, WI

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2008

	Enterprise Funds			Total
	Electric & Water	Sewer	Stormwater	
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers	\$ 7,050,870	\$ 491,256	\$ 63,545	\$ 7,605,671
Payments to suppliers	(5,528,899)	(470,634)	(70,076)	(6,069,609)
Payments to employees	(527,796)	(88,712)	(28,008)	(644,516)
Taxes paid	(314,857)	-	-	(314,857)
Net cash provided (used) by operating activities	<u>679,318</u>	<u>(68,090)</u>	<u>(34,539)</u>	<u>576,689</u>
<u>Cash Flows From Capital and Related</u>				
<u>Financing Activities:</u>				
Acquisition and construction of plant assets	(1,384,822)	(155,042)	-	(1,539,864)
Proceeds from long-term debt	139,000	360,000	-	499,000
Principal payments on long-term debt	(129,400)	(110,523)	-	(239,923)
Interest and fiscal charges	(267,396)	(46,007)	-	(313,403)
Contributions for plant in service	41,900	-	-	41,900
Net cash provided (used) for capital and related financing activities	<u>(1,600,718)</u>	<u>48,428</u>	<u>-</u>	<u>(1,552,290)</u>
<u>Cash Flows From Investing Activities:</u>				
Interest on investments	89,223	43,301	-	132,524
Net cash provided (used) for investing activities	<u>89,223</u>	<u>43,301</u>	<u>-</u>	<u>132,524</u>
Net increase (decrease) in cash and equivalents	(832,177)	23,639	(34,539)	(843,077)
Cash and equivalents - beginning of year	2,324,894	1,334,618	-	3,659,512
Cash and equivalents - end of year	<u>\$ 1,492,717</u>	<u>\$ 1,358,257</u>	<u>\$ (34,539)</u>	<u>\$ 2,816,435</u>

See accompanying notes to the basic financial statements

City of Evansville  
Evansville, WI

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2008**

	Enterprise Funds			Total
	Electric & Water	Sewer	Stormwater	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 635,749	\$ 3,600	\$ (7,983)	\$ 631,366
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other Revenues	34,364	-	-	34,364
Amortization	6,305	(2,800)	-	3,505
Tax equivalent	(314,857)	-	-	(314,857)
Depreciation	570,636	159,233	-	729,869
Joint meter allocation	6,795	(6,795)	-	-
Changes in Assets and Liabilities:				
Receivables	(125,772)	4,507	-	(121,265)
Due to/from other funds	(24,542)	(208,677)	(29,816)	(263,035)
Inventories	24,657	-	-	24,657
Prepays	418	(667)	-	(249)
Accounts payable	(27,395)	(712)	3,260	(24,847)
Other Accrued liabilities	(58,015)	7,523	-	(50,492)
Net cash provided (used) by operating activities	<u>\$ 679,318</u>	<u>\$ (68,090)</u>	<u>\$ (34,539)</u>	<u>\$ 576,689</u>
Reconciliation of cash and cash equivalents to balance sheet accounts				
Cash and investments	\$ 1,100,788	\$ 763,279	\$ (34,539)	\$ 1,829,528
Restricted assets	391,929	594,978	-	986,907
Total Cash and Investments	<u>1,492,717</u>	<u>1,358,257</u>	<u>(34,539)</u>	<u>2,816,435</u>
Cash and cash equivalents- End of year	<u>\$ 1,492,717</u>	<u>\$ 1,358,257</u>	<u>\$ (34,539)</u>	<u>\$ 2,816,435</u>
Schedule of non-cash activity				
Plant financed by contributions	<u>\$ 202,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,116</u>

See accompanying notes to the basic financial statements

**City of Evansville  
Evansville, WI**

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2008**

	<u>Tax Agency</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,506,083
Receivables:	
Taxes Receivable	3,351,680
Total Assets	<u>\$ 5,857,763</u>
<b>LIABILITIES</b>	
Due to Other Governments	\$ 5,857,763
Total liabilities	<u>\$ 5,857,763</u>

See accompanying notes to the basic financial statements



**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**I. NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Evansville, Wisconsin conform to U.S. generally accepted accounting principles as applicable to governmental units.

**A. REPORTING ENTITY**

This report includes all of the funds of the City of Evansville. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

The combined financial statements exclude the Evansville School District because the City does not have oversight responsibility over these entities.

**Discretely Presented Component Unit**

The Evansville Housing Authority

The Housing Authority is a legally separate organization. The City mayor appoints the board of the Housing Authority. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the City. The financial statements of the Housing Authority have been added to the City's statements as a discretely presented component unit. This information can be found on the Statement of Net Assets and the Statement of Activities. The Authority issues separate financial statements. These can be obtained by contacting the Housing Authority.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

"Government-wide" financial statements are basic financial statements required for all governmental units. The statement of net assets and the statement of activities are the two required statements. Both statements are prepared on the full accrual basis. In accordance with accounting standards for governmental units, the city uses the modified accrual basis of accounting for certain funds. The modified accrual basis of accounting is the appropriate basis of accounting for governmental activity fund financial statements.

In addition, all funds in the fund financial statements are reported as business-type activities, governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note I.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

**Government-Wide Financial Statements**

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues included 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into individual 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, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**Fund Financial Statements (Continued)**

The City reports the following major governmental funds:

Major Governmental

General Fund – accounts for the City’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise debt.

Capital Projects Fund – accounts for proceeds from long-term borrowings and other resources to be used for capital improvement projects.

Tax Increment Financing Districts #5-8 - account for proceeds from long-term borrowings and other resources to be used for capital improvement projects in the TIF boundaries. The City reports all TIF Districts as major.

The City reports the following enterprise funds:

Enterprise Funds

Electric and Water Utility – accounts for the operations of the electric and water system. (Major)

Sewer Utility – accounts for the operations of the sewer system. (Major)

Stormwater Utility- accounts for the operations the stormwater system (Non-Major)

The City reports the following non-major governmental funds:

Non-Major Governmental Funds

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Emergency Medical Services Fund

Eager Free Public Library Fund

Cemetery Fund

Permanent Trust Funds – used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the specific program.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**Fund Financial Statements (Continued)**

In addition, the City reports the following fund types:

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Tax Collection Agency Fund is accounted for in the Agency Fund.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**Government-Wide Financial Statements**

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water, electric and sewer utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)**

**Fund Financial Statements (Continued)**

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City, which are not available, are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues. Delinquent special assessments being held for collection by the county are reported as receivables and reserved fund balance in the debt service fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The City reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as described previously in this note.

The proprietary funds follow all pronouncements of the Governmental Accounting Standards Board and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the water, electric, and sewer utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

**1. Deposits and Investments**

The City has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the City's individual major funds, and in the aggregate for non-major and agency funds.

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

See footnote III A for additional information.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2008, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)**

**2. Receivables**

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund balance sheet.

Property tax calendar – 2008 tax roll:

Lien date and levy date	December 2008
Tax bills mailed	December 2008
Payment in full, or	January 31, 2009
First installment due	January 31, 2009
Second installment due	July 31, 2009
Personal property taxes in full	January 31, 2009

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible utility accounts receivable has been made for the water, electric and sewer utilities because they have the right by law to place delinquent bills on the tax roll.

A provision for uncollectible ambulance accounts receivable of \$15,990 has been made.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds”. Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds”. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

The City has a loan receivable of \$280,000 secured by a mortgage to finance apartment renovations. The loan is payable in installments of \$11,200 for 25 years with no interest. The funds were secured by a CDBG grant that was recorded as District revenue to offset costs to fund the renovations. The loan repayment will be used to fund a revolving loan fund. A deferred revenue is recorded to offset the receivable in the general fund. The revenue has been accrued in the government-wide statements.

**3. Inventories and Prepaid Items**

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction, operation and maintenance expense when used.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)**

**3. Inventories and Prepaid Items (Continued)**

Inventories are valued at the lower of cost (first-in, first-out) or market.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets. The City had the following restricted cash accounts:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
Electric and water	\$ 290,518	Bond reserve 2005
Electric and water	101,411	Water impact fees
Sewer	232,211	Hook-up fee
Sewer	362,767	Replacement fee
	<u>\$ 986,907</u>	

**5. Capital Assets**

**Government-Wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 1 year for general capital assets and infrastructure assets. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. After 1/1/04, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is not required. The City has not retroactively reported all infrastructure acquired by its governmental fund types. The infrastructure reported only includes additions since January 1, 2004.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. There was no interest required to be capitalized during the current year. The cost of

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)**

**5. Capital Assets (Continued)**

renewals and betterments relating to retirement units are added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20-50 Years
Improvements	10-50 Years
Machinery and Equipment	3-50 Years
Infrastructure	25-50 Years
Water Utility	6.67-150 Years
Electric Utility	6.67-40 Years
Sewer Utility	5-100 Years

**Fund Financial Statements**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

**6. Deferred Debt Issuance Costs**

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the period of the outstanding debt. The unamortized discount in the statement of net assets for the governmental activities is \$93,371.

**7. Compensated Absences**

Under terms of employment, City employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)**

**7. Compensated Absences (Continued)**

The balance in compensated absences is as follows:

	<u>Government</u>	<u>Business-type</u>
Compensated time-off liability	\$ 15,241	\$ 7,906
Year-end excess sick hours liability	5,392	7,146
Health insurance retirement liability	48,381	22,581
Sick leave terminate liability	131,391	81,107
Vacation and holiday liability	13,362	3,504
	<u>\$ 213,767</u>	<u>\$ 122,244</u>

City employees earn sick leave at various rates depending on the union or nonunion contracts. Employees can accumulate sick leave as follows:

Police	1,080 hours
DPW, Water & Light, Clerical	720 hours
Library	720 hours

One-half the accumulation in excess of 1,080 or 720 hours may be payable in cash at the end of each year or paid for health insurance in retirement at the option of the employee. Sick Leave is payable upon termination at their current pay rate times one-half the accumulated sick days up to a maximum number of hours listed above.

**8. Long-Term Debt**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bond payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

**9. Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)**

**10. Equity Classifications**

**Government-Wide Statements**

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

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated”. The balance of unreserved fund balance is labeled “undesignated”, which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

**E. REVENUE RECOGNITION – ENTERPRISE FUNDS**

The City of Evansville Sewer Utility user charges are regulated and established by the City Council. The City of Evansville Electric and Water Utilities operate under service rules, which are established by the Public Service Commission of Wisconsin. Rates charged are regulated by the Public Service Commission. Billings are made to customers on a monthly basis for water, electric, and sewer service.

**F. INCOME TAXES**

The City of Evansville Utilities are municipal utilities. Municipal utilities are exempt from income taxes and therefore no income tax liability is recorded.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

A budget has been adopted for all governmental funds of the City.

The budgeted amounts include any amendments made. Transfers between departments and changes to the overall budget must be approved by City Council. Appropriations lapse at year-end unless specifically carried over. Carryovers to the following year were \$0 for the general fund. There were carryovers in the capital projects fund shown as designated fund balance.

**Limitations on the City Tax Levy**

As part of Wisconsin's Act 25 (2005), legislation was passed that limits the city's future tax levies. In 2008 this legislation was amended and extended. Generally, the city is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the city's equalized value due to new construction, or 2% for the 2008-2009 tax year. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit began with the 2007 levy collected in 2008 and is set to expire after the 2009 levy.

**B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

Some individual expenditure line items experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year-end budget to actual report.

**C. TAX INCREMENTAL FINANCING DISTRICTS**

The City has four Tax Incremental Districts (TID). The transactions of the Districts are shown in the Capital Projects and Special Revenue Funds. TIDs are authorized by Section 66.1105 of the Wisconsin Statutes. It is a method by which the City can recover its project costs in designated districts of the City. Those costs are recovered through tax increments, which are placed on the tax rolls.

**NOTE III- DETAILED NOTES ON ALL FUNDS**

**A. Cash and Cash Equivalents/Investments**

As previously discussed, cash for all City funds is pooled for investment purposes with the exception of a separate checking account for the tax agency. At December 31, 2008, the cash and investments consist of the following:

Petty cash/cash on hand	\$ 1,350
Deposits with financial institutions	8,259,057
Wisconsin Local Government Investment Pool	158,818
RESCO stock certificates	21,440
Mutual fund	18,479
	<u>\$ 8,459,144</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**A. Cash and Cash Equivalents/Investments (continued)**

Cash and investments as of December 31, 2008 are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Cash and investments	\$ 4,966,154
Restricted cash	986,907
Fiduciary Funds:	
Cash and investments	<u>2,506,083</u>
	<u>\$ 8,459,144</u>

Investments Authorized by Wisconsin Statutes

Investment of City funds is restricted by State statutes. Available investments are limited to:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State if the time deposits mature in not more than three years;
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- (3) Bonds or securities of any county, drainage district, VTAE district, village, city, town, district or school district of this State;
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
- (5) Bonds or securities issued under the authority of the municipality;
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the City plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- (9) Repurchase agreements with public depositories, with certain conditions.
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity its fair value has to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates. The City has \$158,818 invested in the Local Government Investment Pool (LGIP) which has an average maturity of 80 days. The City has Certificates of Deposit of \$211,388 that mature at varying dates. The average maturity is 15 months.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**A. Cash and Cash Equivalents/Investments (continued)**

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investments choices. As of December 31, 2008, the City's investment in the Wisconsin Local Government Investment Pool was not rated. On a scale of one to five stars, the Mutual Fund was rated three stars by Morningstar Ratings.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the City would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The City does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for demand accounts and \$250,000 for time restricted accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2008, the fair value of the City's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the City.

Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities, acquired by the pool. The bond provides up to \$500,000 coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund insurance and income on the investment during the calendar quarter a loss occurs. The coverage was terminated on February 15, 2009.

As of December 31, 2008, the City's deposits with financial institutions in excess of federal depository insurance limits were exposed to custodial credit risk as follows:

Uninsured and collateralized	\$ 5,821,430
Total	<u>\$ 5,821,430</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

**B. CAPITAL ASSETS**

Capital asset activity in the governmental activities for the year ended December 31, 2008 was as follows:

	Balance 1/1/08	Additions	Retirements	Balance 12/31/08
<b>Governmental Activities</b>				
Non-Depreciable Capital Assets:				
Land	\$ 454,256	\$ 67,500	\$ -	\$ 521,756
Infrastructure CWIP	2,184,330	545,240	- (1,110,151)	1,619,419
Construction in Process	15,983	159,565	-	175,548
<b>Total Non-Depreciable Capital Assets</b>	<u>2,654,569</u>	<u>772,305</u>	<u>(1,110,151)</u>	<u>2,316,723</u>
Capital Assets being Depreciated				
Land improvements	401,283	408		401,691
Buildings and structures	2,179,967	225,892		2,405,859
Equipment	1,812,669	408,153	(69,986)	2,150,836
Infrastructure	1,610,446	1,203,183	-	2,813,629
<b>Total Capital Assets being Depreciated</b>	<u>6,004,365</u>	<u>1,837,636</u>	<u>(69,986)</u>	<u>7,772,015</u>
<b>Total Capital Assets</b>	8,658,934	2,609,941	(1,180,137)	10,088,738
<b>Less Accumulated Depreciation</b>	<u>(2,414,101)</u>	<u>(382,752)</u>	<u>38,492</u>	<u>(2,758,361)</u>
<b>Capital Assets Net of Depreciation</b>	<u>\$6,244,833</u>	<u>\$2,227,189</u>	<u>\$(1,141,645)</u>	<u>\$7,330,377</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General Government	\$ 29,226
Public Safety	68,252
Public Works	220,743
Health and Human Services	3,096
Culture, Recreation and Education	<u>61,435</u>
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 382,752</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

**B. CAPITAL ASSETS (Continued)**

	Balance 1/1/08	Additions	Retirements	Balance 12/31/08
<b>Electric and Water</b>				
Non-Depreciable Capital Assets:				
Land	\$ 76,448	\$ -	\$ -	\$ 76,448
Construction in progress	2,920,709	1,096,945	(3,694,989)	322,665
Total Non-Depreciable Capital Assets	2,997,157	1,096,945	(3,694,989)	399,113
Capital Assets being Depreciated				
Buildings and structures	462,622	163,503	-	626,125
Equipment	1,135,403	78,575	-	1,213,978
Infrastructure	15,806,600	3,832,811	(99,638)	19,539,773
Total Capital Assets being Depreciated	17,404,625	4,074,889	(99,638)	21,379,876
Total Capital Assets	20,401,782	5,171,834	(3,794,627)	21,778,989
Less Accumulated Depreciation	(5,052,522)	(577,432)	99,638	(5,530,316)
Capital Assets Net of Depreciation	<u>\$ 15,349,260</u>	<u>\$ 4,594,402</u>	<u>\$ (3,694,989)</u>	<u>\$ 16,248,673</u>
	Balance 1/1/08	Additions	Retirements	Balance 12/31/08
<b>Wastewater Treatment:</b>				
Non-Depreciable Capital Assets:				
Land	\$ 94,914	\$ -	\$ -	\$ 94,914
Construction in progress	656,773	10,278	(637,656)	29,395
Capital Assets being Depreciated	751,687	10,278	(637,656)	124,309
Buildings and structures	1,448,637	-	-	1,448,637
Equipment	1,333,086	-	-	1,333,086
Infrastructure	5,077,496	782,420	(2,000)	5,857,916
Total Capital Assets being Depreciated	7,859,219	782,420	(2,000)	8,639,639
Total Capital Assets	8,610,906	792,698	(639,656)	8,763,948
Less Accumulated Depreciation	(1,788,210)	(155,468)	5,030	(1,938,648)
Capital Assets Net of Depreciation	<u>\$ 6,822,696</u>	<u>\$ 637,230</u>	<u>\$ (634,626)</u>	<u>\$ 6,825,300</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

**B. CAPITAL ASSETS (Continued)**

	Balance 1/1/08	Additions	Retirements	Balance 12/31/08
<b>Business-Type Activities</b>				
Non-Depreciable Capital Assets:				
Land	\$ 171,362	\$ -	\$ -	\$ 171,362
Construction in progress	3,577,482	1,107,223	(4,332,645)	352,060
Total Non-Depreciable Capital Assets	<u>3,748,844</u>	<u>1,107,223</u>	<u>(4,332,645)</u>	<u>523,422</u>
Capital Assets being Depreciated				
Buildings and structures	1,911,259	163,503	-	2,074,762
Equipment	2,468,489	78,575	-	2,547,064
Infrastructure	20,884,096	4,615,231	(101,638)	25,397,689
Total Capital Assets being Depreciated	<u>25,263,844</u>	<u>4,857,309</u>	<u>(101,638)</u>	<u>30,019,515</u>
Total Capital Assets	29,012,688	5,964,532	(4,434,283)	30,542,937
Less Accumulated Depreciation	(6,840,732)	(732,900)	104,668	(7,468,964)
Capital Assets Net of Depreciation	<u>\$ 22,171,956</u>	<u>\$ 5,231,632</u>	<u>\$ (4,329,615)</u>	<u>\$ 23,073,973</u>

Depreciation expense was charged to functions as follows:

<b>Business-Type Activities</b>	
Water	\$ 176,422
Electric	401,009
Sewer	155,468
Total Business-Type Activities Depreciation Expense	<u>\$ 732,899</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

**C. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS**

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<b>Interfund Receivables and Payables</b>			
<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>	<b>Purpose</b>
General	Electric and Water	\$ 361,258	Operations
Electric and water	General	175,401	Operations
Electric and water	TIF 6	24,726	Capital
Electric and water	Sewer	45,290	Operations
Stormwater	Electric and Water	29,816	Operations
Sewer	Electric and Water	41,607	Operations
Sewer	Debt service	25,458	Debt
Subtotal fund financial statements		<u>\$ 703,556</u>	

The principal purpose of these interfunds is due to pooled cash between the governmental funds. In addition, the general fund collects delinquent utility charges that the utilities have placed on the current tax roll. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payment between funds are made.

**Interfund Advances**

The City has the following interfund advances outstanding:

<b>Advances</b>			
<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>	<b>Purpose</b>
General	Library	\$ 851	Operations
General	TIF 5	403,934	Capital
General	TIF 6	100,000	Capital
Subtotal general fund		504,785	
TIF 6	Capital	432,353	Capital
Electric and water	TIF 5	733,565	Capital
Sewer	TIF 5	250,639	Capital
Subtotal fund financial statements		<u>\$ 1,921,342</u>	
Total interfund receivables		\$ 703,556	
Total inter-fund advances		1,921,342	
less inter-fund eliminations		(1,776,368)	
Internal balances		<u>\$ 848,530</u>	

None of the advances are set up for repayment. The interest rate between the TIF 5 Special Revenue Fund and General Fund advances is 1.5% per year. No interest rates exist on the other advances. The advances to the TIF district are anticipated to be repaid from future tax increment.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

**C. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (Continued)**

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

<u>Transferred to</u>	<u>Transferred from</u>	<u>Amount</u>	<u>Purpose</u>
General	Library	\$ 3,000	Operations
General	Electric and Water	314,854	Tax equivalent
Debt service	TIF 5	109,395	Debt payments
Debt service	TIF 6	55,540	Debt payments
Debt service	TIF 7	2,075,031	Debt payments
Debt service	EMS	12,738	Debt payments
Debt service	TIF 8	32,856	Debt payments
Subtotal fund statements		2,603,414	
less inter-fund eliminations		(2,288,560)	
Total per government-wide statements		<u>\$ 314,854</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**D. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2008 was as follows:

	<u>Balance</u> <u>1/1/08</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/08</u>
<b>Governmental Activities</b>				
General obligation notes	\$2,691,782	\$ -	\$ (826,720)	\$ 1,865,062
General obligation bonds	3,790,000	-	-	3,790,000
State trust fund loans	2,418,000	369,000	(1,918,000)	869,000
Total Governmental General Obligation Debt	<u>8,899,782</u>	<u>369,000</u>	<u>(2,744,720)</u>	<u>6,524,062</u>
Capital Lease		227,185	(49,262)	177,923
Note anticipation notes	-	2,051,000	-	2,051,000
Compensated absences	195,315	18,452	-	213,767
Total Governmental Long-Term Debt	<u>\$9,095,097</u>	<u>\$2,665,637</u>	<u>\$(2,793,982)</u>	<u>\$ 8,966,752</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

**D. LONG-TERM OBLIGATIONS (Continued)**

	Balance 1/1/08	Issued	Retired	Balance 12/31/08
<b>Business-Type Activities</b>				
General obligation notes	\$ 903,218	\$ -	\$ (73,280)	\$ 829,938
Note anticipation notes	-	499,000	-	499,000
Mortgage revenue bonds	7,289,033	-	(166,644)	7,122,389
Total bonds and notes	<u>8,192,251</u>	<u>499,000</u>	<u>(239,924)</u>	<u>8,451,327</u>
Compensated absences	<u>118,171</u>	<u>4,073</u>	<u>-</u>	<u>122,244</u>
Total Business-Type Activities	<u>\$8,310,422</u>	<u>\$ 503,073</u>	<u>\$ (239,924)</u>	<u>\$ 8,573,571</u>

**GENERAL OBLIGATION DEBT**

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2008, was \$17,368,185. Total general obligation debt outstanding at year-end was \$7,354,000.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

**D. LONG-TERM OBLIGATIONS (Continued)**

The following is a list of long-term obligations at December 31, 2008:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/08	Amounts Due within One Year
Governmental Activities						
General Obligation Debt						
2003 General Obligation Notes	4/1/2003	4/1/2013	1.3%-3.5%	\$ 350,000	\$ 165,300	\$ 20,600
2003 General Obligation Notes	10/1/2003	4/1/2013	1.4%-4.0%	297,000	247,000	25,000
2005 General Obligation Notes	8/9/2005	4/1/2015	3.50-3.80%	1,545,000	1,452,762	46,119
2007 G.O. Community Development Bonds	10/25/2007	4/1/2027	5.6%-6.3%	930,000	930,000	-
2007 G.O. Community Development Bonds	5/30/2007	4/1/2027	3.7%-4.25%	2,860,000	2,860,000	25,000
2007 STFL Loan	8/3/2007	3/15/2027	5.50%	500,000	500,000	15,586
2008 STFL Loan	1/8/2008	3/15/2012	4.75%	169,000	169,000	38,278
2008 STFL Loan	1/8/2008	3/15/2017	5.00%	200,000	200,000	16,551
					<u>6,524,062</u>	<u>187,134</u>
Other Long-Term Debt						
2008 Note Anticipation Note	5/29/2008	4/1/2011	2.9%-3.4%	686,000	686,000	280,000
2008 Note Anticipation Note	12/23/2008	4/1/2010	3.75%	1,365,000	1,365,000	40,000
Total Governmental Long-Term Bonds and Notes					<u>\$ 8,575,062</u>	<u>\$ 507,134</u>

The purpose of governmental activities long-term debt is to finance various capital improvements and Tax Incremental District planned projects. Debt service requirements to maturity are as follows:

Years	Governmental Activities Long-term notes and bonds		
	Principal	Interest	Total
2009	\$ 507,134	\$ 342,688	\$ 849,822
2010	1,823,946	308,927	2,132,873
2011	605,804	263,871	869,675
2012	458,742	243,511	702,253
2013	447,783	224,270	672,053
2014-2018	1,792,166	856,019	2,648,185
2019-2023	1,478,487	532,924	2,011,411
2024-2027	1,461,000	148,780	1,609,780
	<u>\$ 8,575,062</u>	<u>\$ 2,920,990</u>	<u>\$ 11,496,052</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

**D. LONG-TERM OBLIGATIONS (Continued)**  
**PROPRIETARY DEBT**

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/08	Amounts Due within One Year
<b>Business-Type Activities</b>						
General Obligation Debt						
Electric and Water						
2003 General Obligation Notes	4/1/2003	4/1/2013	1.30-3.50%	\$ 500,000	\$ 234,700	\$ 29,400
2003 General Obligation Notes	10/1/2003	10/1/2013	1.40-4.00%	473,000	473,000	30,000
Subtotal electric and water general obligation debt					<u>707,700</u>	<u>59,400</u>
Other Long-Term Debt						
Note Anticipation Notes	5/29/2008	4/1/2011	2.9%-3.4%	139,000	139,000	25,000
Mortgage Revenue Bonds						
2005 Mortgage Revenue Bonds	8/30/2005	5/1/2025	3.2-4.75%	3,250,000	3,100,000	100,000
2007 Mortgage Revenue Bonds	5/30/2007	5/1/2027	4.0-4.125%	2,615,000	2,615,000	50,000
Total Electric and Water long-term notes and bonds					<u>\$ 6,561,700</u>	<u>\$ 234,400</u>
<b>Sewer Utility</b>						
2005 General Obligation Notes	8/9/2005	4/1/2015	3.50-3.80%	130,000	\$ 122,238	\$ 3,881
Subtotal electric and water general obligation debt					122,238	3,881
Other Long-Term Debt						
Note Anticipation Notes	5/29/2008	4/1/2011	2.9%-3.4%	360,000	360,000	25,000
Mortgage Revenue Bonds						
2005 Clean Water Fund Debt	7/27/2005	5/1/2025	2.37%	1,602,737	1,407,389	68,220
Total Sewer long-term notes and bonds					<u>\$ 1,889,627</u>	<u>\$ 97,101</u>
Total Business-Type Activities long-term notes and bonds					<u>\$ 8,451,327</u>	<u>\$ 331,501</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

**D. LONG-TERM OBLIGATIONS (Continued)**

The purpose of business type activities long-term debt is to finance capital improvements. Debt service requirements to maturity are as follows:

Years	Business-Type activities Long-term notes and bonds		
	Principal	Interest	Total
2009	\$ 331,501	\$ 317,508	\$ 649,009
2010	348,114	306,464	654,578
2011	806,748	286,857	1,093,605
2012	489,438	264,194	753,632
2013	503,669	246,083	749,752
2014-2018	1,959,042	1,002,140	2,961,182
2019-2023	2,336,788	586,970	2,923,758
2024-2027	1,676,027	118,758	1,794,785
	<u>\$ 8,451,327</u>	<u>\$ 3,128,976</u>	<u>\$ 11,580,303</u>

**REFUNDED BONDS**

On May 29, 2008, the City issued \$1,185,000 of note anticipation notes with interest rates ranging between 2.9% and 3.4%. A portion of the notes was used to currently refund \$500,000 of 2000 general obligation bonds. The 2000 bonds were retired on June 23, 2008. The economic gain was \$11,581.

**OTHER DEBT INFORMATION**

Estimated payments of accumulated employee benefits, leases and other commitments are not included in the above debt service requirements schedules. \$862,244 is available in the debt service fund to service the general obligation debt.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The city believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

**CAPITAL LEASE**

The City has a capital lease payable dated 7/11/08. Original amount outstanding was \$227,185 with interest at 5.05% and payments due each August 11 as follows:

	Principal	Interest	Total
2009	\$ 41,251	\$ 8,985	\$ 50,236
2010	43,334	6,902	50,236
2011	45,523	4,713	50,236
2012	47,815	2,421	50,236
	<u>\$ 177,923</u>	<u>\$ 23,021</u>	<u>\$ 200,944</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

**E. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES**

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2008 includes the following:

	Governmental	Water and Light	Sewer	Total Business-type
Capital assets	\$ 7,188,038	\$ 16,248,674	\$ 6,825,299	\$ 23,073,973
less current portion LT debt	(507,134)	(234,400)	(97,100)	(331,500)
less LT debt	(8,067,928)	(6,327,300)	(1,792,528)	(8,119,828)
less deferred regulatory credit	-	(425,553)	-	(425,553)
plus bond reserve		290,518		290,518
plus debt for non-capital items	1,303,000			-
plus unspent proceeds	941,000	-	-	-
Investment in capital assets, net	<u>\$ 856,976</u>	<u>\$ 9,551,939</u>	<u>\$ 4,935,671</u>	<u>\$ 14,487,610</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

**E. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES (Continued)**

The following are governmental fund balance reservations, designations and undesignated amounts.

	<b>Reserved</b>	<b>Designated</b>	<b>Undesignated</b>
<b>General Fund:</b>			
Advances	\$ 504,785	\$ -	\$ -
Revolving loan	-	84,741	-
Building improvement grant	-	7,900	-
Undesignated	-	-	1,044,143
	\$ 504,785	\$ 92,641	\$ 1,044,143
 <b>Debt Service Fund:</b>			
Designated for debt service		\$ 493,244	
 <b>Capital Projects Fund:</b>			
Bike path		\$ 4,751	\$ -
Lake Leota		21,290	
Capital projects		679,847	
Undesignated (Deficit)		-	(432,353)
		\$ 705,888	\$ (432,353)
 <b>TIF 5 Undesignated (Deficit)</b>			 \$ (1,406,178)
 <b>TIF 6 Undesignated</b>			 \$ 285,951
 <b>TIF 7 Undesignated</b>			 \$ 257,174
 <b>TIF 8 Undesignated</b>			 \$ 21,047
 <b>Non-Major Governmental Funds:</b>			
EMS	\$ -	\$ 367,091	
Cemetery	75,618	-	-
Library	75,731	-	-
Total Non-Major Governmental Funds	\$ 151,349	\$ 367,091	\$ -
 Total	 \$ 656,134	 \$ 1,658,864	 \$ (230,216)

The TIF deficit is anticipated to be recovered through future tax increments. The undesignated deficit in the capital projects fund is for capital expenses financed by TIF proceeds.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**NOTE IV – OTHER INFORMATION**

**A. EMPLOYEE’S RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN**

All eligible City of Evansville employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer, defined benefit, public employee retirement system (PERS). All permanent employees expected to work at least 600 hours a year are eligible to participate in WRS. Covered employees are required by statutes to contribute 6.0% of their salary (3.0% for Elected Officials, 5.1% for Protective Occupations with social security and 3.4% for Protective Occupations without Social Security), to the plan. Employers may make these contributions to the plan on behalf of the employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for City of Evansville employees covered by the WRS for the year ended December 31, 2008 was \$ 1,854,185; the employer’s total payroll was \$ 1,992,774. The total required contribution for the year ended December 31, 2008 was \$209,094 which was 11.3% of payroll. Total contributions for the years ending December 31, 2007 and 2006 were \$200,294 and \$176,815, respectively, equal to the required contributions for the year.

Employees who retire at or after age 65, (62 for elected officials and 55 for protective occupation employees), are entitled to receive a retirement benefit. Employees may retire at age 55, (50 for protective occupation employees), and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings are the average of the employees’ three highest years’ earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust funds, P.O. Box 7931, Madison, WI 53707-7931.

**B. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

**C. DEFERRED REGULATORY CREDIT**

In 2004 the Public Service Commission of Wisconsin required regulated utilities to create a deferred regulatory credit account. The amount of the credit was equal to the estimated accumulated depreciation on contributed utility plant as of December 31, 2003. The credit has the effect of reducing the rate base

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**C. DEFERRED REGULATORY CREDIT (CONTINUED)**

used by the Commission in approving user rates charged by the utilities. The credit is reported in the statement of net assets as a liability. The credit is being amortized to non-operating income over a period of 20 years. As of December 31, 2008, the balance was \$425,553.

**D. COMMITMENTS AND CONTINGENCIES**

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of the management and the City Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

Funding for the operating budget of the City comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the City. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the City.

The City has construction commitments of approximately \$850,000 as of 12/31/08. These are for Lake Leota dredging projects. The city also approved the purchase of sweeper for approximately \$140,000..

**E. PURCHASED POWER CONTRACT**

The Evansville Water and Light has a long-term contract and purchases its power from WPPI, Wisconsin Public Power Incorporated. Purchased power expenses were \$4,575,147.

**F. EVANSVILLE FIRE DISTRICT**

The City of Evansville is a participant in the Evansville Fire Protection District ("District"), along with the townships of Brooklyn, Magnolia, Porter and Union. The entire city is within the district. Only portions of the aforementioned townships are included. The District was created on January 1, 1996. The District Board consists of 6 trustees; one from each township and two from the City. The District owns the Fire equipment. A budget is adopted annually by the District and each municipality contributes to the District based on the respective portion of equalized value within the District.

For 2008, the City contributed \$127,382 to the District for dues. The City's portion of the District's 2009 budget is \$203,000. The District issues separate financial statements.

**G. EVANSVILLE MEDICAL EMERGENCY SERVICES**

The City of Evansville provides emergency medical services to the city and portions of the Town of Union, Porter and Magnolia. The contract with the participating townships requires a payment of \$20 per capita. For 2008, the City received payments from the Townships in the amount of \$63,500.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

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**H. SUBSEQUENT BORROWINGS**

The City borrowed \$1,205,000 in general obligation refunding bonds in 2009. These notes were issued April 30, 2009 and are payable with principal due April 1, each year from 2010 through 2027. Interest is payable at rates of 2.3% to 5.1%.

**I. RELATED PARTY TRANSACTIONS**

The City has approved a development agreement to provide up to \$500,000 in economic development assistance to a business in which the Mayor is a shareholder. The disbursement was made in 2008. This was in TID 8. The Mayor was not a participant in the discussions or votes on this project.

The City's TIF 6 entered into an agreement to provide \$300,000 in economic development assistance directly to a developer. One of the City alderman's business was a subcontractor.

**J. RESTATEMENT OF NET ASSETS**

Net assets for the proprietary funds Statement of Revenues, Expenses and Changes in Fund Net Assets were restated as follows:

	<b>Proprietary Funds</b>
Net Assets, beginning of year, as previously stated:	\$ 6,812,742
Deferred special assessment	(284,502)
Net Assets, beginning of year, restated	\$ 6,528,240

**K. COMPONENT UNIT – HOUSING AUTHORITY OF THE CITY OF EVANSVILLE**

This report contains the Housing Authority of the City of Evansville, which is included as a component unit. Financial information is presented as a discrete column in the government-wide statement of net assets and statement of activities. The financial information is reported as of and for the year ended December 31, 2008. In addition to the basic financial statements that apply, the following additional disclosures are considered necessary for a fair presentation.

(a) Basis of Accounting/Measurement Focus

The Housing Authority follows the full-accrual basis of accounting and the flow of economic resources measurement focus. The economic resources measurement focus means all assets and liabilities are recorded on the statement of net assets. Revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2008**

**K. COMPONENT UNIT – HOUSING AUTHORITY OF THE CITY OF EVANSVILLE**  
**(continued)**

(b) Cash and Cash Investments

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 at each depository. In addition the Wisconsin State Deposit Guarantee Fund insures deposits for up to \$400,000 per depository. The Authority had no deposits in excess of these limits. At year-end, the bank balance of the Authority's deposits was \$712,491. This included demand deposits of \$6,684 and CDs of \$196,161. The CDs average maturity is 19.9 months.

(c) Capital Assets

Capital assets included property, buildings, furniture and equipment. Capital assets are valued at historical cost or estimated historical cost. Donated assets are valued at fair market value at the date donated. Interest has not been capitalized. Depreciation is recorded using the straight-line method over the various lives of the assets which range from 3 to 40 years. A summary of the capital asset activity follows:

	<u>Balance</u> <u>1/1/2008</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Balance</u> <u>12/31/2008</u>
Non-depreciable capital assets:				
Land	\$ 25,758	\$ -	\$ -	\$ 25,758
Other improvements	521,372	-	-	521,372
Depreciable capital assets	137,064	2,667	-	139,731
Less: accumulated depreciation	<u>(382,306)</u>	<u>(19,621)</u>	<u>-</u>	<u>(401,927)</u>
Net Book Value	<u>\$ 301,888</u>	<u>\$ (16,954)</u>	<u>\$ -</u>	<u>\$ 284,934</u>



## **SUPPLEMENTARY INFORMATION**



City of Evansville  
Evansville, WI

**Schedules of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (with Variances)**  
**General Fund**  
**For the Year Ended December 31, 2008**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,032,940	\$ 1,032,940	\$ 1,032,940	\$ -
Other Taxes	3,300	3,300	18,483	15,183
Intergovernmental	793,304	813,013	831,426	18,413
License and Permits	86,147	86,147	122,387	36,240
Fines, Forfeits and Penalties	77,500	87,602	90,394	2,792
Public Charges for Services	307,649	313,086	316,194	3,108
Interest Income	170,000	170,000	131,057	(38,943)
Miscellaneous Income	33,456	33,456	32,136	(1,320)
Total Revenues	<u>2,504,296</u>	<u>2,539,544</u>	<u>2,575,017</u>	<u>35,473</u>
<b>EXPENDITURES</b>				
Current:				
General Government	558,859	589,022	513,064	75,958
Public Safety	1,074,607	1,112,762	1,122,652	(9,890)
Public Works	704,202	784,591	712,400	72,191
Health and Human Services	32,100	32,718	30,460	2,258
Culture, Recreation and Education	269,507	270,532	257,160	13,372
Conservation and Development	79,261	79,261	69,126	10,135
Total Expenditures	<u>2,718,536</u>	<u>2,868,886</u>	<u>2,704,862</u>	<u>164,024</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(214,240)</u>	<u>(329,342)</u>	<u>(129,845)</u>	<u>199,497</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (including tax equivalent)	214,240	214,240	317,854	103,614
Total Other Financing Sources and Uses	<u>214,240</u>	<u>214,240</u>	<u>317,854</u>	<u>103,614</u>
Net Change in Fund Balances	<u>-</u>	<u>(115,102)</u>	<u>188,009</u>	<u>303,111</u>
Fund Balances - Beginning	1,453,560	1,453,560	1,453,560	-
Fund Balances - Ending	<u>\$ 1,453,560</u>	<u>\$ 1,338,458</u>	<u>\$ 1,641,569</u>	<u>\$ 303,111</u>

See accompanying notes to the basic financial statements

City of Evansville  
Evansville, WI

Non-Major Funds  
Combining Balance Sheet  
December 31, 2008

	EMS	Library	Cemetery	Non-Major Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 361,664	\$ 88,863	\$ 77,698	\$ 528,225
Receivables:				
Taxes	98,940	186,063	65,645	350,648
Accounts	12,749	-	-	12,749
Due from Other Funds	-	-	-	-
Prepaid Expenses	1,726	888	171	2,785
Total Assets	\$ 475,079	\$ 275,814	\$ 143,514	\$ 894,407

**LIABILITIES AND FUND BALANCES**

Liabilities:				
Accounts Payable	\$ 2,185	\$ 7,245	\$ 203	\$ 9,633
Accrued Liabilities	6,863	5,924	2,048	14,835
Deferred Revenue	98,940	186,063	65,645	350,648
Due to Other Funds	-	-	-	-
Advances Payable	-	851	-	851
Total Liabilities	107,988	200,083	67,896	375,967
Fund Balance:				
Reserved	-	75,731	75,618	151,349
Designated	367,091	-	-	367,091
Total Fund Balance	367,091	75,731	75,618	518,440
Total Liabilities and Fund Balance	\$ 475,079	\$ 275,814	\$ 143,514	\$ 894,407

See accompanying notes to the basic financial statements

City of Evansville  
Evansville, WI

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Funds  
For the Year Ended December 31, 2008

	EMS	Library	Cemetery	Non-Major Funds
<b>REVENUES</b>				
Property Taxes	\$ 101,084	\$ 186,063	\$ 65,558	\$ 352,705
Intergovernmental	73,197	47,170	-	120,367
Public Charges for Services	174,558	21,105	21,260	216,923
Interest Income	-	(6,440)	3,205	(3,235)
Miscellaneous Income	-	3,053	1,515	4,568
Total Revenues	<u>348,839</u>	<u>250,951</u>	<u>91,538</u>	<u>691,328</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	270,911	-	-	270,911
Health and Human Services	-	-	95,227	95,227
Culture, Recreation and Education	-	260,117	-	260,117
Total Expenditures	<u>270,911</u>	<u>260,117</u>	<u>95,227</u>	<u>626,255</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>77,928</u>	<u>(9,166)</u>	<u>(3,689)</u>	<u>65,073</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(12,738)	(3,000)	-	(15,738)
Total Other Financing Sources and Uses	<u>(12,738)</u>	<u>(3,000)</u>	<u>-</u>	<u>(15,738)</u>
Net Change in Fund Balances	65,190	(12,166)	(3,689)	49,335
Fund Balances - Beginning	301,901	87,897	79,307	469,105
Fund Balances - Ending	<u>\$ 367,091</u>	<u>\$ 75,731</u>	<u>\$ 75,618</u>	<u>\$ 518,440</u>

See accompanying notes to the basic financial statements

