CITY OF EVANSVILLE

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2009

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City of Evansville
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December 31, 2009

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Johnson ▲ Block
AND COMPANY, INC.

Certified Public Accountants

Quality service through our commitment to clients and staff

Millard W. Johnson ▲ James L. Block ▲ Alan L. Brey ▲ Joseph G. Mohlmann ▲ Kevin P. Krysinski ▲ Janice L. Froelich

INDEPENDENT AUDITOR'S REPORT

July 19, 2010

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 the City of Evansville, Wisconsin, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 and *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, 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, 2009, 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.

In accordance with *Government Auditing Standards,* we have also issued a report dated July 19, 2010 on our consideration of the City of Evansville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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The management's discussion and analysis and budgetary comparison information on pages i through x and 43 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, Wisconsin basic financial statements. The financial information listed in the table of contents as other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for the purpose of additional analysis, as required by U.S. Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Johnson Block & Company, Inc.

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Madison, Wisconsin
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2009

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, 2009. 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, 2009, by $21,934,224 (net assets). Of this amount, $2,151,594 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

- Total general fund expenditures for operations were $296,740 less than budgeted.

- General fund revenues were under budget by $184,560.

- As of December 31, 2009, the City of Evansville's governmental funds reported combined ending fund balances of $676,902.

- As of December 31, 2009, the unreserved/undesignated fund balance for the general fund was $967,329, or approximately 35 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 $8,321,386. The business-type debt totaled $8,968,026.

- The City was awarded a grant of $3,450,287 for construction of a wastewater treatment plant.

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, Wastewater Treatment Plant or sanitary sewer utility, and a Stormwater Utility.

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, Capital Projects and TIF 5 funds. Data from the remaining six 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 statement can be found on page 12 of this report.

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 43 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 46 and 47 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 net assets for the year ended December 31, 2009.

TABLE 1
City of Evansville Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 4,484,183	$5,845,780	$ 5,299,199	$ 5,258,485	$ 9,783,382	$11,104,265
Capital assets	8,519,107	7,330,377	25,695,820	23,073,973	34,214,927	30,404,350
Total Assets	13,003,290	13,176,157	30,995,019	28,332,458	43,998,309	41,508,615
Long-term liabilities outstanding	7,699,202	8,384,372	8,599,372	8,223,516	16,298,574	16,607,888
Other liabilities	3,882,394	3,763,367	1,883,117	1,464,907	5,765,511	5,228,274
Total Liabilities	11,581,596	12,147,739	10,482,489	9,688,423	22,064,085	21,836,162
Net Assets:						
Invested in capital assets, net of related debt	1,675,958	856,976	16,820,462	14,487,610	18,496,420	15,344,586
Restricted	162,716	151,349	1,123,494	986,907	1,286,210	1,138,256
Unrestricted	(416,980)	20,093	2,568,574	3,169,518	2,151,594	3,189,611
Total Net Assets	$ 1,421,694	$1,028,418	$20,512,530	$18,644,035	$21,934,224	$19,672,453

A significant portion of the City's net assets 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*, $2,151,594, 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, 2009. In 2009, the governmental activities relied primarily on property taxes (55%), program revenues (31%) and state aids (12%) to fund its operations. Combined, these account for 98% of all revenues or $4.63 million. Business-type activities relied primarily on program revenues to fund its operations. Utility charges accounted for 81% of business-type revenues. Capital grants and contributions were also another source of revenue for business-type activities contributing 17% of the total revenue. Combined, these account for 98% of all business-type revenues.

TABLE 2
City of Evansville's Change in Net Assets
2009 and 2008

	Governmental Activities		Business-Type Activities		Totals	
Revenues:	2009	2008	2009	2008	2009	2008
Program Revenues:						
Charges for services	$ 892,827	$ 840,896	$ 7,819,737	$ 7,703,699	$ 8,712,564	$ 8,544,595
Operating grants and contributions	354,904	647,090	-	-	354,904	647,090
Capital grants and contributions	124,027	470,328	1,671,574	282,252	1,795,601	752,580
General Revenues:					-	-
Property taxes	2,413,215	2,123,944	-	-	2,413,215	2,123,944
Grants and contributions not restricted					-	-
to specific programs	538,074	545,760	-	-	538,074	545,760
Unrestricted Interest and Investment	48,375	150,654	75,130	132,110	123,505	282,764
Other- Loss on sale of capital assets	(29,771)	(3,738)	-	-	(29,771)	(3,738)
Miscellaneous	20,426	27,753	30,009	19,471	50,435	47,224
Total Revenues	4,362,077	4,802,687	9,596,450	8,137,532	13,958,527	12,940,219
Expenses:						
General Government	472,995	605,749	-	-	472,995	605,749
Public Safety	1,620,048	1,459,967	-	-	1,620,048	1,459,967
Public Works	909,877	939,411	-	-	909,877	939,411
Health & human services	145,454	129,131	-	-	145,454	129,131
Recreation and education	600,799	583,718	-	-	600,799	583,718
Conservation and development	119,674	911,178	-	-	119,674	911,178
Interest on long-term debt	441,279	465,458	-	-	441,279	465,458
Capital Outlay	-	40,589	-	-	-	40,589
Electric and Water	-	-	6,783,017	6,807,983	6,783,017	6,807,983
Sewer	-	-	539,870	529,625	539,870	529,625
Storm-water	-	-	63,742	71,528	63,742	71,528
Total Expenses	4,310,126	5,135,201	7,386,629	7,409,136	11,696,755	12,544,337
Increase (decrease) in net assets before transfers	51,951	(332,514)	2,209,821	728,396	2,261,772	395,882
Transfers	341,325	314,854	(341,325)	(314,854)	-	-
Increase (Decrease) in Net Assets	393,276	(17,660)	1,868,496	413,542	2,261,772	395,882
Net Assets - January 1	1,028,418	1,046,078	18,644,035	18,230,493	19,672,453	19,276,571
Net Assets - December 31	$1,421,694	$ 1,028,418	$20,512,531	$18,644,035	$21,934,225	$19,672,453

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities: Governmental activities increased the City's net assets by $393,276. A key element of this increase is that general fund expenses were under budget by $296,740.

Business-type activities: Business-type activities increased City of Evansville's net assets by $1,868,496. Key elements of this increase are as follows:

- The City's electric and water utility had operating income of $670,217 before an operating transfer out for the tax equivalent of $341,325.
- The sewer utility received capital contributions of $1,619,580.

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, 2009, the City's governmental funds reported combined ending fund balances of $676,902, a decrease of $1,407,880 from the prior year. Of the combined ending fund balance, $870,674 is reserved and $758,987 is designated. The net deficit of ($952,759) in unreserved/undesignated fund balance is due mainly to the TIF 5 deficit of ($1,515,499). 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 $967,329, while total fund balance reached $1,764,061. 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 35% of total general fund expenditures, while total fund balance represents 64% of that same amount.

During the current year, the City's general fund balance increased by $122,492. Key factors in this increase are as follows:

- The total revenues were $184,560 under budgeted amounts but expenditures were $296,740 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 $104,188 from 2008. The main reason for the increase was due to the Stormwater utility's operating revenues being up $133,638 from 2008.

Operating expenses decreased by approximately $53,516.

The Water and Light Utility had an increase in net assets of $173,814 in 2009 after deducting a transfer of $341,328 to the City's General Fund. Net assets were $12,297,164 as of December 31, 2009.

The Wastewater Treatment Plant Utility had an increase in net assets of $1,561,239 in 2009. Net assets were $8,089,907 as of December 31, 2009.

The storm-water utility had an increase in net assets of $133,441 in 2009. Net assets were $125,458 as of December 31, 2009.

The Water and Light Utility's outstanding debt at December 31, 2009 was $7,262,300, an increase of $700,600 over the balance at December 31, 2008. Fixed assets, net of accumulated depreciation, of $17,035,626 increased $786,953 from 2008.

The Wastewater Treatment Plant Utility's outstanding debt at December 31, 2009 was $1,572,528, a decrease of $317,100 from the balance at December 31, 2008. Fixed assets, net of accumulated depreciation, of $8,517,627 increased $1,692,327 from 2008.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Evansville's general fund had an original budget of $2,929,046 and a revised final budget of $3,045,118, amounting to a $116,072 increase in appropriations. Actual expenditures totaled $2,748,378. Budgeted differences can be briefly summarized as follows:

- Actual expenditures were less than budgeted expenditures by $296,740. The majority were in the general government area ($161,232 less than budget) and public works ($74,984 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, 2009, amounts to $34,214,927 (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	
	2008	2009	2008	2009	2008	2009
Land	$ 521,756	$ 521,756	171,362	171,362	$ 693,118	$ 693,118
Infrastructure Work in Process	1,619,419	417,785	352,060	2,527,933	1,971,479	2,945,718
Other Work in Process	175,548	287,654	-	-	175,548	287,654
Depreciable Capital Assets	7,772,015	10,490,444	30,019,515	31,179,989	37,791,530	41,670,433
Accumulated depreciation	(2,758,361)	(3,198,532)	(7,468,964)	(8,183,464)	(10,227,325)	(11,381,996)
Total	$7,330,377	$ 8,519,107	$23,073,973	$25,695,820	$30,404,350	$34,214,927

The significant capital additions in 2009 included continued street work for Madison Street and other TIF 5 projects, purchase of a wind turbine, upgrades for equipments, purchase of a street sweeper, work in progress on the wastewater treatment plant, 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 $17,156,214. Of this amount, $8,308,586 was backed by the full faith of the City.

City of Evansville Outstanding Debt
Long-term Debt

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
2003A GO Notes	$ 144,700	$ 165,300	$ 205,300	$ 234,700	$ 350,000	$ 400,000
2003B GO Notes	222,000	247,000	443,000	473,000	665,000	720,000
2005 GO Notes	1,406,642	1,452,762	118,358	122,238	1,525,000	1,575,000
2007 GO Comm. Dev. Bonds	930,000	930,000	-	-	930,000	930,000
2007 GO Comm. Dev. Bonds	2,835,000	2,860,000	-	-	2,835,000	2,860,000
2009 GO Refunding Notes	1,205,000	-	-	-	1,205,000	-
2007 STFL	-	-	-	-	-	-
2007 STFL	484,414	500,000	-	-	484,414	500,000
2008 STFL	130,722	169,000	-	-	130,722	169,000
2008 STFL	183,449	200,000	-	-	183,449	200,000
2005 CWFL	-	-	1,339,170	1,407,389	1,339,170	1,407,389
2009 CWFL	-	-	50,000	-	50,000	-
2005 Mortgage Revenue Bonds	-	-	3,000,000	3,100,000	3,000,000	3,100,000
2007 Mortgage Revenue Bonds	-	-	2,565,000	2,615,000	2,565,000	2,615,000
2009 Water Revenue Bonds	-	-	935,000	-	935,000	-
2008 Note Anticipation Note	406,000	686,000	179,000	499,000	585,000	1,185,000
2008 Note Anticipation Note	-	1,365,000	-	-	-	1,365,000
2008 Capital Lease	136,672	177,923	-	-	136,672	177,923
Compensated absences	236,787	213,767	-	-	236,787	213,767
Total	$ 8,321,386	$ 8,966,752	$8,834,828	$ 8,451,327	$17,156,214	$ 17,418,079

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 III-D on pages 31-38 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 2010, which is an increase of 7.05% over the adopted budget of the previous year.
- The property tax rate decreased from $6.95903 to $6.87010 per $1,000 assessed valuation.
- 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 2010 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, 2009

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Investments	$ 1,454,374	$ 1,684,979	$ 3,139,353	$ 732,816
Restricted Cash	-	1,123,494	1,123,494	-
Receivables	3,499,185	1,532,553	5,031,738	173,025
Internal Balances	(607,495)	607,495	-	-
Inventories	-	191,761	191,761	-
Other assets	138,119	158,917	297,036	3,804
Land, improvements, and construction in progress	1,402,743	2,699,295	4,102,038	25,758
Other Capital Assets, net of depreciation	7,116,364	22,996,525	30,112,889	240,105
Net Capital Assets	8,519,107	25,695,820	34,214,927	265,863
Total Assets	$ 13,003,290	$ 30,995,019	$ 43,998,309	$ 1,175,508
LIABILITIES				
Accounts payable and accrued expenses	$ 562,098	$ 856,568	$ 1,418,666	$ 14,745
Deferred Revenues	2,585,868	593,779	3,179,647	28,341
Long-term liabilities				
Due within one year				
Bonds, notes and capital leases	587,281	348,114	935,395	-
Accrued interest	112,244	64,117	176,361	-
Compensated Absences	34,903	20,539	55,442	24,715
Due in more than one year				
Bonds, notes and capital leases	7,497,318	8,486,714	15,984,032	-
Compensated absences	201,884	112,658	314,542	-
Total liabilities	11,581,596	10,482,489	22,064,085	67,801
NET ASSETS				
Invested in capital assets, net of related debt	1,675,958	16,820,462	18,496,420	265,863
Restricted for:				
Special Revenue	162,716	-	162,716	-
Other Purposes	-	1,123,494	1,123,494	20,201
Unrestricted	(416,980)	2,568,574	2,151,594	821,643
Total net assets	1,421,694	20,512,530	21,934,224	1,107,707
Total Liabilities and Net Assets	$ 13,003,290	$ 30,995,019	$ 43,998,309	$ 1,175,508

See acccompanying notes to the basic financial statements.

City of Evansville
Evansville, WI

Statement of Activities
For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Primary government								
Governmental Activities								
General Government	$ 472,995	$ 125,622	$ -	$ -	$ (347,373)		$ (347,373)	
Public Safety	1,620,048	391,652	21,497	-	(1,206,899)		(1,206,899)	
Public Works	909,877	215,092	284,267	52,620	(357,898)		(357,898)	
Health, Welfare and Sanitation	145,454	45,940	-	-	(99,514)		(99,514)	
Culture and Recreation	600,799	108,176	49,140	71,407	(372,076)		(372,076)	
Conservation and Development	119,674	6,345	-	-	(113,329)		(113,329)	
Interest on Long-term debt	441,279	-	-	-	(441,279)		(441,279)	
Total governmental activities	4,310,126	892,827	354,904	124,027	(2,938,368)		(2,938,368)	
Business-type activities:								
Electric and Water	6,783,017	7,189,245	-	32,809	-	439,037	439,037	
Sewer	539,870	445,132	-	1,638,765	-	1,544,027	1,544,027	
Stormwater	63,742	185,360	-	-	-	121,618	121,618	
Total business-type activities	7,386,629	7,819,737	-	1,671,574	-	2,104,682	2,104,682	
Total primary government	$ 11,696,755	$ 8,712,564	$ 354,904	$ 1,795,601	(2,938,368)	2,104,682	(833,686)	
Component Units								
Housing Authority	$ 472,394	$ 65,469	$ 382,599	$ -				$ (24,326)
Total component units	$ 472,394	$ 65,469	$ 382,599	$ -				$ (24,326)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					1,789,048	-	1,789,048	-
Property taxes, levied for debt service					594,264	-	594,264	-
Other taxes					29,903	-	29,903	-
Grants and contributions not restricted to specific programs					538,074	-	538,074	-
Unrestricted investment earnings					48,375	75,130	123,505	17,728
Miscellaneous					20,426	30,009	50,435	-
Special item - gain (loss) on disposal of asset					(29,771)	-	(29,771)	(306)
Transfers					341,325	(341,325)	-	-
Total general revenues, special items, and transfers					3,331,644	(236,186)	3,095,458	17,422
Change in net assets					393,276	1,868,496	2,261,772	(6,904)
Net assets - beginning					1,028,418	18,644,034	19,672,452	1,114,611
Net assets - ending					$ 1,421,694	$ 20,512,530	$ 21,934,224	$ 1,107,707

See accompanying notes to the basic financial statements.

City of Evansville
Evansville, WI

Balance Sheet
Governmental Funds
December 31, 2009

	General Fund	Debt Service	Capital Projects	TIF 5	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	$ 978,481	$ 53,606	$ -	$ -	$ 422,287	$ 1,454,374
Receivables:						
Taxes	1,187,205	572,305	66,958	133,359	520,780	2,480,607
Special Assessments	216,120	148,099	-	-	37,994	402,213
Accounts	-	-	-	-	16,033	16,033
Loans	310,430	-	-	-	-	310,430
Other	55,469	-	24,812	-	-	80,281
Due from Other Funds	362,723	533,417	-	-	-	896,140
Prepaid Expenses	25,983	-	-	-	8,785	34,768
Advances Receivable	707,958	-	-	-	432,354	1,140,312
Total Assets	$ 3,844,369	$ 1,307,427	$ 91,770	$ 133,359	$ 1,438,233	$ 6,815,158
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ 285,487	$ -	$ 3,235	$ 2,500	$ 8,932	$ 300,154
Accrued Liabilities	53,759	-	-	-	21,680	75,439
Due to Other Funds	47,569	25,458	533,417	-	-	606,444
Deferred Revenue	1,693,493	691,278	66,958	146,209	520,779	3,118,717
Advances Payable	-	-	432,353	1,500,149	105,000	2,037,502
Total Liabilities	2,080,308	716,736	1,035,963	1,648,858	656,391	6,138,256
Fund Balances (Deficit)						
Reserved	707,958	-	-	-	162,716	870,674
Designated	88,774	590,691	-	-	79,522	758,987
Unreserved/Undesignated	967,329	-	(944,193)	(1,515,499)	539,604	(952,759)
Total Fund Balances (Deficit)	1,764,061	590,691	(944,193)	(1,515,499)	781,842	676,902
Total Liabilities and Fund Balances (Deficit)	$ 3,844,369	$ 1,307,427	$ 91,770	$ 133,359	$ 1,438,233	$ 6,815,158

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, 2009

Total fund balance, governmental funds		$ 676,902
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.		8,519,107
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.		103,351
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 in the fund financial statements to the extent they are not available.		555,963
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.		
Bonds and notes - due within one year	587,281	
Bonds and notes - due in more than one year	7,497,318	
Compensated absences - current	34,902	
Compensated absences - non-current	201,884	
Accrued interest	112,244	
		(8,433,629)
Net Assets of Governmental Activities in the Statement of Net Assets		$ 1,421,694

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, 2009

	General Fund	Debt Service	Capital Projects	TIF 5	Non-Major Funds	Total Governmental Funds
REVENUES						
Property Taxes	$ 1,109,393	$ 594,264	$ 78,700	$ 138,963	$ 457,157	$ 2,378,477
Other Taxes	34,827	-	-	-	20,603	55,430
Special Assessment Revenue	-	17,024	-	-	26,203	43,227
Intergovernmental	830,679	-	72,497	32,387	120,032	1,055,595
License and Permits	84,482	-	-	-	-	84,482
Fines, Forfeits and Penalties	75,647	-	-	-	-	75,647
Public Charges for Services	329,274	-	-	-	287,713	616,987
Interest Income	22,227	6,144	746	-	20,764	49,881
Miscellaneous Income	39,037	16,800	100	11,985	6,951	74,873
Total Revenues	2,525,566	634,232	152,043	183,335	939,423	4,434,599
EXPENDITURES						
Current:						
General Government	456,965	-	-	1,937	936	459,838
Public Safety	1,229,731	-	-	-	297,522	1,527,253
Public Works	695,964	-	-	-	-	695,964
Health and Human Services	33,175	-	-	-	103,035	136,210
Culture, Recreation and Education	277,890	-	-	-	253,358	531,248
Conservation and Development	54,653	-	-	30,099	-	84,752
Capital Outlay	-	-	1,569,268	41,305	59,741	1,670,314
Principal Repayment	-	1,832,135	-	-	-	1,832,135
Interest Expense	-	346,125	29,521	70,446	5,000	451,092
Total Expenditures	2,748,378	2,178,260	1,598,789	143,787	719,592	7,388,806
Excess (Deficiency) of Revenues Over Expenditures	(222,812)	(1,544,028)	(1,446,746)	39,548	219,831	(2,954,207)
OTHER FINANCING SOURCES (USES)						
Proceeds from Long-Term Debt	-	2,883	1,202,117	-	-	1,205,000
Transfers In	345,304	1,638,592	351,901	-	-	2,335,797
Transfers Out	-	-	(1,325,000)	(148,869)	(520,601)	(1,994,470)
Total Other Financing Sources and Uses	345,304	1,641,475	229,018	(148,869)	(520,601)	1,546,327
Net Change in Fund Balances	122,492	97,447	(1,217,728)	(109,321)	(300,770)	(1,407,880)
Fund Balances (Deficits) - Beginning	1,641,569	493,244	273,535	(1,406,178)	1,082,612	2,084,782
Fund Balances (Deficits) - Ending	$ 1,764,061	$ 590,691	$ (944,193)	$ (1,515,499)	$ 781,842	$ 676,902

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, 2009

Net change in fund balances - total governmental funds:		$	(1,407,880)
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	1,673,636		
Loss on disposal	(29,771)		
Depreciation expenses reported in the statement of activities	(455,137)		
Amount by which capital outlays are greater (less) than depreciation in the current period.			1,188,728
Vested employee benefits are reported in the governmental funds as an expenditure, but are 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			(23,020)
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	(1,205,000)		
The amount of long-term debt principal payments in the current year is:	1,873,386		668,386
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 accrual change			(167)
In governmental funds, revenues are reported when measurable and available. In the statements of activities, revenue is reported when earned.			
Special assessments			(42,751)
Debt issuance costs reported on governmental fund statements but deferred and amortized on statement of activities.			9,980
Change in net assets of governmental activities		$	393,276

See accompanying notes to the basic financial statements.

City of Evansville
Evansville, WI

Statement of Net Assets
Proprietary Funds
December 31, 2009

	Enterprise Funds			
	Electric and Water	**Sewer**	**Stormwater**	**Total**
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 1,248,967	$ 339,161	$ 96,851	$ 1,684,979
Receivables				
Special Assessments	1,788	-	-	1,788
Accounts	1,374,327	154,322	-	1,528,649
Due from Other Funds	142,015	98,548	22,257	262,820
Inventories	191,761	-	-	191,761
Prepaid Expenses	18,942	4,226	1,044	24,212
Total Current Assets	2,977,800	596,257	120,152	3,694,209
Restricted:				
Restricted Cash and Cash Equivalents	473,414	650,080	-	1,123,494
Total Restricted Assets	473,414	650,080	-	1,123,494
Capital Assets:				
Land and Improvements	76,448	94,914	-	171,362
Construction Work in Progress	645,969	1,881,964	-	2,527,933
Other Capital Assets	22,394,127	8,639,639	146,223	31,179,989
Less Accumulated Depreciation	(6,080,918)	(2,098,890)	(3,656)	(8,183,464)
Net Capital Assets	17,035,626	8,517,627	142,567	25,695,820
Noncurrent Assets				
Advances Receivable	770,243	263,171	-	1,033,414
Unamortized Debt Discount	132,346	2,333	-	134,679
Special Assessments	-	2,116	-	2,116
Other Deferred Debits	25	-	-	25
Total Noncurrent Assets	902,614	267,620	-	1,170,234
TOTAL ASSETS	$ 21,389,454	$ 10,031,584	$ 262,719	$ 31,683,757

See accompanying notes to the basic financial statements.

City of Evansville
Evansville, WI

Statement of Net Assets
Proprietary Funds
December 31, 2009

	Enterprise Funds			
	Electric and Water	**Sewer**	**Stormwater**	**Total**
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 557,590	$ 237,409	$ 557	$ 795,556
Accrued Liabilities	112,997	11,650	481	125,128
Due to Other Funds	458,070	94,446	-	552,516
Compensated Absences	18,874	1,665	-	20,539
Current Portion of Long-Term Debt:				
Advance Payables	-	-	136,223	136,223
Bonds and Notes Payable	244,400	103,714	-	348,114
Total Current Liabilities	1,391,931	448,884	137,261	1,978,076
Non-Current Liabilities:				
Long-Term Debt				
Bonds and Notes Payable	7,017,900	1,468,814	-	8,486,714
Total Long-Term Debt	7,017,900	1,468,814	-	8,486,714
Other Liabilities				
Compensated Absences	88,680	23,979	-	112,659
Construction Advances	37,625	-	-	37,625
Deferred Revenue including regulatory credit	556,154	-	-	556,154
Total Other Liabilities	682,459	23,979	-	706,438
Total Non-Current Liabilities	7,700,359	1,492,793	-	9,193,152
Total Liabilities	9,092,290	1,941,677	137,261	11,171,228
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	9,732,546	6,945,099	142,817	16,820,462
Restricted Assets	473,414	650,080	-	1,123,494
Unrestricted	2,091,204	494,728	(17,359)	2,568,573
Total Net Assets	12,297,164	8,089,907	125,458	20,512,529
TOTAL LIABILITIES & NET ASSETS	$ 21,389,454	$ 10,031,584	$ 262,719	$ 31,683,757

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, 2009

	Enterprise Funds			
	Electric and Water	Sewer	Stormwater	Total
REVENUES				
Charges for Services	$ 7,169,065	$ 462,632	$ 185,360	$ 7,817,057
Other Operating Revenues	872	1,372	11,823	14,067
Total Operating Revenues	7,169,937	464,004	197,183	7,831,124
OPERATING EXPENSES				
Operation and Maintenance	5,894,501	310,457	60,086	6,265,044
Depreciation	605,219	168,135	3,656	777,010
Total Operating Expenses	6,499,720	478,592	63,742	7,042,054
Operating Income (Loss)	670,217	(14,588)	133,441	789,070
NON-OPERATING REVENUES (EXPENSES)				
Interest and Investment Revenue	57,920	17,524	-	75,444
Miscellaneous Non-Operating Revenue	19,308	-	-	19,308
Interest Expense	(283,297)	(61,277)	-	(344,574)
Amortization Revenue (Expense)	18,185	-	-	18,185
Total Non-Operating Revenue (Expenses)	(187,884)	(43,753)	-	(231,637)
Income (Loss) Before Contributions and Transfers	482,333	(58,341)	133,441	557,433
Capital Contributions	32,809	1,619,580	-	1,652,389
Transfers Out	(341,328)	-	-	(341,328)
Change in Net Assets	173,814	1,561,239	133,441	1,868,494
Total Net Assets (Deficit) - Beginning	12,123,350	6,528,668	(7,983)	18,644,035
Total Net Assets - Ending	$ 12,297,164	$ 8,089,907	$ 125,458	$ 20,512,529

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, 2009

	Enterprise Funds			
	Electric & Water	Sewer	Stormwater	Total
Cash Flows From Operating Activities:				
Receipts from customers	$ 7,038,186	$ 317,093	$ 197,183	$ 7,552,462
Payments to suppliers	(5,057,243)	(68,603)	(35,349)	(5,161,195)
Payments to employees	(513,288)	(82,674)	(20,444)	(616,406)
Taxes paid	(341,328)	-	-	(341,328)
Net cash provided (used) by operating activities	1,126,327	165,816	141,390	1,433,533
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of plant assets	(469,670)	(1,634,830)	(146,223)	(2,250,723)
Advances received	-	-	136,223	136,223
Proceeds from long-term debt	-	50,000	-	50,000
Principal payments on long-term debt	(234,400)	(367,100)	-	(601,500)
Deferred charges	(25)	-		(25)
Interest and fiscal charges	(283,297)	(61,277)	-	(344,574)
Contributions for plant	32,809	1,460,851	-	1,493,660
Net cash provided (used) for capital and related financing activities	(954,583)	(552,356)	(10,000)	(1,516,939)
Cash Flows From Investing Activities:				
Interest on investments	57,920	17,524	-	75,444
Net cash provided (used) for investing activities	57,920	17,524	-	75,444
Net increase (decrease) in cash and equivalents	229,664	(369,016)	131,390	(7,962)
Cash and equivalents - beginning of year	1,492,717	1,358,257	(34,539)	2,816,435
Cash and equivalents - end of year	$ 1,722,381	$ 989,241	$ 96,851	$ 2,808,473

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, 2009

	Enterprise Funds			
	Electric & Water	Sewer	Stormwater	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	$ 670,217	$ (14,588)	$ 133,441	$ 789,070
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other Revenues	37,493	158,729	-	196,222
Amortization	(19,781)	-	-	(19,781)
Tax equivalent	(341,328)	-	-	(341,328)
Depreciation	605,219	168,135	3,656	777,010
Joint meter allocation	7,893	(7,893)	-	-
Changes in Assets and Liabilities:				-
Receivables	(131,751)	(146,911)	-	(278,662)
Advances receivable	(36,678)	(12,532)	-	(49,210)
Due to/from other funds	129,203	17,261	7,559	154,023
Inventories	10,663	-	-	10,663
Prepaids	(578)	(283)	(1,044)	(1,905)
Accounts payable	111,666	4,217	(2,703)	113,180
Other Accrued liabilities	84,089	(319)	481	84,251
Net cash provided (used) by operating activities	$ 1,126,327	$ 165,816	$ 141,390	$ 1,433,533
Reconciliation of cash and cash equivalents to balance sheet accounts				
Cash and investments	$ 1,248,967	$ 339,161	$ 96,851	$ 1,684,979
Restricted assets	473,414	650,080	-	1,123,494
Total Cash and Investments	1,722,381	989,241	96,851	2,808,473
Cash and cash equivalents- End of year	$ 1,722,381	$ 989,241	$ 96,851	$ 2,808,473
Schedule of non-cash activity				
Plant financed by accounts payable	$ -	$ 217,739	$ -	$ 217,739

See accompanying notes to the basic financial statements.

City of Evansville
Evansville, WI

Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2009

	Tax Agency
ASSETS	
Cash and Cash Equivalents	$ 3,089,645
Receivables:	
Taxes Receivable	2,717,895
Total Assets	$ 5,807,540
LIABILITIES	
Due to Other Governments	$ 5,807,540
Total Liabilities	$ 5,807,540

See accompanying notes to the basic financial statements.

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.

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.

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, accounting standards 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.

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 - account for proceeds from long-term borrowings and other resources to be used for capital improvement projects in the TIF boundaries.

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

Capital Projects Funds - used to account for the proceeds of specific capital improvement projects that are legally restricted to expenditures for specific purposes.

TIF #6
TIF #7
TIF #8

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, stormwater 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.

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.

D. NEW REPORTING REQUIREMENTS

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" effective for periods beginning after June 15, 2010. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and disclosures from what governments have reported in the past. Comparability with reports issued in all prior years will be affected. The City of Evansville has not yet determined the effect that adoption of GASB Statement 54 will have on the financial statements.

E. 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, 2009, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

E. 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 – 2009 tax roll:

Lien date and levy date	December 2009
Tax bills mailed	December 2009
Payment in full, or	January 31, 2010
First installment due	January 31, 2010
Second installment due	July 31, 2010
Personal property taxes in full	January 31, 2010

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. Payments are deferred for five years following issuance of the first occupancy permits. The funds were secured by a CDBG grant that was recorded as City 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.

E. 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:

Fund	Amount	Purpose
Electric and water	$ 356,403	Bond reserve 2005
Electric and water	117,011	Water impact fees
Sewer	233,668	Hook-up fee
Sewer	416,412	Replacement fee
	$ 1,123,494	

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

E. 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 debt issuance costs in the statement of net assets for the governmental activities are $103,351.

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.

E. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

7. Compensated Absences (Continued)

The balance in compensated absences is as follows:

	Government	Business-type
Compensated time-off liability	$ 13,287	$ 11,007
Year-end excess sick hours liability	4,816	7,768
Accumulated sick leave	201,886	112,660
Vacation and holiday liability	16,798	1,763
	$ 236,787	$ 133,198

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.

E. 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 use, 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.

F. REVENUE RECOGNITION – ENTERPRISE FUNDS

The City of Evansville Sewer and Stormwater 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, stormwater and sewer service.

G. 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.

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 3%. Changes in debt service from one year to the next are generally exempt from this limit.

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, 2009, the cash and investments consist of the following:

Petty cash/cash on hand	$ 1,950
Deposits with financial institutions	7,138,530
Wisconsin Local Government Investment Pool	159,584
RESCO stock certificates	29,634
Mutual fund	22,794
	$ 7,352,492

A. Cash and Cash Equivalents/Investments (continued)

Cash and investments as of December 31, 2009 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	$ 3,139,353
Restricted cash	1,123,494
Fiduciary Funds:	
Cash and investments	3,089,645
	$ 7,352,492

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 $159,584 invested in the Local Government Investment Pool (LGIP) which has an average maturity of 80 days. The City has Certificates of Deposit of $214,925 that mature at varying dates. The average maturity is 15 months.

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, 2009, 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, 2009, 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 were covered under a surety bond issued by Financial Security Assurance, Inc. The bond insured against losses arising from principal defaults on substantially all types of securities, acquired by the pool. The bond provided 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, 2009, 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	$ 4,611,308
Total	$ 4,611,308

B. CAPITAL ASSETS

Capital asset activity in the governmental activities for the year ended December 31, 2009 was as follows:

	Balance 1/1/09	Additions	Retirements	Balance 12/31/09
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	$ 521,756	$ -	$ -	$ 521,756
Infrastructure CWIP	1,619,419	112,279	- (1,313,913)	417,785
Buildings CWIP	-	287,654	-	287,654
Construction in Process	175,548	1,051,795	- (1,227,343)	-
Total Non-Depreciable Capital Assets	2,316,723	1,451,728	(2,541,256)	1,227,195
Capital Assets being Depreciated				
Land improvements	401,691	1,268,380		1,670,071
Buildings and structures	2,405,860	-		2,405,860
Equipment	2,150,836	176,199	(44,738)	2,282,297
Infrastructure	2,813,628	1,318,588	-	4,132,216
Total Capital Assets being Depreciated	7,772,015	2,763,167	(44,738)	10,490,444
Total Capital Assets	10,088,738	4,214,895	(2,585,994)	11,717,639
Less Accumulated Depreciation	(2,758,361)	(455,137)	14,966	(3,198,532)
Capital Assets Net of Depreciation	$7,330,377	$3,759,758	$(2,571,028)	$8,519,107

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	$ 29,226
Public Safety	77,790
Public Works	269,892
Health and Human Services	8,984
Culture, Recreation and Education	69,245
Total Governmental Activities Depreciation Expense	$ 455,137

B. CAPITAL ASSETS (Continued)

Electric and Water	Balance 1/1/09	Additions	Retirements	Balance 12/31/09
Non-Depreciable Capital Assets:				
Land	$ 76,448	$ -	$ -	$ 76,448
Construction in progress	322,665	323,304	-	645,969
Total Non-Depreciable Capital Assets	399,113	323,304	-	722,417
Capital Assets being Depreciated				
Buildings and structures	626,125	51,815	-	677,940
Equipment	1,213,978	332,784	(28,000)	1,518,762
Infrastructure	19,539,773	738,862	(81,210)	20,197,425
Total Capital Assets being Depreciated	21,379,876	1,123,461	(109,210)	22,394,127
Total Capital Assets	21,778,989	1,446,765	(109,210)	23,116,544
Less Accumulated Depreciation	(5,530,316)	(613,823)	63,221	(6,080,918)
Capital Assets Net of Depreciation	$ 16,248,673	$ 832,942	$ (45,989)	$ 17,035,626

Wastewater Treatment:	Balance 1/1/09	Additions	Retirements	Balance 12/31/09
Non-Depreciable Capital Assets:				
Land	$ 94,914	$ -	$ -	$ 94,914
Construction in progress	29,395	1,858,569	(6,000)	1,881,964
Capital Assets being Depreciated	124,309	1,858,569	(6,000)	1,976,878
Buildings and structures	1,448,637	-	-	1,448,637
Equipment	1,333,086	-	-	1,333,086
Infrastructure	5,857,916			5,857,916
Total Capital Assets being Depreciated	8,639,639	-	-	8,639,639
Total Capital Assets	8,763,948	1,858,569	(6,000)	10,616,517
Less Accumulated Depreciation	(1,938,648)	(160,242)		(2,098,890)
Capital Assets Net of Depreciation	$ 6,825,300	$1,698,327	$ (6,000)	$ 8,517,627

B. CAPITAL ASSETS (Continued)

	Balance 1/1/09	Additions	Retirements	Balance 12/31/09
Stormwater:				
Equipment	$ -	$ 146,223	$ -	$ 146,223
Total Capital Assets being Depreciated	-	146,223	-	146,223
Less Accumulated Depreciation	-	(3,656)	-	(3,656)
Capital Assets Net of Depreciation	$ -	$ 142,567	$ -	$ 142,567

	Balance 1/1/09	Additions	Retirements	Balance 12/31/09
Business-Type Activities				
Non-Depreciable Capital Assets:				
Land	$ 171,362	$ -	$ -	$ 171,362
Construction in progress	352,060	2,181,873	(6,000)	2,527,933
Total Non-Depreciable Capital Assets	523,422	2,181,873	(6,000)	2,699,295
Capital Assets being Depreciated				
Buildings and structures	2,074,762	51,815	-	2,126,577
Equipment	2,547,064	479,007	(28,000)	2,998,071
Infrastructure	25,397,689	738,862	(81,210)	26,055,341
Total Capital Assets being Depreciated	30,019,515	1,269,684	(109,210)	31,179,989
Total Capital Assets	30,542,937	3,451,557	(115,210)	33,879,284
Less Accumulated Depreciation	(7,468,964)	(777,721)	63,221	(8,183,464)
Capital Assets Net of Depreciation	$ 23,073,973	$2,673,836	$ (51,989)	$ 25,695,820

Depreciation expense was charged to functions as follows:

Business-Type Activities	
Water	$ 146,928
Electric	466,895
Sewer	160,242
Stormwater	3,656
Total Business-Type Activities Depreciation Expense	$ 777,721

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:

Interfund Receivables and Payables

Receivable Fund	Payable Fund	Amount	Purpose
General	Electric and Water	$ 362,723	Operations
Debt service	Capital	533,417	Temporary Cash Flow
Electric and water	General	47,569	Operations
Electric and water	Sewer	94,446	Operations
Stormwater	Electric and Water	22,257	Operations
Sewer	Electric and Water	73,090	Operations
Sewer	Debt service	25,458	Debt
Subtotal fund financial statements		$ 1,158,960	

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:

Advances

Receivable Fund	Payable Fund	Amount	Purpose
General	TIF 5	$ 466,735	Capital
General	TIF 6	105,000	Capital
General	Stormwater	136,223	Capital
Subtotal general fund		707,958	
TIF 6	Capital	432,354	Capital
Electric and water	TIF 5	770,243	Capital
Sewer	TIF 5	263,171	Capital
Subtotal fund financial statements		$ 2,173,726	

Total interfund receivables	$ 1,158,960
Total inter-fund advances	2,173,726
less inter-fund eliminations	(2,725,191)
Internal balances	$ 607,495

None of the advances are set up for repayment. The interest rate between the TIF 5 Special Revenue Fund and General Fund advances is 5.0% per year. No interest rates exist on the other advances. The advances to the TIF district are anticipated to be repaid from future tax increments.

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:

Transferred to	Transferred from	Amount	Purpose
General	Library	$ 3,976	Operations
General	Electric and Water	341,328	Tax equivalent
Capital	EMS	351,901	fund allocation
Debt service	Capital	1,325,000	Debt payments
Debt service	TIF 5	148,869	Debt payments
Debt service	TIF 6	64,335	Debt payments
Debt service	TIF 7	38,239	Debt payments
Debt service	EMS	27,180	Debt payments
Debt service	TIF 8	34,969	Debt payments
Subtotal fund statements		2,335,797	
less inter-fund eliminations		(1,994,472)	
Total per government-wide statements		$ 341,325	

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, 2009 was as follows:

	Balance 1/1/09	Issued	Retired	Balance 12/31/09
Governmental Activities				
General obligation notes	$1,865,062	$1,205,000	$ (91,720)	$ 2,978,342
General obligation bonds	3,790,000	-	(25,000)	3,765,000
State trust fund loans	869,000	-	(70,415)	798,585
Total Governmental General Obligation Debt	6,524,062	1,205,000	(187,135)	7,541,927
Capital Lease	177,923	-	(41,251)	136,672
Note anticipation notes	2,051,000	-	(1,645,000)	406,000
Compensated absences	213,767	23,020	-	236,787
Total Governmental Long-Term Debt	$8,966,752	$1,228,020	$(1,873,386)	$ 8,321,386

D. LONG-TERM OBLIGATIONS (Continued)

	Balance 1/1/09	Issued	Retired	Balance 12/31/09
Business-Type Activities				
General obligation notes	$ 829,938	$ -	$ (63,279)	$ 766,659
Note anticipation notes	499,000	-	(320,000)	179,000
Mortgage revenue bonds	7,122,389	985,000	(218,220)	7,889,169
Total bonds and notes	8,451,327	985,000	(601,499)	8,834,828
Compensated absences	122,244	10,954	-	133,198
Total Business-Type Activities	$8,573,571	$ 995,954	$ (601,499)	$ 8,968,026

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, 2009 was $16,804,450. Total general obligation debt outstanding at year-end was $8,308,586.

D. LONG-TERM OBLIGATIONS (Continued)

The following is a list of long-term obligations at December 31, 2009:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/09	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	$ 144,700	$ 20,600
2003 General Obligation Notes	10/1/2003	4/1/2013	1.4%-4.0%	297,000	222,000	25,000
2005 General Obligation Notes	8/9/2005	4/1/2015	3.50-3.80%	1,545,000	1,406,642	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	2,835,000	55,000
2007 STFL Loan	8/3/2007	3/15/2027	5.50%	500,000	484,414	16,443
2008 STFL Loan	1/8/2008	3/15/2012	4.75%	169,000	130,722	41,570
2008 STFL Loan	1/8/2008	3/15/2017	5.00%	200,000	183,449	19,215
2009 G.O. (2008B NAN refunded)	4/30/2009	4/1/2027	2.30-5.10%	1,205,000	1,205,000	45,000
					7,541,927	268,947
Other Long-Term Debt						
2008 Note Anticipation Note	5/29/2008	4/1/2011	2.9%-3.4%	686,000	406,000	275,000
Total Governmental Long-Term Bonds and Notes					$ 7,947,927	$ 543,947

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:

	Governmental Activities Long-term notes and bonds		
Years	Principal	Interest	Total
2010	$ 543,947	$ 334,236	$ 878,183
2011	650,803	312,899	963,702
2012	503,742	291,357	795,099
2013	497,783	270,748	768,531
2014	572,676	249,696	822,372
2015-2019	1,816,103	979,037	2,795,140
2020-2024	1,896,630	589,865	2,486,495
2025-2027	1,466,243	121,427	1,587,670
	$ 7,947,927	$ 3,149,265	$ 11,097,192

D. LONG-TERM OBLIGATIONS (Continued)
PROPRIETARY DEBT

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/09	Amounts Due within One Year
Business-Type Activities						
General Obligation Debt						
Electric and Water						
2003 General Obligation Notes	4/1/2003	4/1/2013	1.30-3.50%	$ 500,000	$ 205,300	$ 29,400
2003 General Obligation Notes	10/1/2003	10/1/2013	1.40-4.00%	473,000	443,000	35,000
Subtotal electric and water general obligation debt					648,300	64,400
Other Long-Term Debt						
Note Anticipation Notes	5/29/2008	4/1/2011	2.9%-3.4%	139,000	114,000	30,000
Mortgage Revenue Bonds						
2005 Mortgage Revenue Bonds	8/30/2005	5/1/2025	3.2-4.75%	3,250,000	3,000,000	100,000
2007 Mortgage Revenue Bonds	5/30/2007	5/1/2027	4.0-4.125%	2,615,000	2,565,000	50,000
2009 Revenue Bonds	9/24/2009	5/1/2022	2.40-4.70%	935,000	935,000	-
Total Electric and Water long-term notes and bonds					7,262,300	244,400
Sewer Utility						
2005 General Obligation Notes	8/9/2005	4/1/2015	3.50-3.80%	130,000	118,358	3,881
Subtotal electric and water general obligation debt					118,358	3,881
Other Long-Term Debt						
Note Anticipation Notes	5/29/2008	4/1/2011	2.9%-3.4%	360,000	65,000	30,000
Mortgage Revenue Bonds						
2005 Clean Water Fund Debt	7/27/2005	5/1/2025	2.37%	1,602,737	1,339,170	69,833
2009 Clean Water Fund Debt		5/1/2029	2.67%	50,000	50,000	-
Total Sewer long-term notes and bonds					1,572,528	103,714
Total Business-Type Activities long-term notes and bonds					$ 8,834,828	$ 348,114

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:

	Business-Type activities Long-term notes and bonds		
Years	Principal	Interest	Total
2010	$ 383,115	$ 348,386	$ 731,501
2011	513,803	326,294	840,097
2012	511,548	303,215	814,763
2013	540,835	284,387	825,222
2014	419,945	266,967	686,912
2015-2019	2,229,546	1,090,415	3,319,961
2020-2024	2,681,208	610,981	3,292,189
2025-2029	1,554,828	95,195	1,650,023
	$ 8,834,828	$ 3,325,840	$ 12,160,668

REFUNDED BONDS

On April 30, 2009, the City issued $1,205,000 of general obligation notes with interest rates ranging between 2.3 and 5.1%. A portion of the notes was used to currently refund $1,365,000 of 2008 note anticipation notes. The 2008 note was retired on May 20, 2009.

OTHER DEBT INFORMATION

Estimated payments of accumulated employee benefits, leases and other commitments are not included in the above debt service requirements schedules.

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. The original amount outstanding was $227,185 with interest at 5.05% and payments due each August 11 as follows:

	Principal	Interest	Total
2010	$ 43,334	$ 6,902	$ 50,236
2011	45,523	4,713	50,236
2012	47,815	2,421	50,236
	$ 136,672	$ 14,036	$ 150,708

D. LONG-TERM OBLIGATIONS (Continued)

General long-term obligations do not include water and sewer fund revenue bonds or bond anticipation notes issued in accordance with Wisconsin Statutes. The revenue bonds are secured by water and sewer revenue and are payable solely from water and sewer revenue of the water and sewer funds. The bonds do not constitute general indebtedness of the City.

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the revenue bonds:

Insurance
The utilities are 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. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year. Expiration for the following policies is September 1, 2010.

The utilities are covered under the following insurance policies at December 31, 2009:

Type		Coverage
Valuation Policy		
Buildings, Personal Property, Inland Marine Floater & Property in the Open	$	21,786,226
Contractors Equipment		951,024
Monies and Securities		5,000
Accounts Receivable		20,000
Loss of Rents		16,800
Motor Vehicle Comprensive and Collision Group 1		616,438
Motor Vehicle Comprensive and Collision Group 2		1,388,177

Debt Coverage – Water and Sewer-Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the annual debt service of the bonds. The coverage requirement was met as follows:

	Electric and Water	Sewer
Annual debt service 2005 CWFL	$ -	$ 100,698
Annual debt service 2005 bonds	233,963	
Annual debt service 2007 bonds	156,006	
Total debt service	389,969	100,698
Ratio	125%	110%
Net Revenues required	$ 487,461	$ 110,768
REVENUES		
Charges for Services	$ 7,169,065	$ 462,632
Other Operating Revenues	872	1,372
Total Operating Revenues	7,169,937	464,004
OPERATING EXPENSES		
Operation and Maintenance	5,894,501	310,457
Total expenses for coverage ratio calculation	5,894,501	310,457
Net from operations for coverage ratio calculation	1,275,436	153,547
NON-OPERATING REVENUES (EXPENSES)		
Interest and Investment Revenue	57,920	17,524
Miscellaneous Non-Operating Revenue	19,308	-
Capital Contributions and impact fees received	32,809	1,619,580
Net Revenues per bond ordinance	$ 1,385,473	$ 1,790,651
Net Revenues Above Required Amount	$ 898,012	$ 1,679,883

Number of Customers – Water

The utility has the following number of customers and billed volumes for 2009:

	Customers	Sales (000 gals)
Residential	1,895	87,790
Commercial	180	14,171
Industrial	12	7,385
Public Authority	26	4,625
	2,113	113,971

E. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2009 includes the following:

	Governmental	Water and Light	Sewer	Stormwater	Total Business-type
Capital assets	$ 8,519,107	$ 17,035,626	$ 8,517,627	$ 142,817	$ 25,696,070
less current portion LT debt	(543,947)	(244,400)	-	-	(244,400)
less LT debt	(7,581,903)	(7,017,900)	(1,572,528)	-	(8,590,428)
less deferred regulatory credit	-	(397,183)	-	-	(397,183)
plus bond reserve	-	356,403	-	-	356,403
plus debt for non-capital items	1,282,701	-	-	-	-
Investment in capital assets, net	$ 1,675,958	$ 9,732,546	$ 6,945,099	$ 142,817	$ 16,820,462

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

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

	Reserved	Designated	Undesignated
General Fund:			
Advances	$ 707,958	$ -	$ -
Revolving loan	-	85,674	-
Building improvement grant	-	3,100	-
Undesignated	-	-	967,329
	707,958	88,774	967,329
Debt Service Fund:			
Designated for debt service		590,691	
Capital Projects Fund:			
Bike path		4,774	-
Lake Leota		21,566	-
Deficit fund balance		(26,340)	-
Undesignated (Deficit)		-	(944,193)
		-	(944,193)
TIF 5 Undesignated (Deficit)			(1,515,499)
Non-Major Governmental Funds:			
EMS	-	79,522	-
Cemetery	86,094	-	-
Library	76,623	-	-
TIF 6 Undesignated	-	-	285,472
TIF 7 Undesignated	-	-	268,964
TIF 8 Undesignated	-	-	(14,833)
Total Non-Major Governmental Funds	162,717	79,522	539,603
Total	$ 870,675	$ 758,987	$ (952,760)

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, 2009 was $ 1,968,351; the employer's total payroll was $ 2,119,998. The total required contribution for the year ended December 31, 2009 was $217,977 which was 10.3% of payroll. Total contributions for the years ending December 31, 2008 and 2007 were $209,094 and $200,294, 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

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, 2009, the balance was $397,183.

D. COMMITMENTS AND CONTINGENCIES

Litigation
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.

State Budget
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.

Sewer Plant Upgrade
The city's wastewater treatment is in the middle of an $8.8 million plant upgrade. It is anticipated to be funded in part with a clean-water fund loan of $3.45 million and federal grants of $3.45 million. To date, the wastewater treatment plan has received $50,000 in long-term debt proceeds and $1.615 million in grants. The remaining amount is anticipated to be comepleted in 2010.

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 $4,496,888.

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 2009, the City contributed $207,760 to the District for dues. The City's portion of the District's 2010 budget is $210,869. 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 Towns of Union, Brooklyn, Porter and Magnolia. The contract with the participating townships requires a payment of $20 per capita. For 2009, the City received payments from the Townships in the amount of $60,080.

H. SUBSEQUENT BORROWINGS

The City borrowed $161,600 from WPPI in 2010 for a wind turbine project. The loan was interest free.

I. 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, 2009. 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.

(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 $733,875. This included demand deposits of $529,486 and CDs of $204,389. 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:

	Balance 1/1/2009	Additions	Retirements	Balance 12/31/2009
Non-depreciable capital assets:				
Land	$ 25,758	$ -	$ -	$ 25,758
Other improvements	521,372	-	-	521,372
Depreciable capital assets	139,731	563	4,496	135,798
Less: accumulated depreciation	(401,927)	(19,328)	4,190	(417,065)
Net Book Value	$ 284,934	$ (18,765)	$ 306	$ 265,863

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, 2009

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	$ 1,109,393	$ 1,109,393	$ 1,109,393	$ -
Other Taxes	23,300	23,300	34,827	11,527
Intergovernmental	846,688	846,688	830,679	(16,009)
License and Permits	86,407	86,407	84,482	(1,925)
Fines, Forfeits and Penalties	92,000	92,000	75,647	(16,353)
Public Charges for Services	339,563	340,028	329,274	(10,754)
Interest Income	170,000	170,000	22,227	(147,773)
Miscellaneous Income	42,310	42,310	39,037	(3,273)
Total Revenues	2,709,661	2,710,126	2,525,566	(184,560)
EXPENDITURES				
Current:				
General Government	502,589	618,197	456,965	161,232
Public Safety	1,249,988	1,249,988	1,229,731	20,257
Public Works	770,948	770,948	695,964	74,984
Health and Human Services	32,848	32,848	33,175	(327)
Culture, Recreation and Education	273,381	273,845	277,890	(4,045)
Conservation and Development	99,292	99,292	54,653	44,639
Total Expenditures	2,929,046	3,045,118	2,748,378	296,740
Excess (Deficiency) of Revenues Over Expenditures	(219,385)	(334,992)	(222,812)	112,180
OTHER FINANCING SOURCES (USES)				
Transfers In (including tax equivalent)	218,524	218,524	345,304	126,780
Total Other Financing Sources and Uses	218,524	218,524	345,304	126,780
Net Change in Fund Balances	(861)	(116,468)	122,492	238,960
Fund Balances - Beginning	1,641,569	1,641,569	1,641,569	-
Fund Balances - Ending	$ 1,640,708	$ 1,525,101	$ 1,764,061	$ 238,960

See accompanying notes to the basic financial statements.

City of Evansville
Evansville, WI

Non-Major Funds
Combining Balance Sheet
December 31, 2009

	Special Revenue Funds			Capital Projects Funds			
	EMS	Library	Cemetery	TIF 6	TIF 7	TIF 8	Non-Major Funds
ASSETS							
Cash and Cash Equivalents	$ 77,186	$ 83,350	$ 87,497	$ (41,882)	$ 230,969	$ (14,833)	$ 422,287
Receivables:							
Taxes	99,200	186,506	63,238	103,547	5,722	62,567	520,780
Special Assessments	-	-	-	-	37,994	-	37,994
Accounts	16,033	-	-	-	-	-	16,033
							-
Prepaid Expenses	5,943	1,657	1,185	-	-	-	8,785
Advances Receivable	-	-	-	432,354	-	-	432,354
Total Assets	$ 198,362	$ 271,513	$ 151,920	$ 494,019	$ 274,685	$ 47,734	$ 1,438,233
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	$ 7,341	$ 1,088	$ 503	$ -	$ -	$ -	$ 8,932
Accrued Liabilities	12,299	7,296	2,085	-	-	-	21,680
Deferred Revenue	99,200	186,506	63,238	103,547	5,721	62,567	520,779
Advances Payable	-	-	-	105,000	-	-	105,000
Total Liabilities	118,840	194,890	65,826	208,547	5,721	62,567	656,391
Fund Balance:							
Reserved	-	76,623	86,094	-	-	-	162,717
Designated	79,522	-	-	-	-	-	79,522
Unreserved/Undesignated	-	-	-	285,472	268,964	(14,833)	539,603
Total Fund Balance	79,522	76,623	86,094	285,472	268,964	(14,833)	781,842
Total Liabilities and Fund Balance	$ 198,362	$ 271,513	$ 151,920	$ 494,019	$ 274,685	$ 47,734	$ 1,438,233

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, 2009

	Special Revenue Funds			Capital Projects Fund			
	EMS	Library	Cemetery	TIF 6	TIF 7	TIF 8	Non-Major Funds
REVENUES							
Property Taxes	$ 98,940	$ 186,063	$ 65,645	$ 95,263	$ 11,246	$ -	$ 457,157
Other Taxes	-	-	-	-	20,603	-	20,603
Special Assessment Revenue	-	-	-	-	26,203	-	26,203
Intergovernmental	70,374	49,140	-	518	-	-	120,032
Public Charges for Services	218,312	16,196	44,275	-	8,930	-	287,713
Interest Income	-	5,261	1,926	-	13,577	-	20,764
Miscellaneous Income	1,409	1,566	1,665	-	-	2,311	6,951
Total Revenues	389,035	258,226	113,511	95,781	80,559	2,311	939,423
EXPENDITURES							
Current:							
General Government	-	-	-	936	-	-	936
Public Safety	297,522	-	-	-	-	-	297,522
Health and Human Services	-	-	103,035	-	-	-	103,035
Culture, Recreation and Education	-	253,358	-	-	-	-	253,358
Capital Outlay	-	-	-	25,989	30,530	3,222	59,741
Interest Expense	-	-	-	5,000	-	-	5,000
Total Expenditures	297,522	253,358	103,035	31,925	30,530	3,222	719,592
Excess (Deficiency) of Revenues Over Expenditures	91,513	4,868	10,476	63,856	50,029	(911)	219,831
OTHER FINANCING SOURCES (USES)							
Transfers Out	(379,082)	(3,976)	-	(64,335)	(38,239)	(34,969)	(520,601)
Total Other Financing Sources and Uses	(379,082)	(3,976)	-	(64,335)	(38,239)	(34,969)	(520,601)
Net Change in Fund Balances	(287,569)	892	10,476	(479)	11,790	(35,880)	(300,770)
Fund Balances - Beginning	367,091	75,731	75,618	285,951	257,174	21,047	1,082,612
Fund Balances - Ending	$ 79,522	$ 76,623	$ 86,094	$ 285,472	$ 268,964	$ (14,833)	$ 781,842

See accompanying notes to the basic financial statements.

SINGLE AUDIT

CITY OF EVANSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2009

Federal Awarding Agency Pass-Through Agency Award Description	Federal CFDA Number	Federal Expenditures
U.S. Department of Homeland Security		
Passed through Wisconsin Department of Military Affairs		
Disaster Grants - Public Assistance	97.036	$ 62,242
U.S. Department of Transportation		
Passed through Wisconsin Department of Transportation		
Transportation Enhancement Program	20.205	31,229
U.S. Environmental Protection Agency		
Passed through Wisconsin Department of Natural Resources		
Clean Water Fund Program (ARRA)	66.458	1,615,173
Total Expenditures of Federal Awards		$ 1,708,644

State Awarding Agency Pass-through Agency Award Description	State ID Number	State Expenditures
Wisconsin Department of Military Affairs		
State Match - Federal Disaster Assistance	465.305	$ 9,066
Total Expenditures of State Awards		$ 9,066

CITY OF EVANSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2009

Note 1 Reporting Entity

This Schedule of Expenditures of Federal and State Awards includes all federal and state awards of the primary government of the City of Evansville required to be included in accordance with the *State Single Audit Guidelines*. This does not include the Housing Authority of the City of Evansville.

Note 2 Basis of Presentation

The accounting records for the grant program are maintained on the accrual or modified accrual basis of accounting, depending on the fund type the federal and state awards are recorded in. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Wisconsin *State Single Audit Guidelines*.

Johnson ▲ Block
AND COMPANY, INC.

Certified Public Accountants

Quality service through our commitment to clients and staff

Millard W. Johnson ▲ James L. Block ▲ Alan L. Brey ▲ Joseph G. Mohlmann ▲ Kevin P. Krysinski ▲ Janice L. Froelich

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

July 19, 2010

To the City Council
City of Evansville
Evansville, Wisconsin

We have audited the financial statements of the City of Evansville as of and for the year ended December 31, 2009, and have issued our report thereon dated July 19, 2010. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Housing Authority of the City of Evansville, as described in our report on the City of Evansville's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency identified in the accompanying schedule of findings and questioned costs as 2009-1 to be a material weakness.

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City of Evansville
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Evansville in a separate letter dated July 19, 2010.

The City of Evansville's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Evansville's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Madison, Wisconsin

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AND COMPANY, INC.

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

July 19, 2010

To the City Council
City of Evansville
Evansville, Wisconsin

Compliance

We have audited the compliance of the City of Evansville with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines,* issued by the Wisconsin Department of Administration that are applicable to its major federal program for the year ended December 31, 2009. The major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City of Evansville's management. Our responsibility is to express an opinion on the City of Evansville's compliance based on our audit.

The City of Evansville, Wisconsin's basic financial statements include the operations of the Housing Authority of the City of Evansville, a discretely presented component unit. The Housing Authority expended $377,258 in federal expenditures during the year ended December 31, 2009. Our audit, described below, did not include the operations of the Housing Authority of the City of Evansville because the Authority was audited by other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines.* Those standards, OMB Circular A-133 and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Evansville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Evansville's compliance with those requirements.

In our opinion, the City of Evansville complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

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Internal Control Over Compliance

The management of the City of Evansville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the City of Evansville's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Evansville's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the City Council, management, federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Johnson Block and Company, Inc.

Johnson Block and Company, Inc.
Madison, Wisconsin

CITY OF EVANSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2009

Section I - Summary of Auditor's Results

Financial Statements	
Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
* Material weakness identified?	Yes
* Significant deficiency(ies) identified	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
* Material weakness identified?	No
* Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Identification of major programs:	

CFDA Number	Name of Program
66.458	Clean Water Fund Program (ARRA)

Dollar threshold for distinguishing Types A and B programs:	$300,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Finding

2009-1

Condition: The City does not have management personnel with the necessary expertise to prepare the financial statements and related notes in accordance with generally accepted accounting principles. Due to limited resources, management has decided to accept certain risks relevant to financial reporting and relies on the auditor to assist with the preparation of the City's financial statements.

Criteria:. Internal controls over preparation of the financial statements, including footnote disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.

Effect: Because management relies on the auditor to assist with the preparation of the financial statements, the City's system of internal control may not prevent, detect, or correct misstatements in the financial statements.

Auditor's Recommendation: The auditor will continue to work with the City, providing information and training where needed, to make the City's personnel more knowledgeable about its responsibility for the financial statements.

Grantee Response: The control deficiency has been discussed with the City's management and they acknowledge their responsibility for the financial statements. Management will work with their auditor to implement changes to their internal control structure to address this.

Section III – Federal Award Findings and Questioned Costs

None.