



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

---

Certified Public Accountants

**CITY OF EVANSVILLE**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended December 31, 2010**

*Quality service through our commitment to clients and staff.*

[www.johnsonblock.com](http://www.johnsonblock.com)

**City of Evansville  
Table of Contents  
December 31, 2010**

	Page
INDEPENDENT AUDITOR’S REPORT	
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	i - x
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Assets .....	1
Statement of Activities .....	2
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets...	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	6
Statement of Net Assets – Proprietary Funds.....	7-8
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	9
Statement of Cash Flows – Proprietary Funds .....	10-11
Statement of Fiduciary Net Assets – Fiduciary Funds .....	12
Notes to the Financial Statements .....	13-43
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Major Funds	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual General Fund .....	44
<b>OTHER SUPPLEMENTARY INFORMATION:</b>	
Non-Major Funds	
Combining Statements	
Balance Sheet – Non-Major Governmental Funds.....	45
Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds.....	46
<b>SINGLE AUDIT</b>	
Schedule of Expenditures of Federal and State Awards .....	47-48
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	49-50
Independent Auditor’s Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i> .....	51-52
Schedule of Findings and Questioned Costs .....	53-54
Schedule of Prior Year Findings .....	55



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 13, 2011

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, 2010, 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, 2010, 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 13, 2011 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.



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

Johnson Block & Company, Inc.  
Madison, Wisconsin  
Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2010

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, 2010. 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, 2010, by \$24,535,297 (net assets). Of this amount, \$1,159,588 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total general fund expenditures for operations were \$63,301 less than budgeted.
- General fund revenues were over budgeted amounts by \$11,712.
- As of December 31, 2010, the City of Evansville's governmental funds reported combined ending fund balances of \$802,122.
- As of December 31, 2010, the unreserved/undesignated fund balance for the general fund was \$1,050,904, or approximately 37 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 \$7,725,060. The business-type debt totaled \$11,663,017.
- Construction of the wastewater treatment plant is still in progress. It is anticipated to be completed in 2011.

## 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.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 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 45 and 46 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, 2010.

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 4,595,997	\$4,484,183	\$ 5,175,609	\$ 5,299,199	\$ 9,771,606	\$ 9,783,382
Capital assets	8,198,907	8,519,107	30,976,172	25,695,820	39,175,079	34,214,927
Total Assets	12,794,904	13,003,290	36,151,781	30,995,019	48,946,685	43,998,309
Long-term liabilities outstanding	6,995,832	7,699,202	10,956,212	8,599,372	17,952,044	16,298,574
Other liabilities	4,020,099	3,882,394	2,439,245	1,883,117	6,459,344	5,765,511
Total Liabilities	11,015,931	11,581,596	13,395,457	10,482,489	24,411,388	22,064,085
Net Assets:						
Invested in capital assets, net of related debt	1,974,561	1,675,958	19,777,507	16,820,462	21,752,068	18,496,420
Restricted	163,694	162,716	1,459,947	1,123,494	1,623,641	1,286,210
Unrestricted	(359,282)	(416,980)	1,518,870	2,568,574	1,159,588	2,151,594
Total Net Assets	\$ 1,778,973	\$1,421,694	\$22,756,324	\$20,512,530	\$24,535,297	\$21,934,224

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*, \$1,159,588, 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, 2010. In 2010, the governmental activities relied primarily on property taxes (51%), program revenues (37%) and state aids (11%) to fund its operations. Combined, these account for 99% of all revenues or \$4.76 million. Business-type activities relied primarily on program revenues to fund its operations. Utility charges accounted for 79% of business-type revenues. Capital grants and contributions were also another source of revenue for business-type activities contributing 20% of the total revenue. Combined, these account for 99% of all business-type revenues.

**TABLE 2**  
**City of Evansville's Change in Net Assets**  
**2010 and 2009**

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for services	\$ 951,475	\$ 892,827	\$ 8,829,560	\$ 7,819,737	\$ 9,781,035	\$ 8,712,564
Operating grants and contributions	784,524	354,904	8,642	-	793,166	354,904
Capital grants and contributions	54,597	124,027	2,198,682	1,671,574	2,253,279	1,795,601
General Revenues:					-	-
Property taxes	2,453,175	2,413,215	-	-	2,453,175	2,413,215
Grants and contributions not restricted to specific programs	511,470	538,074	-	-	511,470	538,074
Unrestricted Interest and Investment income	30,860	48,375	60,457	75,130	91,317	123,505
Other- Loss on sale of capital assets	-	(29,771)	-	-	-	(29,771)
Miscellaneous	30,581	20,426	20,800	30,009	51,381	50,435
Total Revenues	4,816,682	4,362,077	11,118,141	9,596,450	15,934,823	13,958,527
Expenses:						
General Government	535,352	472,995	-	-	535,352	472,995
Public Safety	1,697,325	1,620,048	-	-	1,697,325	1,620,048
Public Works	996,571	909,877	-	-	996,571	909,877
Health & human services	137,690	145,454	-	-	137,690	145,454
Recreation and education	654,744	600,799	-	-	654,744	600,799
Conservation and development	406,554	119,674	-	-	406,554	119,674
Interest on long-term debt	421,772	441,279	-	-	421,772	441,279
Electric and Water	-	-	7,822,084	6,783,017	7,822,084	6,783,017
Sewer	-	-	592,156	539,870	592,156	539,870
Storm-water	-	-	69,502	63,743	69,502	63,743
Total Expenses	4,850,008	4,310,126	8,483,742	7,386,630	13,333,750	11,696,756
Increase (decrease) in net assets before transfers	(33,326)	51,951	2,634,399	2,209,820	2,601,073	2,261,771
Transfers	390,605	341,325	(390,605)	(341,325)	-	-
Increase (Decrease) in Net Assets	357,279	393,276	2,243,794	1,868,495	2,601,073	2,261,771
Net Assets - January 1	1,421,694	1,028,418	20,512,530	18,644,035	21,934,224	19,672,453
Net Assets - December 31	<u>\$1,778,973</u>	<u>\$ 1,421,694</u>	<u>\$22,756,324</u>	<u>\$20,512,530</u>	<u>\$24,535,297</u>	<u>\$21,934,224</u>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

**Governmental Activities:** Governmental activities increased the City's net assets by \$357,279. A key element of this increase is that general fund expenses were under budget by \$63,301.

**Business-type activities:** Business-type activities increased City of Evansville's net assets by \$2,243,794. Key elements of this increase are as follows:

- The City's electric and water utility had operating income of \$473,155 before an operating transfer out for the tax equivalent of \$390,605.
- The sewer utility received capital contributions of \$2,025,159.

## 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, 2010, the City's governmental funds reported combined ending fund balances of \$802,122, an increase of \$125,220 from the prior year. Of the combined ending fund balance, \$951,689 is reserved and \$882,594 is designated. The net deficit of (\$1,032,161) in unreserved/undesignated fund balance is due mainly to the TIF 5 deficit of (\$1,654,069). This deficit has been financed by advances from the general fund, electric and water utility and sewer fund.

The general fund is the chief operating fund of the City. At the end of the current year, unreserved/undesignated fund balance of the general fund was \$1,050,904, while total fund balance reached \$1,926,671. 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 37% of total general fund expenditures, while total fund balance represents 68% of that same amount.

During the current year, the City's general fund balance increased by \$162,610. Key factors in this increase are as follows:

- The total revenues were \$11,712 over budgeted amounts and expenditures were \$63,301 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 increased \$1,026,170 from 2009. The main reason for the increase was due to the electric and water utility's operating revenues being up \$827,109 and sewer operating revenue being up \$217,073 from 2009 mostly due to a sewer rate increase for the new waste water treatment plant.

Operating expenses increased by approximately \$1,064,400.

The Water and Light Utility had an increase in net assets of \$4,072 in 2010 after deducting a transfer of \$390,605 to the City's General Fund. Net assets were \$12,301,235 as of December 31, 2010.

The Wastewater Treatment Plant Utility had an increase in net assets of \$2,130,051 in 2010. Net assets were \$10,219,959 as of December 31, 2010.

The storm-water utility had an increase in net assets of \$109,669 in 2010. Net assets were \$235,127 as of December 31, 2010.

The Water and Light Utility's outstanding debt at December 31, 2010 was \$7,017,900, a decrease of \$244,400 over the balance at December 31, 2009. Fixed assets, net of accumulated depreciation, of \$17,058,281 increased \$22,655 from 2009.

The Wastewater Treatment Plant Utility's outstanding debt at December 31, 2010 was \$4,503,356, an increase of \$2,930,828 from the balance at December 31, 2009. Fixed assets, net of accumulated depreciation, of \$13,717,418 increased \$5,199,791 from 2009.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Evansville's general fund had an original budget of \$2,900,342 and a revised final budget of \$2,907,564, amounting to a \$7,222 increase in appropriations. Actual expenditures totaled \$2,844,263. Budgeted differences can be briefly summarized as follows:

- Actual expenditures were less than budgeted expenditures by \$63,301. The majority were in the general government area (\$17,333 less than budget) and public works (\$29,111 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, 2010, amounts to \$39,175,079 (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.

- A summary of the fixed assets is identified below:

### City of Evansville Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
	Land	\$ 521,756	\$ 521,756	171,362	171,362	\$ 693,118
Infrastructure Work in Process	417,785	439,080	2,527,933	7,413,082	2,945,718	7,852,162
Other Work in Process	287,654	293,895	-	-	287,654	293,895
Depreciable Capital Assets	10,490,444	10,632,768	31,179,989	32,299,464	41,670,433	42,932,232
Accumulated depreciation	(3,198,532)	(3,688,592)	(8,183,464)	(8,907,736)	(11,381,996)	(12,596,328)
<b>Total</b>	<b>\$8,519,107</b>	<b>\$ 8,198,907</b>	<b>\$25,695,820</b>	<b>\$30,976,172</b>	<b>\$34,214,927</b>	<b>\$39,175,079</b>

The significant capital additions in 2010 included upgrades for various streetlights, purchase of overhead electric lines, upgrades for equipment, work in progress on the South Gate Pond relocation, purchase of a lift station 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.

## CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

**Long-term debt.** At the end of the current fiscal year, the City of Evansville had total debt outstanding of \$19,388,077. Of this amount, \$7,966,358 was backed by the full faith of the City.

	City of Evansville Outstanding Debt					
	Long-term Debt					
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
2003A GO Notes	\$ 124,100	\$ 144,700	\$ 175,900	\$ 205,300	\$ 300,000	\$ 350,000
2003B GO Notes	197,000	222,000	408,000	443,000	605,000	665,000
2005 GO Notes	1,360,522	1,406,642	114,478	118,358	1,475,000	1,525,000
2007 GO Comm. Dev. Bonds	930,000	930,000	-	-	930,000	930,000
2007 GO Comm. Dev. Bonds	2,780,000	2,835,000	-	-	2,780,000	2,835,000
2009 GO Refunding Notes	1,155,000	1,205,000	-	-	1,155,000	1,205,000
2007 STFL	467,972	484,414	-	-	467,972	484,414
2008 STFL	89,152	130,722	-	-	89,152	130,722
2008 STFL	164,234	183,449	-	-	164,234	183,449
2005 CWFL	-	-	1,269,336	1,339,170	1,269,336	1,339,170
2009 CWFL	-	-	2,933,715	50,000	2,933,715	50,000
2005 Mortgage Revenue Bonds	-	-	2,900,000	3,000,000	2,900,000	3,000,000
2007 Mortgage Revenue Bonds	-	-	2,515,000	2,565,000	2,515,000	2,565,000
2009 Water Revenue Bonds	-	-	935,000	935,000	935,000	935,000
2008 Note Anticipation Note	131,000	406,000	119,000	179,000	250,000	585,000
2010 WPPI Loan	-	-	150,827	-	150,827	-
2008 Capital Lease	93,338	136,672	-	-	93,338	136,672
Compensated absences	232,742	236,787	141,761	133,198	374,503	369,985
<b>Total</b>	<b>\$ 7,725,060</b>	<b>\$ 8,321,386</b>	<b>\$ 11,663,017</b>	<b>\$ 8,968,026</b>	<b>\$ 19,388,077</b>	<b>\$ 17,289,412</b>

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

Additional information on the City's long-term debt can be found in Note III-D on pages 31-37 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 2011 which is a decrease of 0.56% over the adopted budget of the previous year.
- The property tax rate increased from \$6.87010 to \$6.87257 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 2011 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, 2010**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
<b>ASSETS</b>				
Cash and Investments	\$ 1,669,369	\$ 1,089,121	\$ 2,758,490	\$ 670,885
Restricted Cash	-	1,459,946	1,459,946	-
Receivables	3,437,096	1,643,866	5,080,962	196,194
Internal Balances	(637,528)	637,528	-	-
Inventories	-	203,268	203,268	-
Other assets	127,060	141,880	268,940	3,793
Capital Assets				
Land, improvements, and construction in progress	1,254,731	7,584,445	8,839,176	25,758
Other Capital Assets, net of depreciation	6,944,176	23,391,727	30,335,903	230,267
Net Capital Assets	<u>8,198,907</u>	<u>30,976,172</u>	<u>39,175,079</u>	<u>256,025</u>
Total Assets	<u>\$ 12,794,904</u>	<u>\$ 36,151,781</u>	<u>\$ 48,946,685</u>	<u>\$ 1,126,897</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 582,280	\$ 872,225	\$ 1,454,505	\$ 15,559
Deferred Revenues	2,607,557	787,857	3,395,414	-
Long-term liabilities				
Due within one year				
Bonds, notes and capital leases	701,327	683,479	1,384,806	-
Accrued interest	101,034	72,358	173,392	-
Compensated Absences	27,901	23,326	51,227	26,299
Due in more than one year				
Bonds, notes and capital leases	6,790,991	10,837,777	17,628,768	-
Compensated absences	204,841	118,435	323,276	-
Total liabilities	<u>11,015,931</u>	<u>13,395,457</u>	<u>24,411,388</u>	<u>41,858</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,974,561	19,777,507	21,752,068	256,025
Restricted for:				
Special Revenue	163,694	-	163,694	-
Other Purposes	-	1,459,947	1,459,947	23,062
Unrestricted	<u>(359,282)</u>	<u>1,518,870</u>	<u>1,159,588</u>	<u>805,952</u>
Total net assets	<u>1,778,973</u>	<u>22,756,324</u>	<u>24,535,297</u>	<u>1,085,039</u>
Total Liabilities and Net Assets	<u>\$ 12,794,904</u>	<u>\$ 36,151,781</u>	<u>\$ 48,946,685</u>	<u>\$ 1,126,897</u>

See accompanying notes to the basic financial statements.

City of Evansville  
Evansville, WI

Statement of Activities  
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
Governmental Activities								
General Government	\$ 535,352	\$ 107,929	\$ -	\$ -	\$ (427,423)		\$ (427,423)	
Public Safety	1,697,325	438,992	121,699	-	(1,136,634)		(1,136,634)	
Public Works	996,571	235,316	319,943	27,169	(414,143)		(414,143)	
Health, Welfare and Sanitation	137,690	22,265	-	-	(115,425)		(115,425)	
Culture and Recreation	654,744	131,545	62,831	14,028	(446,340)		(446,340)	
Conservation and Development	406,554	15,428	280,051	13,400	(97,675)		(97,675)	
Interest on Long-term debt	421,772	-	-	-	(421,772)		(421,772)	
Total governmental activities	<u>4,850,008</u>	<u>951,475</u>	<u>784,524</u>	<u>54,597</u>	<u>(3,059,412)</u>		<u>(3,059,412)</u>	
Business-type activities:								
Electric and Water	7,822,084	8,016,961	-	136,253	-	331,130	331,130	
Sewer	592,156	636,215	8,642	2,062,429	-	2,115,130	2,115,130	
Stormwater	69,502	176,384	-	-	-	106,882	106,882	
Total business-type activities	<u>8,483,742</u>	<u>8,829,560</u>	<u>8,642</u>	<u>2,198,682</u>	<u>-</u>	<u>2,553,142</u>	<u>2,553,142</u>	
Total primary government	<u>\$ 13,333,750</u>	<u>\$ 9,781,035</u>	<u>\$ 793,166</u>	<u>\$ 2,253,279</u>	<u>(3,059,412)</u>	<u>2,553,142</u>	<u>(506,270)</u>	
<b>Component Units</b>								
Housing Authority	\$ 486,586	\$ 64,847	\$ 384,560	\$ -				\$ (37,179)
Total component units	<u>\$ 486,586</u>	<u>\$ 64,847</u>	<u>\$ 384,560</u>	<u>\$ -</u>				<u>\$ (37,179)</u>

**General revenues:**

Taxes:								
Property taxes, levied for general purposes				1,859,902	-	1,859,902		-
Property taxes, levied for debt service				572,305	-	572,305		-
Other taxes				20,968	-	20,968		-
Grants and contributions not restricted to specific programs				511,470	-	511,470		-
Unrestricted investment earnings				30,860	60,457	91,317		14,511
Miscellaneous				30,581	20,800	51,381		-
Transfers				390,605	(390,605)	-		-
Total general revenues and transfers				<u>3,416,691</u>	<u>(309,348)</u>	<u>3,107,343</u>		<u>14,511</u>
Change in net assets				357,279	2,243,794	2,601,073		(22,668)
Net assets - beginning				1,421,694	20,512,530	21,934,224		1,107,707
Net assets - ending				<u>\$ 1,778,973</u>	<u>\$ 22,756,324</u>	<u>\$ 24,535,297</u>		<u>\$ 1,085,039</u>

See accompanying notes to the basic financial statements.

City of Evansville  
Evansville, WI

Balance Sheet  
Governmental Funds  
December 31, 2010

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>TIF 5</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,064,098	\$ 85,326	\$ -	\$ -	\$ 519,946	\$ 1,669,370
Receivables:						
Taxes	1,130,485	510,971	107,997	210,613	497,229	2,457,295
Special Assessments	220,411	149,269	-	-	36,684	406,364
Accounts	-	-	-	-	16,011	16,011
Loans	295,255	-	-	-	-	295,255
Other	72,466	-	6,288	-	-	78,754
Due from Other Funds	402,791	565,946	-	-	-	968,737
Prepaid Expenses	28,620	-	-	-	11,885	40,505
Advances Receivable	787,995	-	-	-	432,354	1,220,349
Total Assets	<u>\$ 4,002,121</u>	<u>\$ 1,311,512</u>	<u>\$ 114,285</u>	<u>\$ 210,613</u>	<u>\$ 1,514,109</u>	<u>\$ 7,152,640</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ 273,363	\$ -	\$ 20,282	\$ 991	\$ 4,060	\$ 298,696
Accrued Liabilities	82,713	-	-	-	14,660	97,373
Due to Other Funds	52,376	25,458	565,946	-	-	643,780
Deferred Revenue	1,666,998	632,151	107,997	223,462	497,229	3,127,837
Advances Payable	-	-	432,353	1,640,229	110,250	2,182,832
Total Liabilities	<u>2,075,450</u>	<u>657,609</u>	<u>1,126,578</u>	<u>1,864,682</u>	<u>626,199</u>	<u>6,350,518</u>
Fund Balances (Deficit)						
Reserved	787,995	-	-	-	163,694	951,689
Designated	87,772	653,903	-	-	114,460	856,135
Unreserved/Undesignated	1,050,904	-	(1,012,293)	(1,654,069)	609,756	(1,005,702)
Total Fund Balances (Deficit)	<u>1,926,671</u>	<u>653,903</u>	<u>(1,012,293)</u>	<u>(1,654,069)</u>	<u>887,910</u>	<u>802,122</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 4,002,121</u>	<u>\$ 1,311,512</u>	<u>\$ 114,285</u>	<u>\$ 210,613</u>	<u>\$ 1,514,109</u>	<u>\$ 7,152,640</u>

See accompanying notes to the basic financial statements.

City of Evansville  
Evansville, WI

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net  
Assets  
December 31, 2010**

Total fund balance, governmental funds	\$	802,122
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.		8,198,908
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.		86,554
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.		517,483
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	701,327	
Bonds and notes - due in more than one year	6,790,991	
Compensated absences - current	27,901	
Compensated absences - non-current	204,841	
Accrued interest	101,034	
		(7,826,094)
Net Assets of Governmental Activities in the Statement of Net Assets	\$	1,778,973

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, 2010

	General Fund	Debt Service	Capital Projects	TIF 5	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>						
Property Taxes	\$ 1,138,250	\$ 572,305	\$ 66,958	\$ 133,361	\$ 520,779	\$ 2,431,653
Other Taxes	21,718	-	-	-	6,868	28,586
Special Assessment Revenue	-	12,296	-	-	26,203	38,499
Intergovernmental	853,743	-	391,911	1,057	133,404	1,380,115
License and Permits	80,165	-	-	-	-	80,165
Fines, Forfeits and Penalties	113,075	-	-	-	-	113,075
Public Charges for Services	347,923	-	1,407	-	276,286	625,616
Interest Income	13,499	6,173	316	-	16,657	36,645
Miscellaneous Income	49,095	18,600	1,963	18,221	32,929	120,808
Total Revenues	<u>2,617,468</u>	<u>609,374</u>	<u>462,555</u>	<u>152,639</u>	<u>1,013,126</u>	<u>4,855,162</u>
<b>EXPENDITURES</b>						
Current:						
General Government	496,165	-	-	2,540	1,228	499,933
Public Safety	1,310,631	-	-	-	339,710	1,650,341
Public Works	693,459	-	-	-	-	693,459
Health and Human Services	31,610	-	-	-	99,562	131,172
Culture, Recreation and Education	252,443	-	-	-	271,145	523,588
Conservation and Development	59,955	-	-	45,751	84	105,790
Capital Outlay	-	-	531,855	10,192	9,085	551,132
Principal Repayment	-	548,947	-	-	-	548,947
Interest Expense	-	334,340	-	76,595	5,250	416,185
Total Expenditures	<u>2,844,263</u>	<u>883,287</u>	<u>531,855</u>	<u>135,078</u>	<u>726,064</u>	<u>5,120,547</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(226,795)</u>	<u>(273,913)</u>	<u>(69,300)</u>	<u>17,561</u>	<u>287,062</u>	<u>(265,385)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	390,605	337,124	1,200	-	-	728,929
Transfers Out	(1,200)	-	-	(156,132)	(180,992)	(338,324)
Total Other Financing Sources and Uses	<u>389,405</u>	<u>337,124</u>	<u>1,200</u>	<u>(156,132)</u>	<u>(180,992)</u>	<u>390,605</u>
Net Change in Fund Balances	162,610	63,211	(68,100)	(138,571)	106,070	125,220
Fund Balances (Deficits) - Beginning	1,764,061	590,692	(944,193)	(1,515,498)	781,840	676,902
Fund Balances (Deficits) - Ending	<u>\$ 1,926,671</u>	<u>\$ 653,903</u>	<u>\$ (1,012,293)</u>	<u>\$ (1,654,069)</u>	<u>\$ 887,910</u>	<u>\$ 802,122</u>

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, 2010**

Net change in fund balances - total governmental funds:	\$	125,220
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital outlay reported in governmental fund statements	170,623	
Depreciation expenses reported in the statement of activities	<u>(490,823)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		(320,200)
<p>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.</p>		
Amounts paid are more than amount accrued by		4,045
<p>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.</p>		
The amount of long-term debt principal payments in the current year is:		592,280
<p>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.</p>		
Interest accrual change		11,210
<p>In governmental funds, revenues are reported when measurable and available. In the statements of activities, revenue is reported when earned.</p>		
Special assessments		(38,479)
Debt issuance costs reported on governmental fund statements but deferred and amortized on statement of activities.		(16,797)
Change in net assets of governmental activities	<u>\$</u>	<u>357,279</u>

See accompanying notes to the basic financial statements.

City of Evansville  
Evansville, WI

Statement of Net Assets  
Proprietary Funds  
December 31, 2010

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Electric and Water</u>	<u>Sewer</u>	<u>Stormwater</u>	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 533,006	\$ 421,233	\$ 134,882	\$ 1,089,121
Receivables				
Special Assessments	1,788	-	-	1,788
Accounts	1,490,109	150,000	-	1,640,109
Due from Other Funds	102,144	117,059	21,635	240,838
Inventories	203,268	-	-	203,268
Prepaid Expenses	15,552	2,973	1,367	19,892
Total Current Assets	<u>2,345,867</u>	<u>691,265</u>	<u>157,884</u>	<u>3,195,016</u>
Restricted:				
Restricted Cash and Cash Equivalents	<u>808,413</u>	<u>651,533</u>	<u>-</u>	<u>1,459,946</u>
Total Restricted Assets	<u>808,413</u>	<u>651,533</u>	<u>-</u>	<u>1,459,946</u>
Capital Assets:				
Land and Improvements	76,448	94,914	-	171,362
Construction Work in Progress	105,868	7,241,997	65,217	7,413,082
Other Capital Assets	23,513,602	8,639,639	146,223	32,299,464
Less Accumulated Depreciation	<u>(6,637,637)</u>	<u>(2,259,132)</u>	<u>(10,967)</u>	<u>(8,907,736)</u>
Net Capital Assets	<u>17,058,281</u>	<u>13,717,418</u>	<u>200,473</u>	<u>30,976,172</u>
Noncurrent Assets				
Advances Receivable	808,755	276,330	-	1,085,085
Unamortized Debt Discount	121,988	-	-	121,988
Special Assessments	-	1,968	-	1,968
Total Noncurrent Assets	<u>930,743</u>	<u>278,298</u>	<u>-</u>	<u>1,209,041</u>
 TOTAL ASSETS	 <u>\$ 21,143,304</u>	 <u>\$ 15,338,514</u>	 <u>\$ 358,357</u>	 <u>\$ 36,840,175</u>

See accompanying notes to the basic financial statements.

City of Evansville  
Evansville, WI

Statement of Net Assets  
Proprietary Funds  
December 31, 2010

	Enterprise Funds			
	Electric and Water	Sewer	Stormwater	Total
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 528,356	\$ 260,239	\$ -	\$ 788,595
Accrued Liabilities	127,576	27,784	629	155,989
Due to Other Funds	516,042	49,752	-	565,794
Compensated Absences	21,655	1,671	-	23,326
Current Portion of Long-Term Debt:				
Advance Payables	-	-	11,969	11,969
Bonds and Notes Payable	422,800	260,679	-	683,479
Total Current Liabilities	<u>1,616,429</u>	<u>600,125</u>	<u>12,598</u>	<u>2,229,152</u>
Non-Current Liabilities:				
Long-Term Debt				
Bonds and Notes Payable	6,595,100	4,242,677	-	10,837,777
Total Long-Term Debt	<u>6,595,100</u>	<u>4,242,677</u>	<u>-</u>	<u>10,837,777</u>
Other Liabilities				
Compensated Absences	90,182	28,253	-	118,435
Construction Advances	30,401	-	-	30,401
Advances payable to other funds	-	-	110,632	110,632
Deferred Revenue including regulatory credit	509,957	247,500	-	757,457
Total Other Liabilities	<u>630,540</u>	<u>275,753</u>	<u>110,632</u>	<u>1,016,925</u>
Total Non-Current Liabilities	<u>7,225,640</u>	<u>4,518,430</u>	<u>110,632</u>	<u>11,854,702</u>
Total Liabilities	<u>8,842,069</u>	<u>5,118,555</u>	<u>123,230</u>	<u>14,083,854</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	10,362,972	9,214,062	200,473	19,777,507
Restricted Assets	808,414	651,533	-	1,459,947
Unrestricted	1,129,849	354,364	34,654	1,518,867
Total Net Assets	<u>12,301,235</u>	<u>10,219,959</u>	<u>235,127</u>	<u>22,756,321</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 21,143,304</u>	<u>\$ 15,338,514</u>	<u>\$ 358,357</u>	<u>\$ 36,840,175</u>

See accompanying notes to the basic financial statements.

City of Evansville  
Evansville, WI

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2010

	Enterprise Funds			Total
	Electric and Water	Sewer	Stormwater	
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 7,995,705	\$ 667,272	\$ 176,384	\$ 8,839,361
Other Operating Revenues	1,341	13,805	2,787	17,933
Total Operating Revenues	<u>7,997,046</u>	<u>681,077</u>	<u>179,171</u>	<u>8,857,294</u>
<b>OPERATING EXPENSES</b>				
Operation and Maintenance	6,862,782	346,782	59,343	7,268,907
Depreciation	661,109	169,127	7,311	837,547
Total Operating Expenses	<u>7,523,891</u>	<u>515,909</u>	<u>66,654</u>	<u>8,106,454</u>
Operating Income (Loss)	<u>473,155</u>	<u>165,168</u>	<u>112,517</u>	<u>750,840</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and Investment Revenue	45,536	15,969	-	61,505
Miscellaneous Non-Operating Revenue	19,846	-	-	19,846
Interest Expense	(298,125)	(73,912)	(2,848)	(374,885)
Amortization Revenue (Expense)	18,012	(2,333)	-	15,679
Total Non-Operating Revenue (Expenses)	<u>(214,731)</u>	<u>(60,276)</u>	<u>(2,848)</u>	<u>(277,855)</u>
Income (Loss) Before Contributions and Transfers	258,424	104,892	109,669	472,985
Capital Contributions	136,253	2,025,159	-	2,161,412
Transfers Out	(390,605)	-	-	(390,605)
Change in Net Assets	<u>4,072</u>	<u>2,130,051</u>	<u>109,669</u>	<u>2,243,792</u>
Total Net Assets - Beginning	12,297,163	8,089,908	125,458	20,512,529
Total Net Assets - Ending	<u>\$ 12,301,235</u>	<u>\$ 10,219,959</u>	<u>\$ 235,127</u>	<u>\$ 22,756,321</u>

See accompanying notes to the basic financial statements.

City of Evansville  
Evansville, WI

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2010

	Enterprise Funds			Total
	Electric & Water	Sewer	Stormwater	
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers	\$ 7,881,264	\$ 685,547	\$ 179,171	\$ 8,745,982
Payments to suppliers	(6,318,130)	(237,490)	(24,399)	(6,580,019)
Payments to employees	(492,907)	(103,071)	(35,054)	(631,032)
Taxes paid	(390,605)	-	-	(390,605)
Net cash provided (used) by operating activities	<u>679,622</u>	<u>344,986</u>	<u>119,718</u>	<u>1,144,326</u>
<u>Cash Flows From Capital and Related</u>				
<u>Financing Activities:</u>				
Acquisition and construction of plant assets	(699,873)	(5,159,506)	(65,217)	(5,924,596)
Advances paid	-	-	(13,622)	(13,622)
Proceeds from long-term debt	-	3,045,315	-	3,045,315
Principal payments on long-term debt	(244,400)	(114,486)	-	(358,886)
Deferred charges	25	-	-	25
Interest and fiscal charges	(298,125)	(73,912)	(2,848)	(374,885)
Contributions for plant	136,253	2,025,159	-	2,161,412
Net cash provided (used) for capital and related financing activities	<u>(1,106,120)</u>	<u>(277,430)</u>	<u>(81,687)</u>	<u>(1,465,237)</u>
<u>Cash Flows From Investing Activities:</u>				
Interest on investments	45,536	15,969	-	61,505
Net cash provided (used) for investing activities	<u>45,536</u>	<u>15,969</u>	<u>-</u>	<u>61,505</u>
Net increase (decrease) in cash and equivalents	(380,962)	83,525	38,031	(259,406)
Cash and equivalents - beginning of year	1,722,381	989,241	96,851	2,808,473
Cash and equivalents - end of year	<u>\$ 1,341,419</u>	<u>\$ 1,072,766</u>	<u>\$ 134,882</u>	<u>\$ 2,549,067</u>

See accompanying notes to the basic financial statements.

City of Evansville  
Evansville, WI

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2010

	Enterprise Funds			Total
	Electric & Water	Sewer	Stormwater	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 473,155	\$ 165,168	\$ 112,517	\$ 750,840
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other Revenues	37,857	(2,332)	-	35,525
Amortization	10,358	2,333	-	12,691
Tax equivalent	(390,605)	-	-	(390,605)
Depreciation	661,109	169,127	7,311	837,547
Joint meter allocation	8,885	(8,885)	-	-
Changes in Assets and Liabilities:				
Receivables	(115,782)	4,470	-	(111,312)
Advances receivable	(38,512)	(13,159)	-	(51,671)
Due to/from other funds	97,843	(63,205)	123,223	157,861
Inventories	(11,507)	-	-	(11,507)
Prepays	3,390	1,253	(323)	4,320
Accounts payable	(29,233)	(177,697)	(557)	(207,487)
Other Accrued liabilities	(27,336)	267,913	148	240,725
Net cash provided (used) by operating activities	<u>\$ 679,622</u>	<u>\$ 344,986</u>	<u>\$ 242,319</u>	<u>\$ 1,266,927</u>
Reconciliation of cash and cash equivalents to balance sheet accounts				
Cash and investments	\$ 533,006	\$ 421,233	\$ 134,882	\$ 1,089,121
Restricted assets	808,413	651,533	-	1,459,946
Total Cash and Investments	<u>1,341,419</u>	<u>1,072,766</u>	<u>134,882</u>	<u>2,549,067</u>
Cash and cash equivalents- End of year	<u>\$ 1,341,419</u>	<u>\$ 1,072,766</u>	<u>\$ 134,882</u>	<u>\$ 2,549,067</u>
Schedule of non-cash activity				
Plant financed by accounts payable	<u>\$ -</u>	<u>\$ 200,527</u>	<u>\$ -</u>	<u>\$ 200,527</u>

See accompanying notes to the basic financial statements.

**City of Evansville  
Evansville, WI**

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2010**

	<u>Tax Agency</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 3,374,090
Receivables:	
Taxes Receivable	2,765,911
Total Assets	<u>\$ 6,140,001</u>
<b>LIABILITIES</b>	
Due to Other Governments	\$ 6,140,001
Total Liabilities	<u>\$ 6,140,001</u>

See accompanying notes to the basic financial statements.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**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.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**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.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**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 - accounts 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

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**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.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

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

**Fund Financial Statements (Continued)**

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

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

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

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

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

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

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

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**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, 2010, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**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 – 2010 tax roll:

Lien date and levy date	December 2010
Tax bills mailed	December 2010
Payment in full, or	January 31, 2011
First installment due	January 31, 2011
Second installment due	July 31, 2011
Personal property taxes in full	January 31, 2011

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.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

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

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

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

**4. Restricted Assets**

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

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
Electric and water	\$ 691,402	Bond reserve 2005 MRB and 2009 Reserve bond
Electric and water	117,011	Water impact fees
Sewer	234,190	Hook-up fee
Sewer	417,343	Replacement fee
	<u>\$ 1,459,946</u>	

**5. Capital Assets**

**Government-Wide Statements**

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

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

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

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**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 \$86,554.

**7. Compensated Absences**

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

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

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

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

**7. Compensated Absences (Continued)**

The balance in compensated absences is as follows:

	<u>Government</u>	<u>Business-type</u>
Compensated time-off liability	\$ 12,741	\$ 10,496
Year-end excess sick hours liability	2,878	10,194
Accumulated sick leave	204,841	118,435
Vacation and holiday liability	12,283	2,636
	<u>\$ 232,742</u>	<u>\$ 141,761</u>

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

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

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

**8. Long-Term Debt**

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

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

**9. Claims and Judgments**

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

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**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.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**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. By function the public safety expenditures exceeded the budget by \$3,901.

**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, 2010, the cash and investments consist of the following:

Petty cash/cash on hand	\$ 1,950
Deposits with financial institutions	7,374,338
Wisconsin Local Government Investment Pool	157,921
RESCO stock certificates	32,956
Mutual fund	25,361
	<u>\$ 7,592,526</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

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

Cash and investments as of December 31, 2010 are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Cash and investments	\$ 2,758,490
Restricted cash	1,459,946
Fiduciary Funds:	
Cash and investments	3,374,090
	<u>\$ 7,592,526</u>

Investments Authorized by Wisconsin Statutes

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity its fair value has to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates. The City has \$157,921 invested in the Local Government Investment Pool (LGIP) which has an average maturity of 80 days. The City has Certificates of Deposit of \$290,651 that mature at varying dates. The average maturity is 11 months.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**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, 2010, 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 four 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. Under the Transaction Account Guarantee (TAG) program, deposits at participating banks that earn less than .25% interest are 100% insured by the FDIC through December 31, 2010. As of December 31, 2010 through December 31, 2012 noninterest bearing accounts are fully insured under the Dodd-Frank Act.

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, 2010, 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.

As of December 31, 2010, 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	\$ 4,378,571
Uninsured and uncollateralized	25,361
Total	<u>\$ 4,403,932</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

**B. CAPITAL ASSETS**

Capital asset activity in the governmental activities for the year ended December 31, 2010 was as follows:

	Balance 1/1/10	Additions	Retirements	Balance 12/31/10
<b>Governmental Activities</b>				
Non-Depreciable Capital Assets:				
Land	\$ 521,756	\$ -	\$ -	\$ 521,756
Infrastructure CWIP	417,785	21,295	-	439,080
Buildings CWIP	287,654	6,241	-	293,895
Total Non-Depreciable Capital Assets	<u>1,227,195</u>	<u>27,536</u>	<u>-</u>	<u>1,254,731</u>
Capital Assets being Depreciated				
Land improvements	1,670,071	115,319		1,785,390
Buildings and structures	2,405,860	13,200		2,419,060
Equipment	2,282,297	40,831	(27,026)	2,296,102
Infrastructure	4,132,216	-	-	4,132,216
Total Capital Assets being Depreciated	<u>10,490,444</u>	<u>169,350</u>	<u>(27,026)</u>	<u>10,632,768</u>
Total Capital Assets	11,717,639	196,886	(27,026)	11,887,499
Less Accumulated Depreciation	<u>(3,198,532)</u>	<u>(490,823)</u>	<u>763</u>	<u>(3,688,592)</u>
Capital Assets Net of Depreciation	<u>\$8,519,107</u>	<u>\$ (293,937)</u>	<u>\$ (26,263)</u>	<u>\$8,198,907</u>

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General Government	\$ 30,426
Public Safety	52,009
Public Works	272,009
Health and Human Services	6,784
Culture, Recreation and Education	<u>129,595</u>
Total Governmental Activities Depreciation Expense	<u>\$ 490,823</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

**B. CAPITAL ASSETS (Continued)**

<b>Electric and Water</b>	Balance 1/1/10	Additions	Retirements	Balance 12/31/10
Non-Depreciable Capital Assets:				
Land	\$ 76,448	\$ -	\$ -	\$ 76,448
Construction in progress	645,969	-	(540,101)	105,868
Total Non-Depreciable Capital Assets	722,417	-	(540,101)	182,316
Capital Assets being Depreciated				
Buildings and structures	677,940	7,151	-	685,091
Equipment	1,518,762	3,500	(44,521)	1,477,741
Infrastructure	20,197,425	1,234,545	(81,200)	21,350,770
Total Capital Assets being Depreciated	22,394,127	1,245,196	(125,721)	23,513,602
Total Capital Assets	23,116,544	1,245,196	(665,822)	23,695,918
Less Accumulated Depreciation	(6,080,918)	(669,989)	113,270	(6,637,637)
Capital Assets Net of Depreciation	<u>\$ 17,035,626</u>	<u>\$ 575,207</u>	<u>\$ (552,552)</u>	<u>\$ 17,058,281</u>

<b>Wastewater Treatment:</b>	Balance 1/1/10	Additions	Retirements	Balance 12/31/10
Non-Depreciable Capital Assets:				
Land	\$ 94,914	\$ -	\$ -	\$ 94,914
Construction in progress	1,881,964	5,360,033	-	7,241,997
Total Non-Depreciable Capital Assets	1,976,878	5,360,033	-	7,336,911
Capital Assets being Depreciated				
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	10,616,517	5,360,033	-	15,976,550
Less Accumulated Depreciation	(2,098,890)	(160,242)	-	(2,259,132)
Capital Assets Net of Depreciation	<u>\$ 8,517,627</u>	<u>\$ 5,199,791</u>	<u>\$ -</u>	<u>\$ 13,717,418</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

**B. CAPITAL ASSETS (Continued)**

	Balance 1/1/10	Additions	Retirements	Balance 12/31/10
<b>Stormwater:</b>				
Non-Depreciable Capital Assets:				
Construction in progress	\$ -	\$ 65,217	\$ -	\$ 65,217
Total Non-Depreciable Capital Assets	-	65,217	-	65,217
Capital Assets being Depreciated				
Equipment	146,223	-	-	146,223
Total Capital Assets being Depreciated	146,223	-	-	146,223
Total Capital Assets	146,223	65,217	-	211,440
Less Accumulated Depreciation	(3,656)	(7,311)	-	(10,967)
Capital Assets Net of Depreciation	<u>\$ 142,567</u>	<u>\$ 57,906</u>	<u>\$ -</u>	<u>\$ 200,473</u>
	Balance 1/1/10	Additions	Retirements	Balance 12/31/10
<b>Business-Type Activities</b>				
Non-Depreciable Capital Assets:				
Land	\$ 171,362	\$ -	\$ -	\$ 171,362
Construction in progress	2,527,933	5,425,250	(540,101)	7,413,082
Total Non-Depreciable Capital Assets	2,699,295	5,425,250	(540,101)	7,584,444
Capital Assets being Depreciated				
Buildings and structures	2,126,577	7,151	-	2,133,728
Equipment	2,998,071	3,500	(44,521)	2,957,050
Infrastructure	26,055,341	1,234,545	(81,200)	27,208,686
Total Capital Assets being Depreciated	31,179,989	1,245,196	(125,721)	32,299,464
Total Capital Assets	33,879,284	6,670,446	(665,822)	39,883,908
Less Accumulated Depreciation	(8,183,464)	(837,542)	113,270	(8,907,736)
Capital Assets Net of Depreciation	<u>\$ 25,695,820</u>	<u>\$ 5,832,904</u>	<u>\$ (552,552)</u>	<u>\$ 30,976,172</u>

Depreciation expense was charged to functions as follows:

<b>Business-Type Activities</b>	
Water	\$ 177,614
Electric	492,375
Sewer	160,242
Stormwater	7,311
Total Business-Type Activities Depreciation Expense	<u>\$ 837,542</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

**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:

<u>Interfund Receivables and Payables</u>			
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Electric and Water	\$ 402,791	Operations
Debt service	Capital	565,946	Temporary Cash Flow
Electric and water	General	52,377	Operations
Electric and water	Sewer	49,752	Operations
Electric and water	Stormwater	15	Operations
Stormwater	Electric and Water	21,635	Operations
Sewer	Electric and Water	91,601	Operations
Sewer	Debt service	25,458	Debt
Subtotal fund financial statements		<u>\$ 1,209,575</u>	

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

**Interfund Advances**

The City has the following interfund advances outstanding:

<u>Advances</u>			
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	TIF 5	\$ 555,144	Capital
General	TIF 6	110,250	Capital
General	Stormwater	122,601	Capital
Subtotal general fund		787,995	
TIF 6	Capital	432,354	Capital
Electric and water	TIF 5	808,755	Capital
Sewer	TIF 5	276,330	Capital
Subtotal fund financial statements		<u>\$ 2,305,434</u>	
Total interfund receivables		\$ 1,209,575	
Total inter-fund advances		2,305,434	
less inter-fund eliminations		(2,877,481)	
Internal balances		<u>\$ 637,528</u>	

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

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

The stormwater fund is set up for repayment with the general fund. Payments of \$16,470 per year include interest at 3.61%. None of the TIF 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.

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

The following is a schedule of interfund transfers:

<u>Transferred to</u>	<u>Transferred from</u>	<u>Amount</u>	<u>Purpose</u>
Capital	General	\$ 1,200	Fund allocation
General	Electric and Water	390,605	Tax equivalent
Debt service	TIF 5	156,132	Debt payments
Debt service	TIF 6	73,429	Debt payments
Debt service	TIF 7	46,256	Debt payments
Debt service	EMS	26,378	Debt payments
Debt service	TIF 8	34,969	Debt payments
Subtotal fund statements		728,969	
less inter-fund eliminations		(338,364)	
Total per government-wide statements		<u>\$ 390,605</u>	

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

**D. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2010 was as follows:

	<u>Balance</u> <u>1/1/10</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/10</u>
<b>Governmental Activities</b>				
General obligation notes	\$ 2,978,342	\$ -	\$ (141,720)	\$ 2,836,622
General obligation bonds	3,765,000	-	(55,000)	3,710,000
State trust fund loans	798,585	-	(77,227)	721,358
Total Governmental General Obligation Debt	<u>7,541,927</u>	<u>-</u>	<u>(273,947)</u>	<u>7,267,980</u>
Capital Lease	136,672	-	(43,334)	93,338
Note anticipation notes	406,000	-	(275,000)	131,000
Compensated absences	236,787	-	(4,045)	232,742
Total Governmental Long-Term Debt	<u>\$ 8,321,386</u>	<u>\$ -</u>	<u>\$ (596,326)</u>	<u>\$ 7,725,060</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

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

	Balance 1/1/10	Issued	Retired	Balance 12/31/10
<b>Business-Type Activities</b>				
General obligation notes	\$ 766,659	\$ -	\$ (68,281)	\$ 698,378
Note anticipation notes	179,000	-	(60,000)	119,000
WPPI loan	-	161,600	(10,773)	150,827
Mortgage revenue bonds	7,889,169	2,883,715	(219,833)	10,553,051
Total bonds and notes	<u>8,834,828</u>	<u>3,045,315</u>	<u>(358,887)</u>	<u>11,521,256</u>
Compensated absences	<u>133,198</u>	<u>8,563</u>	<u>-</u>	<u>141,761</u>
Total Business-Type Activities	<u>\$8,968,026</u>	<u>\$3,053,878</u>	<u>\$ (358,887)</u>	<u>\$11,663,017</u>

**GENERAL OBLIGATION DEBT**

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2010 was \$16,320,400. Total general obligation debt outstanding at year-end was \$7,966,358.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

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

The following is a list of long-term obligations at December 31, 2010:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/10	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	\$ 124,100	\$ 41,200
2003 General Obligation Notes	10/1/2003	4/1/2013	1.4%-4.0%	297,000	197,000	80,000
2005 General Obligation Notes	8/9/2005	4/1/2015	3.50-3.80%	1,545,000	1,360,522	207,537
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	2,780,000	65,000
2007 STFL Loan	8/3/2007	3/15/2027	5.50%	500,000	467,972	17,347
2008 STFL Loan	1/8/2008	3/15/2012	4.75%	169,000	89,152	43,545
2008 STFL Loan	1/8/2008	3/15/2017	5.00%	200,000	164,234	20,175
2009 G.O. (2008B NAN refunded)	4/30/2009	4/1/2027	2.30-5.10%	1,205,000	1,155,000	50,000
					<u>7,267,980</u>	<u>524,804</u>
Other Long-Term Debt						
2008 Note Anticipation Note	5/29/2008	4/1/2011	2.9%-3.4%	686,000	131,000	131,000
Total Governmental Long-Term Bonds and Notes					<u>\$ 7,398,980</u>	<u>\$ 655,804</u>

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

Years	Governmental Activities Long-term notes and bonds		
	Principal	Interest	Total
2011	\$ 655,804	\$ 334,236	\$ 990,040
2012	508,742	312,899	821,641
2013	502,783	291,357	794,140
2014	577,676	270,748	848,424
2015	589,963	249,696	839,659
2016-2020	1,594,176	979,037	2,573,213
2021-2025	2,020,286	589,865	2,610,151
2026-2028	949,550	121,427	1,070,977
	<u>\$ 7,398,980</u>	<u>\$ 3,149,265</u>	<u>\$ 10,548,245</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

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

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/10	Amounts Due within One Year
<b>Business-Type Activities</b>						
General Obligation Debt						
Electric and Water						
2003 General Obligation Notes	4/1/2003	4/1/2013	1.30-3.50%	\$ 500,000	\$ 175,900	\$ 58,800
2003 General Obligation Notes	10/1/2003	10/1/2013	1.40-4.00%	473,000	408,000	120,000
Subtotal electric and water general obligation debt					583,900	178,800
Other Long-Term Debt						
Note Anticipation Notes	5/29/2008	4/1/2011	2.9%-3.4%	139,000	84,000	84,000
Mortgage Revenue Bonds						
2005 Mortgage Revenue Bonds	8/30/2005	5/1/2025	3.2-4.75%	3,250,000	2,900,000	100,000
2007 Mortgage Revenue Bonds	5/30/2007	5/1/2027	4.0-4.125%	2,615,000	2,515,000	50,000
2009 Revenue Bonds	9/24/2009	5/1/2022	2.40-4.70%	935,000	935,000	10,000
Total Electric and Water long-term notes and bonds					7,017,900	422,800
Sewer Utility						
2005 General Obligation Notes	8/9/2005	4/1/2015	3.50-3.80%	130,000	114,478	17,463
Subtotal sewer general obligation debt					114,478	17,463
Other Long-Term Debt						
Note Anticipation Notes	5/29/2008	4/1/2011	2.9%-3.4%	360,000	35,000	35,000
WPPI Loan	3/25/2010	3/25/2020	0%	161,600	150,827	16,160
Mortgage Revenue Bonds						
2005 Clean Water Fund Debt	7/27/2005	5/1/2025	2.37%	1,602,737	1,269,336	71,485
2009 Clean Water Fund Debt	11/25/2009	5/1/2029	2.67%	50,000	2,933,715	120,571
Total Sewer long-term notes and bonds					4,503,356	260,679
Total Business-Type Activities long-term notes and bonds					\$ 11,521,256	\$ 683,479

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

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

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

Years	Business-Type activities Long-term notes and bonds		
	Principal	Interest	Total
2011	\$ 683,479	\$ 401,403	\$ 1,084,882
2012	649,385	375,367	1,024,752
2013	681,919	353,250	1,035,169
2014	564,362	332,452	896,814
2015	584,658	313,224	897,882
2016-2020	3,071,587	1,258,364	4,329,951
2021-2025	3,600,844	653,064	4,253,908
2026-2029	1,685,022	81,510	1,766,532
	\$ 11,521,256	\$ 3,768,634	\$ 15,289,890

**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
2011	\$ 45,523	\$ 4,713	\$ 50,236
2012	47,815	2,421	50,236
	\$ 93,338	\$ 7,134	\$ 100,472

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**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, 2011.

The utilities are covered under the following insurance policies at December 31, 2010:

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 Comprehensive and Collision Group 1	616,438
Motor Vehicle Comprehensive and Collision Group 2	1,388,177

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

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

**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:

	<b>Electric and</b>	
	<b>Water</b>	<b>Sewer</b>
Annual debt service 2005 CWFL	\$ -	\$ 100,679
Annual debt service 2009 CWFL	-	23,528
Annual debt service 2005 bonds	230,363	-
Annual debt service 2007 bonds	154,006	-
Annual debt service 2009 bonds	42,181	-
Total debt service	426,550	124,207
Ratio	125%	110%
Net Revenues required	<u>\$ 533,188</u>	<u>\$ 136,628</u>
<b>REVENUES</b>		
Charges for Services	\$ 7,995,705	\$ 667,272
Other Operating Revenues	1,341	13,805
Total Operating Revenues	<u>7,997,046</u>	<u>681,077</u>
<b>OPERATING EXPENSES</b>		
Operation and Maintenance	6,862,782	346,782
Total expenses for coverage ratio calculation	<u>6,862,782</u>	<u>346,782</u>
Net from operations for coverage ratio calculation	1,134,264	334,295
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and Investment Revenue	45,536	15,969
Miscellaneous Non-Operating Revenue	19,846	-
Capital Contributions and impact fees received	136,253	2,025,159
Net Revenues per bond ordinance	<u>\$ 1,335,899</u>	<u>\$ 2,375,423</u>
Net Revenues Above Required Amount	<u>\$ 802,711</u>	<u>\$ 2,238,795</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

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

**Number of Customers – Water**

The utility has the following number of customers and billed volumes for 2010:

	Customers	(000 gals)
Residential	1,910	87,820
Commercial	185	14,568
Industrial	12	7,385
Public Authority	26	4,815
	<u>2,133</u>	<u>114,588</u>

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

Net assets reported on the government-wide statement of net assets at December 31, 2010 includes the following:

	Governmental	Water and Light	Sewer	Stormwater	Total Business-type
Capital assets	\$ 8,198,907	\$ 17,058,282	\$ 13,717,418	\$ 200,473	\$ 30,976,173
less current portion LT debt	(701,327)	(254,400)	(245,444)	-	(499,844)
less LT debt	(6,790,991)	(6,763,500)	(4,257,912)	-	(11,021,412)
less deferred regulatory credit	-	(368,813)	-	-	(368,813)
plus bond reserve	-	691,403	-	-	691,403
plus debt for non-capital items	1,267,972	-	-	-	-
Investment in capital assets, net	<u>\$ 1,974,561</u>	<u>\$ 10,362,972</u>	<u>\$ 9,214,062</u>	<u>\$ 200,473</u>	<u>\$ 19,777,507</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

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

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

	<b>Reserved</b>	<b>Designated</b>	<b>Undesignated</b>
<b>General Fund:</b>			
Advances	\$ 787,995	\$ -	\$ -
Revolving loan	-	75,872	-
Building improvement grant	-	11,900	-
Undesignated	-	-	1,050,904
	787,995	87,772	1,050,904
 <b>Debt Service Fund:</b>			
Designated for debt service		653,903	
 <b>Capital Projects Fund:</b>			
Bike path		-	-
Lake Leota		-	-
Undesignated (Deficit)		-	(1,012,293)
		-	(1,012,293)
 <b>TIF 5 Undesignated (Deficit)</b>			 (1,654,069)
 <b>Non-Major Governmental Funds:</b>			
EMS	-	114,460	-
Cemetery	73,740	-	-
Library	89,954	-	-
TIF 6 Undesignated	-	-	309,843
TIF 7 Undesignated	-	-	274,375
TIF 8 Undesignated	-	-	25,538
Total Non-Major Governmental Funds	163,694	114,460	609,756
 Total	 \$ 951,689	 \$ 856,135	 \$ (1,005,702)

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**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. All permanent employees expected to work at least 600 hours a year (440 hours for teachers and educational support employees) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for the City of Evansville employees covered by the WRS for the year ended December 31, 2010 was \$2,035,134; the employer’s total payroll was \$2,192,047. The total required contribution for the year ended December 31, 2010 was \$240,015, which consisted of \$117,795, or 5.8% of payroll from the employer and \$122,220, or 6.0% of payroll from employees. The City paid both the employer and employee shares. Total contributions for the years ending December 31, 2009 and 2008 were \$217,977 and \$209,094 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) 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. A final average earnings is the average of the employee’s three highest years’ earnings. Employees terminating covered employment and submitting application 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 on or 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.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**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 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, 2010, the balance was \$368,813.

**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. Through 2010, the wastewater treatment plan has received \$2.934 million in long-term debt proceeds and \$3.450 million in grants. The remaining amount is anticipated to be completed in 2011. In addition the City borrowed \$171,543 in 2011.

**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 \$5,362,651.

**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.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

---

**F. EVANSVILLE FIRE DISTRICT (Continued)**

For 2010, the City contributed \$210,869 to the District for dues. The City's portion of the District's 2011 budget is \$208,774. The District issues separate financial statements.

The City has a residual non-equity interest of approximately 57.5% in the District.

**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 2010, the City received payments from the Townships in the amount of \$60,400.

**H. SUBSEQUENT EVENTS**

In 2011, the City borrowed \$150,000 from the Board of Commissioners of Public Lands for the East Main Street bridge replacement, the STFL is for ten years at 3.75% interest. The 2008 STFL loan was also refinanced as a six year loan at 3.75% interest.

The City will be starting an electric line rebuild project for approximately \$200,000 in 2011.

**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, 2010. 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 \$672,245. This included demand deposits of \$435,169 and CDs of \$237,076. The CDs weighted average maturity is 9.4 months.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2010**

**I. COMPONENT UNIT – HOUSING AUTHORITY OF THE CITY OF EVANSVILLE**  
**(Continued)**

(c) Capital Assets

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

	<u>Balance</u> <u>1/1/2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2010</u>
Non-depreciable capital assets:				
Land	\$ 25,758	\$ -	\$ -	\$ 25,758
Other improvements	521,372	1,215	-	522,587
Depreciable capital assets	135,798	8,223	-	144,021
Less: accumulated depreciation	<u>(417,065)</u>	<u>(19,276)</u>	<u>-</u>	<u>(436,341)</u>
Net Book Value	<u>\$ 265,863</u>	<u>\$ (9,838)</u>	<u>\$ -</u>	<u>\$ 256,025</u>

**REQUIRED 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, 2010**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,138,250	\$ 1,138,250	\$ 1,138,250	\$ -
Other Taxes	18,300	18,300	21,718	3,418
Intergovernmental	850,721	850,721	853,743	3,022
License and Permits	71,350	71,350	80,165	8,815
Fines, Forfeits and Penalties	113,000	113,000	113,075	75
Public Charges for Services	339,563	349,187	347,923	(1,264)
Interest Income	22,638	22,638	13,499	(9,139)
Miscellaneous Income	42,310	42,310	49,095	6,785
Total Revenues	<u>2,596,132</u>	<u>2,605,756</u>	<u>2,617,468</u>	<u>11,712</u>
<b>EXPENDITURES</b>				
Current:				
General Government	502,589	513,498	496,165	17,333
Public Safety	1,306,730	1,306,730	1,310,631	(3,901)
Public Works	722,570	722,570	693,459	29,111
Health and Human Services	31,610	31,610	31,610	-
Culture, Recreation and Education	273,381	269,694	252,443	17,251
Conservation and Development	63,462	63,462	59,955	3,507
Total Expenditures	<u>2,900,342</u>	<u>2,907,564</u>	<u>2,844,263</u>	<u>63,301</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(304,210)</u>	<u>(301,808)</u>	<u>(226,795)</u>	<u>75,013</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (including tax equivalent)	298,524	298,524	390,605	92,081
Total Other Financing Sources and Uses	<u>298,524</u>	<u>298,524</u>	<u>389,405</u>	<u>90,881</u>
Net Change in Fund Balances	(5,686)	(3,284)	162,610	165,894
Fund Balances - Beginning	1,764,061	1,764,061	1,764,061	-
Fund Balances - Ending	<u>\$ 1,758,375</u>	<u>\$ 1,760,777</u>	<u>\$ 1,926,671</u>	<u>\$ 165,894</u>

See accompanying notes to the basic financial statements.

**OTHER SUPPLEMENTARY INFORMATION**

City of Evansville  
Evansville, WI

Non-Major Funds  
Combining Balance Sheet  
December 31, 2010

	Special Revenue Funds			Capital Projects Funds			Non-Major Funds
	EMS	Library	Cemetery	TIF 6	TIF 7	TIF 8	
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 97,191	\$ 95,964	\$ 75,823	\$ (12,261)	\$ 237,691	\$ 25,538	\$ 519,946
Receivables:							
Taxes	99,200	186,211	63,044	93,877	2,075	52,822	497,229
Special Assessments	-	-	-	-	36,684	-	36,684
Accounts	16,011	-	-	-	-	-	16,011
Prepaid Expenses	9,006	1,619	1,260	-	-	-	11,885
Advances Receivable	-	-	-	432,354	-	-	432,354
Total Assets	<u>\$ 221,408</u>	<u>\$ 283,794</u>	<u>\$ 140,127</u>	<u>\$ 513,970</u>	<u>\$ 276,450</u>	<u>\$ 78,360</u>	<u>\$ 1,514,109</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable	\$ 1,997	\$ 1,805	\$ 258	\$ -	\$ -	\$ -	\$ 4,060
Accrued Liabilities	5,751	5,824	3,085	-	-	-	14,660
Deferred Revenue	99,200	186,211	63,044	93,877	2,075	52,822	497,229
Advances Payable	-	-	-	110,250	-	-	110,250
Total Liabilities	<u>106,948</u>	<u>193,840</u>	<u>66,387</u>	<u>204,127</u>	<u>2,075</u>	<u>52,822</u>	<u>626,199</u>
Fund Balance:							
Reserved	-	89,954	73,740	-	-	-	163,694
Designated	114,460	-	-	-	-	-	114,460
Unreserved/Undesignated	-	-	-	309,843	274,375	25,538	609,756
Total Fund Balance	<u>114,460</u>	<u>89,954</u>	<u>73,740</u>	<u>309,843</u>	<u>274,375</u>	<u>25,538</u>	<u>887,910</u>
Total Liabilities and Fund Balances	<u>\$ 221,408</u>	<u>\$ 283,794</u>	<u>\$ 140,127</u>	<u>\$ 513,970</u>	<u>\$ 276,450</u>	<u>\$ 78,360</u>	<u>\$ 1,514,109</u>

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, 2010**

	Special Revenue Funds			Capital Projects Fund			Non-Major Funds
	EMS	Library	Cemetery	TIF 6	TIF 7	TIF 8	
<b>REVENUES</b>							
Property Taxes	\$ 99,200	\$ 186,506	\$ 63,238	\$ 103,547	\$ 5,721	\$ 62,567	\$ 520,779
Other Taxes	-	-	-	-	6,868	-	6,868
Special Assessment Revenue	-	-	-	-	26,203	-	26,203
Intergovernmental	69,280	62,831	-	368	-	925	133,404
Public Charges for Services	232,507	13,762	20,750	337	8,930	-	276,286
Interest Income	-	3,132	1,705	-	11,820	-	16,657
Miscellaneous Income	-	18,244	1,515	-	-	13,170	32,929
Total Revenues	<u>400,987</u>	<u>284,475</u>	<u>87,208</u>	<u>104,252</u>	<u>59,542</u>	<u>76,662</u>	<u>1,013,126</u>
<b>EXPENDITURES</b>							
Current:							
General Government	-	-	-	1,228	-	-	1,228
Public Safety	339,710	-	-	-	-	-	339,710
Health and Human Services	-	-	99,562	-	-	-	99,562
Culture, Recreation and Education	-	271,145	-	-	-	-	271,145
Conservation and Development	-	-	-	84	-	-	84
Capital Outlay	-	-	-	(110)	7,873	1,322	9,085
Interest Expense	-	-	-	5,250	-	-	5,250
Total Expenditures	<u>339,710</u>	<u>271,145</u>	<u>99,562</u>	<u>6,452</u>	<u>7,873</u>	<u>1,322</u>	<u>726,064</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>61,277</u>	<u>13,330</u>	<u>(12,354)</u>	<u>97,800</u>	<u>51,669</u>	<u>75,340</u>	<u>287,062</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers Out	(26,338)	-	-	(73,429)	(46,256)	(34,969)	(180,992)
Total Other Financing Sources and Uses	<u>(26,338)</u>	<u>-</u>	<u>-</u>	<u>(73,429)</u>	<u>(46,256)</u>	<u>(34,969)</u>	<u>(180,992)</u>
Net Change in Fund Balances	34,939	13,330	(12,354)	24,371	5,413	40,371	106,070
Fund Balances - Beginning	79,521	76,624	86,094	285,472	268,962	(14,833)	781,840
Fund Balances - Ending	<u>\$ 114,460</u>	<u>\$ 89,954</u>	<u>\$ 73,740</u>	<u>\$ 309,843</u>	<u>\$ 274,375</u>	<u>\$ 25,538</u>	<u>\$ 887,910</u>

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, 2010**

Federal Awarding Agency Pass-Through Agency Award Description	Federal CFDA Number/ Grant ID	Federal Expenditures
U.S. Department of Housing and Urban Development Passed through Wisconsin Department of Commerce Community Development Block Grant	14.228	\$ 279,714
U.S. Department of Energy Passed through Wisconsin Department of Commerce Energy Efficiency and Conservation Block Grant (ARRA)	81.128	97,777
Passed through Wisconsin Department of Administration EI Communities 25x25 Plan Grant	AD089198	16,316
U.S. Department of Transportation Passed through Wisconsin Department of Transportation Highway Safety	0960-30-78	4,000
Highway Safety	0950-80-32	1,000
U.S. Environmental Protection Agency Passed through Wisconsin Department of Natural Resources Clean Water Fund Program (ARRA)	66.458	<u>1,835,114</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 2,233,921</u></u>
State Awarding Agency Pass-through Agency Award Description	State ID Number	State Expenditures
Wisconsin Department of Justice Law Enforcement Training	unknown	<u>\$ 2,204</u>
<b>Total Expenditures of State Awards</b>		<u><u>\$ 2,204</u></u>

**CITY OF EVANSVILLE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended December 31, 2010**

---

**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*.

**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 13, 2011

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, 2010, and have issued our report thereon dated July 13, 2011. 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.

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 2010-1 to be a material weakness.



**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 13, 2011.

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH *OMB CIRCULAR A-133***

July 13, 2011

To the City Council  
City of Evansville  
Evansville, Wisconsin

Compliance

We have audited the City of Evansville's compliance of with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration that could have a direct and material effect on its major federal program for the year ended December 31, 2010. The City of Evansville's 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 \$382,310 in federal expenditures during the year ended December 31, 2010. 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 compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2010.



### 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 & Company, Inc.*

Johnson Block and Company, Inc.  
Madison, Wisconsin

**CITY OF EVANSVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2010**

---

**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:

<u>CFDA Number</u>	<u>Name of Program</u>
--------------------	------------------------

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

**CITY OF EVANSVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

---

**Section II – Financial Statement Finding**

**2010-1**

*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.

**CITY OF EVANSVILLE  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

---

**Financial Statement Finding**

**2009-1**

See current year finding 2010-1.