



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

CITY OF EVANSVILLE

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

For the Year Ended December 31, 2014

Quality service through our commitment to clients and staff.

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**City of Evansville
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December 31, 2014**

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

July 20, 2015

To the City Council
City of Evansville
Evansville, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evansville, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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, each major fund, and the aggregate remaining fund information of the City of Evansville, Wisconsin, as of December 31, 2014, 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.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through x and 45 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Evansville's financial statements as a whole. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Johnson Block & Company, Inc.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2014

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, 2014. 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 position. You can think of this relationship between revenues and expenses as the City's operating results. You can think of the City's net position, as measured in the Statement of Net Position, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position, 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, 2014, by \$26,461,684 (net position). Of this amount, \$3,622,819 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total general fund expenditures for operations were \$31,720 less than budgeted.
- General fund revenues were over budgeted amounts by \$21,510.
- As of December 31, 2014, the City of Evansville's governmental funds reported combined ending fund balances of \$1,256,685.
- As of December 31, 2014, the unassigned fund balance for the general fund was \$1,296,261, or approximately 49 percent of total general fund expenditures.
- The City of Evansville's governmental liability for long-term debt including compensated absences, accrued interest and long-term debt was \$6,142,540. The business-type debt totaled \$11,693,807.

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 Position* 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 position* presents information on all of the City of Evansville's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e. g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City of Evansville that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Evansville include general government, public safety, public works, health and human services, parks and recreation, and conservation and development. The business-type activities of the City of Evansville include the Water and Light Utility, and the Wastewater Treatment Plant or sanitary sewer utility. The Stormwater utility was reclassified as a governmental fund in 2014. Previously, it was reported as a business-type fund.

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.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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.

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 seven 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 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 44 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and other information related to the individual funds is presented immediately following the required supplementary information. Individual fund statements and schedules can be found on pages 46 and 47 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position 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 position for the year ended December 31, 2014.

TABLE 1
City of Evansville Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 5,013,783	\$4,531,693	\$ 6,496,382	\$ 5,198,895	\$11,510,165	\$ 9,730,588
Capital assets	8,048,562	7,883,714	29,470,748	30,062,051	37,519,310	37,945,765
Total Assets	<u>13,062,345</u>	<u>12,415,407</u>	<u>35,967,130</u>	<u>35,260,946</u>	<u>49,029,475</u>	<u>47,676,353</u>
Long-term liabilities outstanding	5,420,711	6,154,034	10,712,841	10,164,711	16,133,552	16,318,745
Other liabilities	981,203	906,552	1,805,785	1,383,464	2,786,988	2,290,016
Total Liabilities	<u>6,401,914</u>	<u>7,060,586</u>	<u>12,518,626</u>	<u>11,548,175</u>	<u>18,920,540</u>	<u>18,608,761</u>
Deferred Inflows of Resources	3,039,774	2,784,482	607,477	592,070	3,647,251	3,376,552
Net Position:						
Net investment in capital assets	2,992,400	2,677,588	18,882,058	19,943,918	21,874,458	22,621,506
Restricted	-	-	964,407	876,411	964,407	876,411
Unrestricted	628,257	(107,249)	2,994,562	2,300,372	3,622,819	2,193,123
Total Net Position	<u>\$ 3,620,657</u>	<u>\$2,570,339</u>	<u>\$22,841,027</u>	<u>\$23,120,701</u>	<u>\$26,461,684</u>	<u>\$25,691,040</u>

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*, \$3,102,703, 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 position for the year ended December 31, 2014. In 2014, the governmental activities relied primarily on property taxes (53%), program revenues (36%) and state aids (10%) to fund its operations. Combined, these account for 99% of all revenues or \$4.47 million. Business-type activities relied primarily on program revenues to fund its operations. Utility charges accounted for 98% of business-type revenues.

TABLE 2
City of Evansville's Change in Net Position
2014 and 2013

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,263,362	\$ 1,081,993	\$ 9,556,103	\$ 9,722,805	\$ 10,819,465	\$ 10,804,798
Operating Grants and Contributions	370,288	387,296	12,427	19,800	382,715	407,096
Capital Grants and Contributions	57,095	143,330	55,276	84,234	112,371	227,564
General Revenues:					-	-
Property Taxes	2,436,683	2,384,175	-	-	2,436,683	2,384,175
Grants and Contributions Not Restricted to Specific Programs	466,647	468,325	-	-	466,647	468,325
Unrestricted Interest/Investment Income	16,948	18,752	72,649	70,680	89,597	89,432
Other- Gain (Loss) on Capital Assets	(104,958)	(29,445)	-	-	(104,958)	(29,445)
Miscellaneous	49,607	19,739	17,969	30,144	67,576	49,883
Total Revenues	4,555,672	4,474,165	9,716,113	9,927,663	14,271,785	14,401,828
Expenses:						
General Government	513,903	521,782	-	-	513,903	521,782
Public Safety	1,921,347	1,947,641	-	-	1,921,347	1,947,641
Public Works	1,057,281	951,382	-	90,305	1,057,281	1,041,687
Health & Human Services	141,901	147,924	-	-	141,901	147,924
Culture and Recreation	659,906	647,557	-	-	659,906	647,557
Conservation and Development	91,976	77,948	-	-	91,976	77,948
Interest on Long-Term Debt	331,519	382,101	-	-	331,519	382,101
Electric and Water	-	-	8,351,966	7,924,948	8,351,966	7,924,948
Sewer	-	-	991,019	907,787	991,019	907,787
Total Expenses	4,717,833	4,676,335	9,342,985	8,923,040	14,060,818	13,599,375
Increase (Decrease) in Net Position						
Before Transfers	(162,161)	(202,170)	373,128	1,004,623	210,967	802,453
Transfers	439,023	448,197	(439,023)	(448,197)	-	-
Increase (Decrease) in Net Position	276,862	246,027	(65,895)	556,426	210,967	802,453
Net Position - January 1	3,343,795	2,570,341	22,906,922	23,120,701	26,250,717	25,691,042
Restatement of Net Position	-	527,427	-	(770,205)	-	(242,778)
Net Position - December 31	<u>\$ 3,620,657</u>	<u>\$ 3,343,795</u>	<u>\$ 22,841,027</u>	<u>\$ 22,906,922</u>	<u>\$ 26,461,684</u>	<u>\$ 26,250,717</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities: Governmental activities increased the City's net position by \$276,862.

Business-type activities: Business-type activities decreased City of Evansville's net position by \$65,895. Key elements of this increase are as follows:

- The City's electric and water utility had a change in net position of \$238,178.
- The City's sewer had a decrease in net position of \$304,073. This was a result of increased maintenance and professional services and a slight decrease in operating revenues.

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, *unassigned 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, 2014, the City's governmental funds reported combined ending fund balances of \$1,256,685. Of the combined ending fund balance, \$826,500 is nonspendable, \$426,838 is restricted, \$654,762 is committed, and \$337,401 is assigned. The net deficit of \$(990,816) in unassigned fund balance is due mainly to the TIF 5 deficit of \$(2,123,291). 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, unassigned fund balance of the general fund was \$1,296,261, while total fund balance reached \$2,209,807. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 43% of total general fund expenditures, while total fund balance represents 73% of that same amount.

During the current year, the City's general fund balance increased by \$79,253. Key factors in this increase are as follows:

- The total revenues were \$21,510 over budgeted amounts and expenditures were \$31,720 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.

The Electric and Water Utility had an increase in net position of \$238,178 in 2014 after deducting a transfer of \$439,023 to the City's General Fund. Net position was \$13,247,055 as of December 31, 2014.

The Wastewater Treatment Plant Utility (Sewer Fund) had a decrease in net position of \$304,073 in 2014. Net position was \$9,593,972 as of December 31, 2014.

The storm-water utility was reported as a business-type fund in 2013 but reclassified as a governmental fund in 2014.

The Electric and Water Utility's outstanding debt at December 31, 2014 was \$7,770,000, an increase of \$650,000 over the balance at December 31, 2013. Fixed assets, net of accumulated depreciation, of \$16,984,570 decreased \$16,244 from 2013.

The Wastewater Treatment Plant Utility's outstanding debt at December 31, 2014 was \$3,756,762, a decrease of \$237,574 from the balance at December 31, 2013. Fixed assets, net of accumulated depreciation, of \$12,486,178 decreased \$303,111 from 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Evansville's general fund expenditures had an original budget of \$3,039,618 and final amended budget of \$3,061,833. Actual expenditures totaled \$3,030,113. Budgeted differences can be briefly summarized as follows:

- Actual expenditures were less than budgeted expenditures by \$31,720.
- The general fund had revenues and other financing sources that were greater than expenditures and financing uses by \$79,253.

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, 2014, amounts to \$37,519,310 (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	
	2014	2013	2014	2013	2014	2013
	2014	2013	2014	2013	2014	2013
Land	\$ 598,843	\$ 521,756	\$ 171,362	\$ 171,362	\$ 770,205	\$ 693,118
Infrastructure Work in Process	12,898	12,898	453,819	291,381	466,717	304,279
Depreciable Capital Assets	13,197,723	12,980,526	42,090,635	41,158,854	55,288,358	54,139,380
Accumulated depreciation	(5,760,902)	(5,232,763)	(13,245,068)	(12,074,272)	(19,005,970)	(17,307,035)
Total	\$8,048,562	\$ 8,282,417	\$29,470,748	\$29,547,325	\$37,519,310	\$37,829,742

Additional information on the City of Evansville’s capital assets can be found in Note IV-B on pages 28-31 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 \$17,998,237. Of this amount, \$7,778,323 was backed by the full faith of the City.

	City of Evansville Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
2007 GO Comm. Dev. Bonds	\$ 855,000	\$ 895,000	\$ -	\$ -	\$ 855,000	\$ 895,000
2007 GO Comm. Dev. Bonds	2,515,000	2,585,000	-	-	2,515,000	2,585,000
2009 GO Refunding Notes	945,000	1,000,000	-	-	945,000	1,000,000
2011 STFL	75,081	98,323	-	-	75,081	98,323
2005 CWFL	-	-	973,094	1,049,771	973,094	1,049,771
2009 CWFL	-	-	2,697,481	2,842,218	2,697,481	2,842,218
2005 Mortgage Revenue Bonds	-	-	355,000	2,600,000	355,000	2,600,000
2007 Mortgage Revenue Bonds	-	-	2,150,000	2,260,000	2,150,000	2,260,000
2009 Water Revenue Bonds	-	-	835,000	870,000	835,000	870,000
2014 Revenue Bonds	-	-	3,165,000	-	3,165,000	-
2010 WPPI Loan	-	-	86,187	102,347	86,187	102,347
2011 WPPI Loan	22,947	26,346	-	-	22,947	26,346
2012 GO Bond	405,000	435,000	-	-	405,000	435,000
2013 GO Notes	965,000	1,115,000	1,235,000	1,650,000	2,200,000	2,765,000
Compensated absences	303,672	329,024	128,034	140,208	431,706	469,232
Total	\$ 6,086,700	\$ 6,483,693	\$ 11,624,796	\$ 11,514,544	\$ 17,711,496	\$ 17,998,237

Additional information on the City's long-term debt can be found in Note III-D on pages 33-38 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- 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 2014 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, Wisconsin

**Statement of Net Position
December 31, 2014**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 2,843,072	\$ 1,154,069	\$ 3,997,141
Restricted Cash	-	2,127,812	2,127,812
Receivables	3,470,506	1,484,499	4,955,005
Internal Balances	(1,343,612)	1,343,612	-
Inventories	-	199,291	199,291
Other assets	43,817	187,099	230,916
Capital Assets			
Land, improvements, and construction in progress	611,741	625,181	1,236,922
Other Capital Assets, net of depreciation	7,436,821	28,845,567	36,282,388
Net Capital Assets	<u>8,048,562</u>	<u>29,470,748</u>	<u>37,519,310</u>
Total Assets	<u>\$ 13,062,345</u>	<u>\$ 35,967,130</u>	<u>\$ 49,029,475</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 259,374	\$ 824,819	\$ 1,084,193
Long-term liabilities			
Due within one year			
Bonds, notes and capital leases	602,512	898,250	1,500,762
Accrued interest	55,840	69,011	124,851
Compensated Absences	63,477	13,705	77,182
Due in more than one year			
Bonds, notes and capital leases	5,180,516	10,598,512	15,779,028
Compensated absences	240,195	114,329	354,524
Total liabilities	<u>6,401,914</u>	<u>12,518,626</u>	<u>18,920,540</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,039,774</u>	<u>607,477</u>	<u>3,647,251</u>
NET POSITION			
Net Investment in Capital Assets	2,992,400	18,882,058	21,874,458
Restricted for:			
Other Purposes	-	964,407	964,407
Unrestricted	628,257	2,994,562	3,622,819
Total net position	<u>3,620,657</u>	<u>22,841,027</u>	<u>26,461,684</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 13,062,345</u>	<u>\$ 35,967,130</u>	<u>\$ 49,029,475</u>

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

Statement of Activities
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 513,903	\$ 123,561	\$ -	\$ -	\$ (390,342)		\$ (390,342)
Public Safety	1,921,347	515,834	19,443	-	(1,386,070)		(1,386,070)
Public Works	1,057,281	471,815	294,854	37,645	(252,967)		(252,967)
Health, Welfare and Sanitation	141,901	28,165	-	-	(113,736)		(113,736)
Culture and Recreation	659,906	100,784	55,991	19,450	(483,681)		(483,681)
Conservation and Development	91,976	23,203	-	-	(68,773)		(68,773)
Interest on Long-term debt	331,519	-	-	-	(331,519)		(331,519)
Total governmental activities	<u>4,717,833</u>	<u>1,263,362</u>	<u>370,288</u>	<u>57,095</u>	<u>(3,027,088)</u>		<u>(3,027,088)</u>
Business-type activities:							
Electric and Water	8,351,966	8,927,288	-	26,461	-	\$ 601,783	601,783
Sewer	991,019	628,815	12,427	28,815	-	(320,962)	(320,962)
Total business-type activities	<u>9,342,985</u>	<u>9,556,103</u>	<u>12,427</u>	<u>55,276</u>	<u>-</u>	<u>280,821</u>	<u>280,821</u>
Total primary government	<u>\$ 14,060,818</u>	<u>\$ 10,819,465</u>	<u>\$ 382,715</u>	<u>\$ 112,371</u>	<u>(3,027,088)</u>	<u>280,821</u>	<u>(2,746,267)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					2,103,100	-	2,103,100
Property taxes, levied for debt service					315,223	-	315,223
Other taxes					18,360	-	18,360
Special assessments					-	-	-
Grants and contributions not restricted to specific programs					466,647	-	466,647
Unrestricted investment earnings					16,948	72,649	89,597
Miscellaneous					49,607	17,969	67,576
Special item - gain (loss) on disposal of asset					(104,958)	1,689	(103,269)
Transfers					439,023	(439,023)	-
Total general revenues and transfers					<u>3,303,950</u>	<u>(346,716)</u>	<u>2,957,234</u>
Change in Net position					<u>276,862</u>	<u>(65,895)</u>	<u>210,967</u>
Net position - beginning (restated)					3,343,795	22,906,922	26,250,717
Net position - ending					<u>\$ 3,620,657</u>	<u>\$ 22,841,027</u>	<u>\$ 26,461,684</u>

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

**Balance Sheet
Governmental Funds
December 31, 2014**

	<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>
ASSETS						
Cash and Cash Equivalents	\$ 1,430,154	\$ 80,939	\$ 244,212	\$ -	\$ 1,087,767	\$ 2,843,072
Receivables:						
Taxes	1,254,270	256,134	179,400	257,952	569,330	2,517,086
Special Assessments	292,383	119,123	-	-	110,051	521,557
Accounts	-	-	-	-	71,463	71,463
Loans	246,400	-	-	-	-	246,400
Other	112,394	-	1,607	-	-	114,001
Due from Other Funds	64,555	-	-	-	-	64,555
Prepaid Expenses	32,987	-	-	-	10,829	43,816
Advances Receivable	992,496	-	-	-	-	992,496
Total Assets	<u>\$ 4,425,639</u>	<u>\$ 456,196</u>	<u>\$ 425,219</u>	<u>\$ 257,952</u>	<u>\$ 1,849,440</u>	<u>\$ 7,414,446</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 125,611	\$ -	\$ 9,133	\$ -	\$ 45,428	\$ 180,172
Accrued Liabilities	71,636	-	-	-	7,563	79,199
Due to Other Funds	24,969	-	-	64,269	-	89,238
Advances Payable	-	-	-	1,995,683	315,743	2,311,426
Total Liabilities	<u>222,216</u>	<u>-</u>	<u>9,133</u>	<u>2,059,952</u>	<u>368,734</u>	<u>2,660,035</u>
Deferred Inflows of Resources	<u>1,993,616</u>	<u>355,478</u>	<u>179,403</u>	<u>321,291</u>	<u>647,938</u>	<u>3,497,726</u>
Fund Balances (Deficit)						
Nonspendable	826,500	-	-	-	-	826,500
Restricted	87,046	-	-	-	341,792	428,838
Committed	-	-	-	-	654,762	654,762
Assigned	-	100,718	236,683	-	-	337,401
Unassigned	1,296,261	-	-	(2,123,291)	(163,786)	(990,816)
Total Fund Balances (Deficit)	<u>2,209,807</u>	<u>100,718</u>	<u>236,683</u>	<u>(2,123,291)</u>	<u>832,768</u>	<u>1,256,685</u>
Total Liabilities, Deferred Inflows and Fund Balances (Deficit)	<u>\$ 4,425,639</u>	<u>\$ 456,196</u>	<u>\$ 425,219</u>	<u>\$ 257,952</u>	<u>\$ 1,849,440</u>	<u>\$ 7,414,446</u>

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2014**

Total fund balance, governmental funds \$ 1,256,685

Amounts reported for governmental activities in the
Statement of Net Position 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 Position. 8,048,562

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
Position. They are reported as deferred inflows in the fund
financial statements to the extent they are not available. 457,952

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 Position.

Bonds and notes - due within one year	602,512	
Bonds and notes - due in more than one year	5,180,516	
Compensated absences - current	63,477	
Compensated absences - non-current	240,195	
Accrued interest	55,840	
Rounding	2	
		(6,142,542)

Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 3,620,657</u></u>
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See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	<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>
REVENUES						
Property Taxes	\$ 1,030,723	\$ 315,223	\$ 367,761	\$ 203,208	\$ 500,320	\$ 2,417,235
Other Taxes	21,363	-	-	-	-	21,363
Special Assessment Revenue	-	10,008	-	-	26,203	36,211
Intergovernmental	772,015	-	-	1,470	126,270	899,755
License and Permits	106,941	-	-	-	-	106,941
Fines, Forfeits and Penalties	113,094	-	-	-	-	113,094
Public Charges for Services	390,662	-	68	-	514,773	905,503
Interest Income	14,438	1,698	85	-	6,803	23,024
Miscellaneous Income	47,019	18,600	29,410	-	22,142	117,171
Total Revenues	<u>2,496,255</u>	<u>345,529</u>	<u>397,324</u>	<u>204,678</u>	<u>1,196,511</u>	<u>4,640,297</u>
EXPENDITURES						
Current:						
General Government	476,086	-	-	943	900	477,929
Public Safety	1,427,564	-	-	-	404,823	1,832,387
Public Works	752,418	-	-	-	182,046	934,464
Health and Human Services	35,610	-	25,719	-	106,832	168,161
Culture, Recreation and Education	248,259	-	-	-	275,889	524,148
Conservation and Development	90,176	-	-	-	-	90,176
Capital Outlay	-	-	250,920	-	14,610	265,530
Principal Repayment	-	631,641	-	-	-	631,641
Interest Expense	-	229,010	-	95,032	10,297	334,339
Total Expenditures	<u>3,030,113</u>	<u>860,651</u>	<u>276,639</u>	<u>95,975</u>	<u>995,397</u>	<u>5,258,775</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(533,858)</u>	<u>(515,122)</u>	<u>120,685</u>	<u>108,703</u>	<u>201,114</u>	<u>(618,478)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	439,023	515,723	14,385	-	29,224	998,355
Transfers Out	-	-	-	(291,184)	(238,924)	(530,108)
Total Other Financing Sources and Uses	<u>439,023</u>	<u>515,723</u>	<u>14,385</u>	<u>(291,184)</u>	<u>(209,700)</u>	<u>468,247</u>
Net Change in Fund Balances	(94,835)	601	135,070	(182,481)	(8,586)	(150,231)
Fund Balances (Deficits) - Beginning (restated)	2,304,642	100,117	101,613	(1,940,810)	841,354	1,406,916
Fund Balances (Deficits) - Ending	<u>\$ 2,209,807</u>	<u>\$ 100,718</u>	<u>\$ 236,683</u>	<u>\$ (2,123,291)</u>	<u>\$ 832,768</u>	<u>\$ 1,256,685</u>

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

**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, 2014**

Net change in fund balances - total governmental funds: \$ (150,231)

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

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

Capital outlay reported in governmental fund statements	457,191
Loss on disposal	(114,986)
Depreciation expenses reported in the statement of activities	<u>(576,060)</u>

Amount by which capital outlays are greater (less) than depreciation in the current period. (233,855)

Compensated absences are reported in the governmental funds as an expenditure when paid, but are reported as a liability in long-term debt in the statement of Net Position when incurred.

Amount by which the compensated absences liability decreased 25,352

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

Debt proceeds for the year	-
The amount of long-term debt principal payments in the current year is:	631,641

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

Interest accrual change 2,820

In governmental funds, revenues are reported when measurable and available. In the statements of activities, revenue is reported when earned.

Special assessments revenue accrued in excess of received 1,135

Change in Net Position of governmental activities \$ 276,862

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

Statement of Net Position
Proprietary Funds
December 31, 2014

	<u>Enterprise Funds</u>		
	<u>Electric and Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 1,154,069	\$ -	\$ 1,154,069
Receivables			
Special Assessments	1,788	-	1,788
Accounts	1,482,711	-	1,482,711
Due from Other Funds	87,051	-	87,051
Inventories	199,291	-	199,291
Prepaid Expenses	20,834	16,346	37,180
Total Current Assets	<u>2,945,744</u>	<u>16,346</u>	<u>2,962,090</u>
Restricted:			
Restricted Cash and Cash Equivalents	1,299,616	828,196	2,127,812
Total Restricted Assets	<u>1,299,616</u>	<u>828,196</u>	<u>2,127,812</u>
Capital Assets:			
Land and Improvements	76,448	94,914	171,362
Construction Work in Progress	453,819	-	453,819
Other Capital Assets	25,902,594	16,188,041	42,090,635
Less Accumulated Depreciation	<u>(9,448,291)</u>	<u>(3,796,777)</u>	<u>(13,245,068)</u>
Net Capital Assets	<u>16,984,570</u>	<u>12,486,178</u>	<u>29,470,748</u>
Noncurrent Assets			
Advances Receivable	983,048	335,881	1,318,929
Other Deferred Debits	149,919	-	149,919
Total Noncurrent Assets	<u>1,132,967</u>	<u>335,881</u>	<u>1,468,848</u>
TOTAL ASSETS	<u>\$ 22,362,897</u>	<u>\$ 13,666,601</u>	<u>\$ 36,029,498</u>

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

Statement of Net Position
 Proprietary Funds
 December 31, 2014

	Enterprise Funds		
	Electric and Water	Sewer	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 761,446	\$ 24,559	\$ 786,005
Accrued Liabilities	89,159	18,666	107,825
Due to Other Funds	-	62,368	62,368
Compensated Absences	6,935	6,770	13,705
Current Portion of Long-Term Debt:			
Bonds and Notes Payable	655,000	243,250	898,250
Total Current Liabilities	<u>1,512,540</u>	<u>355,613</u>	<u>1,868,153</u>
Non-Current Liabilities:			
Long-Term Debt			
Bonds and Notes Payable	7,085,000	3,513,512	10,598,512
Total Long-Term Debt	<u>7,085,000</u>	<u>3,513,512</u>	<u>10,598,512</u>
Other Liabilities			
Compensated Absences	79,125	35,204	114,329
Total Other Liabilities	<u>79,125</u>	<u>35,204</u>	<u>114,329</u>
Total Non-Current Liabilities	<u>7,164,125</u>	<u>3,548,716</u>	<u>10,712,841</u>
Total Liabilities	<u>8,676,665</u>	<u>3,904,329</u>	<u>12,580,994</u>
DEFERRED INFLOWS OF RESOURCES	<u>439,177</u>	<u>168,300</u>	<u>607,477</u>
NET POSITION			
Net Investment in Capital Assets	10,152,642	8,729,416	18,882,058
Restricted Assets	136,211	828,196	964,407
Unrestricted	2,958,202	36,360	2,994,562
Total Net Position	<u>13,247,055</u>	<u>9,593,972</u>	<u>22,841,027</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & NET POSITION	<u>\$ 22,362,897</u>	<u>\$ 13,666,601</u>	<u>\$ 36,029,498</u>

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2014**

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Electric and Water</u>	<u>Sewer</u>	
OPERATING REVENUES			
Charges for Services	\$ 8,874,245	\$ 653,815	\$ 9,528,060
Other Operating Revenues	12,984	16,242	29,226
Total Operating Revenues	<u>8,887,229</u>	<u>670,057</u>	<u>9,557,286</u>
OPERATING EXPENSES			
Operation and Maintenance	7,291,565	466,692	7,758,257
Depreciation	747,120	427,452	1,174,572
Total Operating Expenses	<u>8,038,685</u>	<u>894,144</u>	<u>8,932,829</u>
Operating Income (Loss)	<u>848,544</u>	<u>(224,087)</u>	<u>624,457</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and Investment Revenue	55,760	16,889	72,649
Miscellaneous Non-Operating Revenue	41,748	-	41,748
Interest Expense	(313,281)	(96,875)	(410,156)
Amortization Revenue (Expense)	17,969	-	17,969
Total Non-Operating Revenue (Expenses)	<u>(197,804)</u>	<u>(79,986)</u>	<u>(277,790)</u>
Income (Loss) Before Contributions and Transfers	650,740	(304,073)	346,667
Capital Contributions	26,461	-	26,461
Transfers Out	(439,023)	-	(439,023)
Change in Net Position	<u>238,178</u>	<u>(304,073)</u>	<u>(65,895)</u>
Total Net Position - Beginning (Restated)	13,008,877	9,898,045	22,906,922
Total Net Position - Ending	<u>\$ 13,247,055</u>	<u>\$ 9,593,972</u>	<u>\$ 22,841,027</u>

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014**

	Enterprise Funds		
	Electric & Water	Sewer	Total
<u>Cash Flows From Operating Activities:</u>			
Receipts from customers	\$ 8,855,626	\$ 670,057	\$ 9,525,683
Payments to suppliers	(6,982,495)	(373,381)	(7,355,876)
Payments to employees	(580,458)	(116,064)	(696,522)
Taxes paid	(439,023)	-	(439,023)
Net cash provided (used) by operating activities	853,650	180,612	1,034,262
<u>Cash Flows From Capital and Related Financing Activities:</u>			
Acquisition and construction of plant assets	(980,419)	(117,576)	(1,097,995)
Proceeds from long-term debt	1,390,000	-	1,390,000
Principal payments on long-term debt	(781,200)	(237,574)	(1,018,774)
Deferred charges	(107,988)	-	(107,988)
Interest and fiscal charges	(313,281)	(96,875)	(410,156)
Contributions for plant	26,461	-	26,461
Net cash provided (used) for capital and related financing activities	(766,427)	(452,025)	(1,218,452)
<u>Cash Flows From Investing Activities:</u>			
Interest on investments	55,760	16,889	72,649
Net cash provided (used) for investing activities	55,760	16,889	72,649
Net increase (decrease) in cash and equivalents	142,983	(254,524)	(111,541)
Cash and equivalents - beginning of year	2,310,702	1,082,720	3,393,422
Cash and equivalents - end of year	\$ 2,453,685	\$ 828,196	\$ 3,281,881

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Enterprise Funds		
	Electric & Water	Sewer	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 848,544	\$ (224,087)	\$ 624,457
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Other Revenues	41,748	-	41,748
Tax equivalent	(439,023)	-	(439,023)
Depreciation	747,120	427,452	1,174,572
Joint meter allocation	6,765	(6,765)	-
Changes in Assets and Liabilities:			
Receivables	(31,603)	-	(31,603)
Advances receivable	(46,812)	(15,994)	(62,806)
Due to/from other funds	(428,596)	11,527	(417,069)
Inventories	(38,358)	-	(38,358)
Prepays	2,158	(3,196)	(1,038)
Accounts payable	211,629	13,599	225,228
Other Accrued liabilities	(22,422)	(21,924)	(44,346)
Net cash provided (used) by operating activities	\$ 853,650	\$ 180,612	\$ 1,031,762
Reconciliation of cash and cash equivalents to balance sheet accounts			
Cash and investments	\$ 1,154,069	\$ -	\$ 1,154,069
Restricted assets	1,299,616	828,196	2,127,812
Total Cash and Investments	2,453,685	828,196	3,281,881
Cash and cash equivalents- End of year	\$ 2,453,685	\$ 828,196	\$ 3,281,881

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2014**

	<u>Tax Agency</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,931,713
Receivables:	
Taxes Receivable	<u>3,736,528</u>
Total Assets	<u><u>\$ 6,668,241</u></u>
LIABILITIES	
Due to Other Governments	<u>\$ 6,668,241</u>
Total Liabilities	<u><u>\$ 6,668,241</u></u>

See accompanying notes to the basic financial statements.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

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

Effective in 2014, management of the City has determined that the Housing Authority of the City of Evansville is excluded as a component unit. The Housing Authority is a legally separate organization and appointments to the board of the Housing Authority are approved by the City Council; however, since the City cannot impose its will on the Housing Authority and there is no material financial benefit or burden on the City, the Housing Authority does not meet the criteria for inclusion in the reporting entity. The Authority issues separate financial statements. Financial statements of the Authority 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 position 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, 2014

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 position 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 and deferred outflows of resources, liabilities and deferred inflows of resources, net position/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 and deferred outflows of resources, liabilities and deferred inflows and outflows, 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 and deferred outflows of resources, liabilities and deferred inflows and outflows, 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, 2014

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)

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

Stormwater

The Stormwater fund was reclassified as a special revenue fund in 2014. Previously, it was an enterprise 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, 2014

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 position 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 deferred outflows of resources, and liabilities and deferred inflows of resources 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 inflows of resources. 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 inflows of resources. 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, 2014

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 inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

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 inflows of resources. 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 inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources 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 deferred inflow of resources 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 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, 2014

**D. ASSETS AND DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS,
AND NET POSITION 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, 2014, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

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.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

**D. ASSETS AND DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS,
AND NET POSITION OR EQUITY (Continued)**

2. Receivables (Continued)

Property tax calendar – 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015

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 position. 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 inflow is recorded to offset the receivable in the general fund. The inflow 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.

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.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

D. ASSETS AND DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS, AND NET POSITION OR EQUITY (Continued)

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 position. The City had the following restricted cash accounts:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>	
Electric and water	\$ 639,290	Bond reserve on revenue bonds	
Electric and water	255,665	Special redemption fund	
Electric and water	136,211	Water impact fees	
Electric and water	268,450	Unspent bond proceeds	
Sewer	235,471	Hook-up fee	
Sewer	592,725	Replacement fee	
	<u>\$ 2,127,812</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 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.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

D. ASSETS AND DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS, AND NET POSITION OR EQUITY (Continued)

5. Capital Assets (Continued)

Government-Wide Statements (Continued)

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 position. 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. 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.

The balance in compensated absences is as follows:

	<u>Governmental</u>	<u>Business-type</u>
Compensated time-off liability	\$ 41,465	\$ 11,200
Accumulated sick leave	233,425	114,329
Vacation and holiday liability	22,012	2,505
	<u>\$ 296,902</u>	<u>\$ 128,034</u>

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

**D. ASSETS AND DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS,
AND NET POSITION OR EQUITY (Continued)**

6. Compensated Absences (Continued)

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.

7. 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.

8. 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.

9. Deferred Outflows and Inflows of Resources

Deferred outflow of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

**D. ASSETS AND DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS,
AND NET POSITION OR EQUITY (Continued)**

10. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

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 Financial Statements

Governmental fund equity is classified as fund balance. In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or a body or official to which the City Council has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

**D. ASSETS AND DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS,
AND NET POSITION OR EQUITY (Continued)**

10. Equity Classifications (Continued)

Fund Financial Statements (Continued)

When restricted and other fund balance resources are available for use, it is the city's policy to use restricted sources first, followed by committed, assigned and unassigned amounts respectively.

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, 2014

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. 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 percentage change in the city's equalized value due to new construction. 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, public safety and public works expenditures exceeded the budget by \$19,235 and \$2,888, respectively.

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.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

NOTE III- DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents/Investments

As previously discussed, cash for City funds is pooled for investment purposes. At December 31, 2014, the cash and investments consist of the following:

Petty cash/cash on hand	\$ 1,639
Deposits with financial institutions	8,792,722
Wisconsin Local Government Investment Pool	160,694
RESCO stock certificates	54,104
Library investments	47,507
	<u>\$ 9,056,666</u>

Cash and investments as of December 31, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 3,997,141
Restricted cash	2,127,812
Fiduciary Funds:	
Cash and investments	2,931,713
	<u>\$ 9,056,666</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.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

A. CASH AND CASH EQUIVALENTS/INVESTMENTS (continued)

- (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 has \$160,694 invested in the Local Government Investment Pool (LGIP) which has an average maturity of 117 days.

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, 2014, 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 deposit accounts and \$250,000 for time and savings deposit accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. The city also has deposits at one of the financial institutions that are secured by collateral of \$10,040,802 held in the name of a third party agent.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

A. CASH AND CASH EQUIVALENTS/INVESTMENTS (Continued)

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, 2014, 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, 2014, 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 in agents name	<u>\$ 7,558,326</u>
Total	<u>\$ 7,558,326</u>

B. CAPITAL ASSETS

Capital asset activity in the governmental activities for the year ended December 31, 2014 was as follows:

	Balance 01/01/14	Additions	Retirements	Balance 12/31/14
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	\$ 521,756	\$ 77,087	\$ -	\$ 598,843
Infrastructure CWIP	12,898	-	-	12,898
Total Non-Depreciable Capital Assets	<u>534,654</u>	<u>77,087</u>	<u>-</u>	<u>611,741</u>
Capital Assets being Depreciated				
Land Improvements	2,352,723	70,807	(29,223)	2,394,307
Buildings and Structures	2,736,530	-	-	2,736,530
Equipment	2,879,193	113,769	(79,677)	2,913,285
Infrastructure	5,012,080	195,528	(54,007)	5,153,601
Total Capital Assets being Depreciated	<u>12,980,526</u>	<u>380,104</u>	<u>(162,907)</u>	<u>13,197,723</u>
Total Capital Assets	13,515,180	457,191	(162,907)	13,809,464
Less Accumulated Depreciation	<u>(5,232,763)</u>	<u>(576,060)</u>	<u>47,921</u>	<u>(5,760,902)</u>
Capital Assets Net of Depreciation	<u>\$8,282,417</u>	<u>\$ (118,869)</u>	<u>\$ (114,986)</u>	<u>\$8,048,562</u>

The beginning balance of capital assets was adjusted to include stormwater fixed assets. As of January 1, 2014, beginning capital assets and accumulated depreciation were restated by \$538,446 and \$58,819, respectively.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

B. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 39,198
Public Safety	72,025
Public Works	299,946
Health and Human Services	5,333
Stormwater	30,528
Culture, Recreation and Education	<u>129,030</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 576,060</u></u>

Capital asset activity in the business-type activities for the year ended December 31, 2014 was as follows:

	Balance 01/01/14	Additions	Retirements	Balance 12/31/14
Electric and Water				
Non-Depreciable Capital Assets:				
Land	\$ 76,448	\$ -	\$ -	\$ 76,448
Construction in progress	291,381	869,206	(706,768)	453,819
Total Non-Depreciable Capital Assets	<u>367,829</u>	<u>869,206</u>	<u>(706,768)</u>	<u>530,267</u>
Capital Assets being Depreciated				
Buildings and structures	685,091	735	-	685,826
Equipment	1,682,654	25,207	-	1,707,861
Infrastructure	22,716,844	795,863	(3,800)	23,508,907
Total Capital Assets being Depreciated	<u>25,084,589</u>	<u>821,805</u>	<u>(3,800)</u>	<u>25,902,594</u>
Total Capital Assets	25,452,418	1,691,011	(710,568)	26,432,861
Less Accumulated Depreciation	<u>(8,694,382)</u>	<u>(757,709)</u>	<u>3,800</u>	<u>(9,448,291)</u>
Capital Assets Net of Depreciation	<u><u>\$ 16,758,036</u></u>	<u><u>\$ 933,302</u></u>	<u><u>\$ (706,768)</u></u>	<u><u>\$ 16,984,570</u></u>

The beginning balance of accumulated depreciation was restated by \$242,778 to include previous years' depreciation on the substation.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

B. CAPITAL ASSETS (Continued)

	Balance 01/01/14	Additions	Retirements	Balance 12/31/14
Wastewater Treatment:				
Non-Depreciable Capital Assets:				
Land	\$ 94,914	\$ -	\$ -	\$ 94,914
Total Non-Depreciable Capital Assets	94,914	-	-	94,914
Capital Assets being Depreciated				
Buildings and structures	4,837,057	-	-	4,837,057
Equipment	5,234,789	-	-	5,234,789
Infrastructure	6,002,419	113,776	-	6,116,195
Total Capital Assets being Depreciated	16,074,265	113,776	-	16,188,041
Total Capital Assets	16,169,179	113,776	-	16,282,955
Less Accumulated Depreciation	(3,379,890)	(416,887)	-	(3,796,777)
Capital Assets Net of Depreciation	<u>\$ 12,789,289</u>	<u>\$ (303,111)</u>	<u>\$ -</u>	<u>\$ 12,486,178</u>

	Balance 01/01/14	Additions	Retirements	Balance 12/31/14
Business-Type Activities				
Non-Depreciable Capital Assets:				
Land	\$ 171,362	\$ -	\$ -	\$ 171,362
Construction in progress	291,381	869,206	(706,768)	453,819
Total Non-Depreciable Capital Assets	462,743	869,206	(706,768)	625,181
Capital Assets being Depreciated				
Buildings and structures	5,522,148	735	-	5,522,883
Equipment	6,917,443	25,207	-	6,942,650
Infrastructure	28,719,263	909,639	(3,800)	29,625,102
Total Capital Assets being Depreciated	41,158,854	935,581	(3,800)	42,090,635
Total Capital Assets	41,621,597	1,804,787	(710,568)	42,715,816
Less Accumulated Depreciation	(12,074,272)	(1,174,596)	3,800	(13,245,068)
Capital Assets Net of Depreciation	<u>\$ 29,547,325</u>	<u>\$ 630,191</u>	<u>\$ (706,768)</u>	<u>\$ 29,470,748</u>

The beginning balances of the business-type capital assets were adjusted to exclude stormwater capital assets, which are now reported as governmental activities.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

B. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Business-Type Activities		
Water		\$ 170,563
Electric		587,146
Sewer		416,887
Total Business-Type Activities Depreciation Expense		\$ 1,174,596

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>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	TIF 5	\$ 64,269	Cash shortfall
General	Sewer	286	Cash shortfall
Electric and water	General	24,969	Operations
Electric and water	Sewer	62,082	Operations
Subtotal fund financial statements		\$ 151,606	

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.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

C. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (Continued)

The City has the following interfund advances outstanding:

Receivable Fund	Payable Fund	Amount	Purpose
General	EMS	\$ 85,145	Operations
General	TIF 5	676,754	Capital
General	TIF 6	162,486	Capital
General	Stormwater	68,112	Capital
Subtotal general fund		992,497	
Electric and water	TIF 5	983,048	Capital
Sewer	TIF 5	335,881	Capital
Subtotal fund financial statements		<u>\$ 2,311,426</u>	
Total interfund receivables		\$ 151,606	
Total inter-fund advances		2,311,426	
less inter-fund eliminations		<u>(1,119,420)</u>	
Internal balances		<u>\$ 1,343,612</u>	

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 position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

Transferred to	Transferred from	Amount	Purpose
General	Electric and Water	\$ 439,023	Tax equivalent
Capital	EMS	14,385	Fund allocation
Debt service	TIF 5	291,184	Debt payments
Debt service	TIF 6	88,726	Debt payments
Debt service	TIF 7	47,541	Debt payments
Debt service	TIF 8	58,044	Debt payments
Debt service	Stormwater	30,228	Debt payments
Subtotal fund statements		969,131	
less inter-fund eliminations		<u>(530,108)</u>	
Total per government-wide statements		<u>\$ 439,023</u>	

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

C. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (Continued)

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, 2014 was as follows:

	Balance 01/01/14	Issued	Retired	Adjustment	Balance 12/31/14
Governmental Activities					
General obligation notes	\$ 1,115,000	\$ -	\$ 385,000	\$ 235,000	\$ 965,000
General obligation bonds	4,915,000	-	195,000	-	4,720,000
State trust fund loans	98,323	-	23,242	-	75,081
Total Governmental General Obligation Debt	<u>6,128,323</u>	<u>-</u>	<u>603,242</u>	<u>235,000</u>	<u>5,760,081</u>
WPPI loan	26,346	-	3,399	-	22,947
Compensated absences	329,024	-	25,352	-	303,672
Total Governmental Long-Term Debt	<u>\$ 6,483,693</u>	<u>\$ -</u>	<u>\$ 631,993</u>	<u>\$ 235,000</u>	<u>\$ 6,086,700</u>
	Balance 01/01/14	Issued	Retired	Adjustment	Balance 12/31/14
Business-Type Activities					
General obligation notes	\$ 1,650,000	\$ -	\$ 180,000	\$(235,000)	\$ 1,235,000
WPPI loan	102,347	-	16,160	-	86,187
Mortgage revenue bonds	9,621,989	3,165,000	2,611,414	-	10,175,575
Total bonds and notes	<u>11,374,336</u>	<u>3,165,000</u>	<u>2,807,574</u>	<u>(235,000)</u>	<u>11,496,762</u>
Compensated absences	140,208	-	12,174	-	128,034
Total Business-Type Activities	<u>\$11,514,544</u>	<u>\$3,165,000</u>	<u>\$ 2,819,748</u>	<u>\$ (235,000)</u>	<u>\$11,624,796</u>

Long-term obligations of the governmental activities and business-type activities were adjusted in order to reflect the reclassification of the Stormwater fund.

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, 2014 was \$15,936,275. Total general obligation debt outstanding at year-end was \$7,018,028.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

D. LONG-TERM OBLIGATIONS (Continued)

The following is a list of long-term obligations at December 31, 2014:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/14	Amounts Due within One Year
Governmental Activities						
General Obligation Debt						
2007 G.O. Community Development Bonds	10/25/2007	4/1/2027	5.6%-6.3%	930,000	\$ 855,000	\$ 45,000
2007 G.O. Community Development Bonds	5/30/2007	4/1/2027	3.7%-4.25%	2,860,000	2,515,000	75,000
2009 G.O. (2008B NAN refunded)	4/30/2009	4/1/2027	2.30-5.10%	1,205,000	945,000	55,000
2011 STFL Loan	7/12/2011	3/15/2017	3.75%	144,000	75,081	24,113
2012 Taxable General Obligation Bond	5/24/2012	10/1/2027	1.25%-3.90%	460,000	405,000	25,000
2013 General Obligation Notes	1/24/2013	4/1/2022	0.4%-1.6%	260,000	235,000	25,000
2013 G.O. Notes	1/24/2013	4/1/2022	0.4-1.6%	1,115,000	730,000	375,000
					5,760,081	624,113
Other Long-Term Debt						
WPPI Note	10/1/2011	10/1/2021	0.00%	33,994	22,947	3,399
Total Governmental Long-Term Bonds and Notes					\$ 5,783,028	\$ 627,512

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
2015	\$ 627,512	\$ 214,908	\$ 842,420
2016	393,411	203,576	596,988
2017	389,356	190,947	580,304
2018	398,399	177,131	575,531
2019	423,399	162,762	586,161
2020-2024	2,170,949	559,160	2,730,109
2025-2027	1,380,000	100,289	1,480,289
	\$ 5,783,028	\$ 1,608,772	\$ 7,391,800

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

D. LONG-TERM OBLIGATIONS (Continued)

Proprietary Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/14	Amounts Due within One Year
Business-Type Activities						
Electric and Water						
General Obligation Debt						
2013 General Obligation Notes	1/24/2013	4/1/2022	0.4%-1.6%	\$ 1,390,000	\$ 1,235,000	\$ 155,000
Subtotal electric and water general obligation debt					1,235,000	155,000
Mortgage Revenue Bonds						
2005 Mortgage Revenue Bonds	8/30/2005	5/1/2025	3.2-4.75%	\$ 3,250,000	355,000	175,000
2007 Mortgage Revenue Bonds	5/30/2007	5/1/2027	4.0-4.125%	\$ 2,615,000	2,150,000	110,000
2009 Revenue Bonds	9/24/2009	5/1/2022	2.40-4.70%	\$ 935,000	835,000	40,000
2014 Revenue Bonds	7/2/2014	5/1/2025	.70-3.1%	\$ 3,165,000	3,165,000	110,000
Total Electric and Water long-term notes and bonds					7,740,000	590,000
Sewer Utility						
Other Long-Term Debt						
WPPI Loan	3/25/2010	3/25/2020	0%	\$ 161,600	86,187	16,160
Mortgage Revenue Bonds						
2005 Clean Water Fund Debt	7/27/2005	5/1/2025	2.37%	\$ 1,602,737	973,094	78,491
2009 Clean Water Fund Debt	11/25/2009	5/1/2029	2.67%	\$ 3,248,127	2,697,481	148,599
Total Sewer long-term notes and bonds					3,756,762	243,250
Total Business-Type Activities long-term notes and bonds					\$ 11,496,762	\$ 833,250

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

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
2015	\$ 833,250	\$ 302,874	\$ 1,136,124
2016	864,070	281,838	1,145,908
2017	880,041	262,421	1,142,462
2018	891,165	244,485	1,135,650
2019	907,447	224,974	1,132,421
2020-2024	4,476,847	772,586	5,249,433
2025-2029	2,643,942	162,630	2,806,572
	\$ 11,496,762	\$ 2,251,809	\$13,748,571

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.

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, 2015.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

D. LONG-TERM OBLIGATIONS (Continued)

Insurance (Continued)

The utilities are covered under the following insurance policies at December 31, 2014:

Type	Coverage
Valuation Policy	
Buildings, Personal Property, Inland Marine Floater & Property in the Open	\$ 29,512,682
Contractors Equipment	1,338,599
Monies and Securities	5,000
Accounts Receivable	20,000
Business Income	18,600
Motor Vehicle Comprehensive and Collision Group 1	454,927
Motor Vehicle Comprehensive and Collision Group 2	1,761,645

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 for electric and water and short for sewer as follows:

	Electric and	
	Water	Sewer
Annual debt service 2005 CWFL	\$ -	\$ 100,597
Annual debt service 2009 CWFL	-	218,637
Annual debt service 2005 bonds	278,430	-
Annual debt service 2007 bonds	200,606	-
Annual debt service 2009 bonds	71,113	-
Total debt service	<u>550,149</u>	<u>319,234</u>
Ratio	125%	110%
Net Revenues required	<u>\$ 687,686</u>	<u>\$ 351,157</u>
REVENUES		
Charges for Services	\$ 8,874,245	\$ 653,815
Other Operating Revenues	12,984	16,242
Total Operating Revenues	<u>8,887,229</u>	<u>670,057</u>
OPERATING EXPENSES		
Operation and Maintenance	7,291,565	466,692
Total expenses for coverage ratio calculation	<u>7,291,565</u>	<u>466,692</u>
Net from operations for coverage ratio calculation	1,595,664	203,365
NON-OPERATING REVENUES (EXPENSES)		
Interest and Investment Revenue	55,760	16,889
Miscellaneous Non-Operating Revenue	40,059	-
Capital Contributions and impact fees received	26,461	-
Net Revenues per bond ordinance	<u>\$ 1,717,944</u>	<u>\$ 220,254</u>
Net Revenues Above Required Amount	<u>\$ 1,030,258</u>	<u>\$ (130,903)</u>

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

D. LONG-TERM OBLIGATIONS (Continued)

Number of Customers – Water

The utility has the following number of customers and billed volumes for 2014:

	Customers	Sales (000 gals)
Residential	1,955	86,973
Commercial	238	16,091
Industrial	13	4,338
Public Authority	22	4,524
	2,228	111,926

E. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

At the end of the 2014, the various components of deferred inflows of resources reported in the governmental and proprietary funds were as follows:

	Unavailable	Unearned	Total
Governmental Funds			
Property taxes receivable	\$ -	\$ 2,781,221	\$ 2,781,221
Special assessments not yet due	177,952	-	177,952
Loan receivable	246,400	-	246,400
TIF advance interest	223,053	-	223,053
Crime prevention fund	3,258	-	3,258
Other deferred inflows	65,842	-	65,842
Total Deferred Inflows of Resources			
For Governmental Funds	\$ 716,505	\$ 2,781,221	\$ 3,497,726
less special assessments and loan accrued for government-wide statements			(424,352)
less delinquent receivables accrued for government-wide statements			(33,600)
Deferred Inflows-government wide statements			\$ 3,039,774
 Proprietary Funds			
Wind turbine power	\$ 168,300	\$ -	\$ 168,300
Construction advances	50,045	-	50,045
Regulatory credit	255,333	-	255,333
ATC advance	26,942	-	26,942
Water impact fees	72,000	-	72,000
Other deferred inflows	34,857	-	34,857
Total Deferred Inflows of Resources			
for Proprietary Funds	\$ 607,477	\$ -	\$ 607,477

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

F. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Net position reported on the government-wide statement of net position at December 31, 2014 includes the following:

	Governmental	Water and Light	Sewer	Stormwater	Total Business-type
Capital assets	\$ 8,048,562	\$ 16,984,570	\$ 12,486,178	\$ -	\$ 29,470,748
less current portion LT debt	(602,512)	(655,000)	(243,250)	-	(898,250)
less LT debt	(5,180,516)	(7,085,000)	(3,513,512)	-	(10,598,512)
less deferred regulatory credit	-	(255,333)	-	-	(255,333)
plus bond reserve	-	894,955	-	-	894,955
plus debt for non-capital items	726,866	268,450	-	-	268,450
Net investment in capital assets	<u>\$ 2,992,400</u>	<u>\$ 10,152,642</u>	<u>\$ 8,729,416</u>	<u>\$ -</u>	<u>\$ 18,882,058</u>

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

F. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (Continued)

The following is a detail schedule of ending fund balances as reported in the fund financial statements:

	<u>Non- spendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
General Fund:					
Advances (net of deferred interest)	\$ 769,443	\$ -	\$ -	\$ -	\$ -
Revolving loan	-	76,346	-	-	-
Building improvement grant	-	10,700	-	-	-
Prepaid expenses	32,987	-	-	-	-
Delinquent personal property taxes	24,070	-	-	-	-
Unassigned	-	-	-	-	1,296,261
Total General Fund	<u>826,500</u>	<u>87,046</u>	<u>-</u>	<u>-</u>	<u>1,296,261</u>
Debt Service Fund:					
Debt service	-	-	-	100,718	-
Total Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,718</u>	<u>-</u>
Capital Projects Fund:					
Capital outlay	-	-	-	236,683	-
Total Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,683</u>	<u>-</u>
TIF 5:					
Unassigned (Deficit)	-	-	-	-	(2,123,291)
Non-Major Governmental Funds:					
EMS	-	-	165,632	-	-
Library	-	-	116,574	-	-
Cemetery	-	-	70,733	-	-
Stormwater	-	-	301,823	-	-
TIF 6	-	-	-	-	(163,786)
TIF 7	-	252,680	-	-	-
TIF 8	-	89,112	-	-	-
Total Non-Major Governmental Funds	<u>-</u>	<u>341,792</u>	<u>654,762</u>	<u>-</u>	<u>(163,786)</u>
Grand Total	<u>\$ 826,500</u>	<u>\$ 428,838</u>	<u>\$ 654,762</u>	<u>\$ 337,401</u>	<u>\$ (990,816)</u>

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

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

G. PRIOR PERIOD ADJUSTMENTS

The beginning net position/fund as of January 1, 2014 was restated as follows:

	Governmental Activities	Business-Type Activities	Stormwater Fund	Electric and Water Utility
Total net position/fund balance as previously reported	\$ 2,816,368	\$ 23,677,127	\$ 527,427	\$ 13,251,655
Reclassification of Stormwater fund	527,427	(527,427)	(219,628)	-
Prior years' depreciation on substation	-	(242,778)	-	(242,778)
Total net position, restated	<u>\$ 3,343,795</u>	<u>\$ 22,906,922</u>	<u>\$ 307,799</u>	<u>\$ 13,008,877</u>

The City reclassified the Stormwater fund as a governmental fund in 2014. Previously, it was reported as an enterprise fund. As a governmental fund, the net investment in capital assets of \$219,628 is not included on the fund statements.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

NOTE IV – OTHER INFORMATION

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

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year (440 hours for teachers and school district educational support employees) are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the WRS.

Covered employees are required by statute to contribute one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2014 are:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%

The payroll for the City of Evansville employees covered by the WRS the year ended December 31, 2014 was \$2,109,101; the employer's total payroll was approximately \$2,417,236. The total employer required contribution for the year ended December 31, 2014 was \$167,258, 7.9% of covered payroll. The total employee required contribution for the year ended December 31, 2014 was \$147,712, 7.0% of covered payroll. The employees’ actual contribution for 2014 was \$128,111, 6.1% of covered payroll. The employer contributed the remainder on behalf of the employees. Total contributions for the years ending December 31, 2013 and 2012 were \$284,660 and \$238,894 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. Final average earnings is the average of the employee’s three highest year’s earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. Participants employed prior to 1990 are immediately vested. Employees beginning participation on or after January 1, 1990 and who are no longer actively employed on or after April 24, 1998, creditable service in each of the five years is required for eligibility for a retirement annuity. Participants employed on or after April 24, 1998 are immediately vested. Participants hired after June 30, 2011 are fully vested after five years.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

A. EMPLOYEE'S RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN
(Continued)

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

B. RISK MANAGEMENT

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

C. 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 position as a liability. The credit is being amortized to non-operating income over a period of 20 years. As of December 31, 2014, the balance was \$255,333.

D. SUBSEQUENT EVENT

Borrowing

Subsequent to year end, the City approved a borrowing for \$970,000 in General Obligation Notes.

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 \$5,821,113.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2014

F. EVANSVILLE FIRE DISTRICT

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

For 2014, the City contributed \$212,851 to the District for dues. The City’s portion of the District’s 2015 budget is \$217,247. The District issues separate financial statements.

The City has a residual non-equity interest of approximately 56% 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 2014, the City received payments from the Townships in the amount of \$62,820.

H. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT YEAR FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. Application of these standards may require restatement of portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Evansville, Wisconsin

**Schedules of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,030,723	\$ 1,030,723	\$ 1,030,723	\$ -
Other Taxes	13,300	13,300	21,363	8,063
Intergovernmental	768,311	768,311	772,015	3,704
License and Permits	73,135	86,880	106,941	20,061
Fines, Forfeits and Penalties	115,000	115,000	113,094	(1,906)
Public Charges for Services	392,227	398,628	390,662	(7,966)
Interest Income	14,822	14,822	14,438	(384)
Miscellaneous Income	44,100	47,081	47,019	(62)
Total Revenues	<u>2,451,618</u>	<u>2,474,745</u>	<u>2,496,255</u>	<u>21,510</u>
EXPENDITURES				
Current:				
General Government	485,437	492,908	476,086	16,822
Public Safety	1,408,329	1,408,329	1,427,564	(19,235)
Public Works	738,330	749,530	752,418	(2,888)
Health and Human Services	35,610	35,610	35,610	-
Culture, Recreation and Education	263,527	267,071	248,259	18,812
Conservation and Development	108,385	108,385	90,176	18,209
Total Expenditures	<u>3,039,618</u>	<u>3,061,833</u>	<u>3,030,113</u>	<u>31,720</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(588,000)</u>	<u>(587,088)</u>	<u>(533,858)</u>	<u>53,230</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (including tax equivalent)	413,000	413,000	439,023	26,023
Total Other Financing Sources and Uses	<u>413,000</u>	<u>413,000</u>	<u>439,023</u>	<u>26,023</u>
Net Change in Fund Balances	(175,000)	(174,088)	(94,835)	79,253
Fund Balances - Beginning	2,304,642	2,304,642	2,304,642	-
Fund Balances - Ending	<u>\$ 2,129,642</u>	<u>\$ 2,130,554</u>	<u>\$ 2,209,807</u>	<u>\$ 79,253</u>

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

**Non-Major Funds
Combining Balance Sheet
December 31, 2014**

	Special Revenue Funds				Capital Projects Funds			Non-Major Funds
	EMS	Library	Cemetery	Stormwater	TIF 6	TIF 7	TIF 8	
ASSETS								
Cash and Cash Equivalents	\$ 213,885	\$ 120,076	\$ 71,418	\$ 372,039	\$ -	\$ 221,237	\$ 89,112	\$ 1,087,767
Receivables:								
Taxes	97,356	213,858	73,802	-	79,741	16,714	87,859	569,330
Special Assessments	-	-	-	-	-	110,051	-	110,051
Accounts	71,463	-	-	-	-	-	-	71,463
Prepaid Expenses	7,189	1,828	1,355	457	-	-	-	10,829
Total Assets	<u>\$ 389,893</u>	<u>\$ 335,762</u>	<u>\$ 146,575</u>	<u>\$ 372,496</u>	<u>\$ 79,741</u>	<u>\$ 348,002</u>	<u>\$ 176,971</u>	<u>\$ 1,849,440</u>
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 38,972	\$ 2,636	\$ 374	\$ 2,146	\$ 1,300	\$ -	\$ -	\$ 45,428
Accrued Liabilities	2,788	2,694	1,666	415	-	-	-	7,563
Advances Payable	85,145	-	-	68,112	162,486	-	-	315,743
Total Liabilities	<u>126,905</u>	<u>5,330</u>	<u>2,040</u>	<u>70,673</u>	<u>163,786</u>	<u>-</u>	<u>-</u>	<u>368,734</u>
Deferred Inflows of Resources	<u>97,356</u>	<u>213,858</u>	<u>73,802</u>	<u>-</u>	<u>79,741</u>	<u>95,322</u>	<u>87,859</u>	<u>647,938</u>
Fund Balance:								
Restricted	-	-	-	-	-	252,680	89,112	341,792
Committed	165,632	116,574	70,733	301,823	-	-	-	654,762
Unassigned	-	-	-	-	(163,786)	-	-	(163,786)
Total Fund Balance	<u>165,632</u>	<u>116,574</u>	<u>70,733</u>	<u>301,823</u>	<u>(163,786)</u>	<u>252,680</u>	<u>89,112</u>	<u>832,768</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 389,893</u>	<u>\$ 335,762</u>	<u>\$ 146,575</u>	<u>\$ 372,496</u>	<u>\$ 79,741</u>	<u>\$ 348,002</u>	<u>\$ 176,971</u>	<u>\$ 1,849,440</u>

City of Evansville, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Funds
For the Year Ended December 31, 2014

	Special Revenue Funds				Capital Projects Fund			Non-Major Funds
	EMS	Library	Cemetery	Stormwater	TIF 6	TIF 7	TIF 8	
REVENUES								
Property Taxes	\$ 101,400	\$ 186,395	\$ 73,392	\$ -	\$ 82,874	\$ -	\$ 56,259	\$ 500,320
Special Assessment Revenue	-	-	-	-	-	26,203	-	26,203
Intergovernmental	67,382	55,991	-	-	1,625	-	1,272	126,270
Public Charges for Services	292,454	20,292	26,650	175,377	-	-	-	514,773
Interest Income	-	1,229	334	-	-	5,240	-	6,803
Miscellaneous Income	48	-	1,515	1,697	6,603	-	12,279	22,142
Total Revenues	<u>461,284</u>	<u>263,907</u>	<u>101,891</u>	<u>177,074</u>	<u>91,102</u>	<u>31,443</u>	<u>69,810</u>	<u>1,196,511</u>
EXPENDITURES								
Current:								
General Government	-	-	-	-	900	-	-	900
Public Safety	404,823	-	-	-	-	-	-	404,823
Public Works	-	-	-	182,046	-	-	-	182,046
Health and Human Services	-	-	106,832	-	-	-	-	106,832
Culture, Recreation and Education	-	275,889	-	-	-	-	-	275,889
Capital Outlay	-	-	-	-	12,810	900	900	14,610
Interest Expense	3,916	-	-	-	6,381	-	-	10,297
Total Expenditures	<u>408,739</u>	<u>275,889</u>	<u>106,832</u>	<u>182,046</u>	<u>20,091</u>	<u>900</u>	<u>900</u>	<u>995,397</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>52,545</u>	<u>(11,982)</u>	<u>(4,941)</u>	<u>(4,972)</u>	<u>71,011</u>	<u>30,543</u>	<u>68,910</u>	<u>201,114</u>
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	29,224	-	-	-	29,224
Transfers Out	(14,385)	-	-	(30,228)	(88,726)	(47,541)	(58,044)	(238,924)
Total Other Financing Sources and Uses	<u>(14,385)</u>	<u>-</u>	<u>-</u>	<u>(1,004)</u>	<u>(88,726)</u>	<u>(47,541)</u>	<u>(58,044)</u>	<u>(209,700)</u>
Net Change in Fund Balances	38,160	(11,982)	(4,941)	(5,976)	(17,715)	(16,998)	10,866	(8,586)
Fund Balances (Deficit)- Beginning (restated)	127,472	128,556	75,674	307,799	(146,071)	269,678	78,246	841,354
Fund Balances (Deficit) - Ending	<u>\$ 165,632</u>	<u>\$ 116,574</u>	<u>\$ 70,733</u>	<u>\$ 301,823</u>	<u>\$ (163,786)</u>	<u>\$ 252,680</u>	<u>\$ 89,112</u>	<u>\$ 832,768</u>

OTHER SUPPLEMENTARY INFORMATION