



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

---

Certified Public Accountants

**CITY OF EVANSVILLE**

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

**For the Year Ended December 31, 2016**

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

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

**City of Evansville  
Table of Contents  
December 31, 2016**

---

	Page
INDEPENDENT AUDITOR’S REPORT	
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	i - x
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Position.....	1
Statement of Activities.....	2
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	6
Statement of Net Position – Proprietary Funds.....	7-8
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	9
Statement of Cash Flows – Proprietary Funds.....	10-11
Statement of Fiduciary Net Position – Fiduciary Funds .....	12
Notes to the Financial Statements.....	13-47
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Major Funds	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual General Fund.....	48
Wisconsin Retirement System Schedules .....	49
Notes to Required Supplementary Information .....	50
<b>OTHER SUPPLEMENTARY INFORMATION:</b>	
Non-Major Funds	
Combining Statements	
Balance Sheet – Non-Major Governmental Funds.....	51
Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds.....	52



Certified Public Accountants

406 Science Drive, Suite 100 • Madison, Wisconsin 53711-1097 • TEL 608-274-2002 • FAX 608-274-4320

## **INDEPENDENT AUDITOR'S REPORT**

July 27, 2017

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, 2016, 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, 2016, 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.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through x, the budgetary comparison information on page 48, and the Wisconsin Retirement System schedules on page 49 be presented to the 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.

#### *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, 2016

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, 2016. 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, 2016, by \$28,155,458 (net position). Of this amount, \$4,958,531 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total general fund expenditures for operations were \$45,157 less than budgeted.
- General fund revenues were less than budgeted amounts by \$401.
- As of December 31, 2016, the City of Evansville's governmental funds reported combined ending fund balances of \$959,209.
- As of December 31, 2016, the unassigned fund balance for the general fund was \$1,311,543, or approximately 42 percent of total general fund expenditures.
- The City of Evansville's governmental liability for long-term debt including compensated absences and long-term debt was \$5,280,353. The business-type debt totaled \$12,331,916.

## 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 47 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 51 and 52 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, 2016.

**TABLE 1**  
**City of Evansville Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 4,934,103	\$5,271,841	\$ 7,418,125	\$ 6,419,097	\$12,352,228	\$11,690,938
Capital assets	7,910,301	7,957,241	29,549,237	29,552,130	37,459,538	37,509,371
Total Assets	<u>12,844,404</u>	<u>13,229,082</u>	<u>36,967,362</u>	<u>35,971,227</u>	<u>49,811,766</u>	<u>49,200,309</u>
Deferred Outflows of Resources	1,029,100	301,008	483,824	130,911	1,512,924	431,919
Long-term liabilities outstanding	4,773,889	5,207,335	11,287,298	10,713,764	16,061,187	15,921,099
Other liabilities	970,204	885,049	1,809,197	1,792,257	2,779,401	2,677,306
Total Liabilities	<u>5,744,093</u>	<u>6,092,384</u>	<u>13,096,495</u>	<u>12,506,021</u>	<u>18,840,588</u>	<u>18,598,405</u>
Deferred Inflows of Resources	3,665,350	3,127,465	663,294	485,586	4,328,644	3,613,051
Net Position:						
Net investment in capital assets	3,586,544	3,104,660	18,426,363	18,674,200	22,012,907	21,778,860
Restricted	365,309	586,751	818,711	1,127,694	1,184,020	1,714,445
Unrestricted	512,208	618,830	4,446,323	3,308,637	4,958,531	3,927,467
Total Net Position	<u>\$ 4,464,061</u>	<u>\$4,310,241</u>	<u>\$23,691,397</u>	<u>\$23,110,531</u>	<u>\$28,155,458</u>	<u>\$27,420,772</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*, \$4,958,531, 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, 2016. In 2016, the governmental activities relied primarily on property taxes (51%), program revenues (38%) and state aids (9%) to fund its operations. Combined, these account for 98% of all revenues or \$5.0 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**  
**2016 and 2015**

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,372,798	\$ 1,261,215	\$ 9,607,942	\$ 9,437,744	\$ 10,980,740	\$ 10,698,959
Operating Grants and Contributions	353,514	349,782	14,335	17,355	367,849	367,137
Capital Grants and Contributions	150,472	47,046	70,498	212,310	220,970	259,356
General Revenues:					-	-
Property Taxes	2,566,588	2,505,451	-	-	2,566,588	2,505,451
Grants and Contributions Not Restricted to Specific Programs	471,553	466,731	-	-	471,553	466,731
Unrestricted Interest/Investment Income	35,805	17,425	83,906	74,076	119,711	91,501
Other- Gain (Loss) on Capital Assets	8,051	(9,284)	-	-	8,051	(9,284)
Miscellaneous	43,802	43,351	31,530	19,603	75,332	62,954
Total Revenues	5,002,583	4,681,717	9,808,211	9,761,088	14,810,794	14,442,805
Expenses:						
General Government	513,443	527,651	-	-	513,443	527,651
Public Safety	2,097,398	1,968,519	-	-	2,097,398	1,968,519
Public Works	1,296,703	1,151,166	-	-	1,296,703	1,151,166
Health & Human Services	145,860	147,596	-	-	145,860	147,596
Culture and Recreation	801,640	788,532	-	-	801,640	788,532
Conservation and Development	144,419	109,625	-	-	144,419	109,625
Interest on Long-Term Debt	268,684	329,582	-	-	268,684	329,582
Electric and Water	-	-	7,909,405	8,325,574	7,909,405	8,325,574
Sewer	-	-	898,556	982,302	898,556	982,302
Total Expenses	5,268,147	5,022,671	8,807,961	9,307,876	14,076,108	14,330,547
Increase (Decrease) in Net Position						
Before Transfers	(265,564)	(340,954)	1,000,250	453,212	734,686	112,258
Transfers	419,384	440,375	(419,384)	(440,375)	-	-
Increase (Decrease) in Net Position	153,820	99,421	580,866	12,837	734,686	112,258
Net Position - January 1	4,310,241	4,210,820	23,110,531	23,097,694	27,420,772	27,308,514
Net Position - December 31	<u>\$ 4,464,061</u>	<u>\$ 4,310,241</u>	<u>\$ 23,691,397</u>	<u>\$ 23,110,531</u>	<u>\$ 28,155,458</u>	<u>\$ 27,420,772</u>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

**Governmental Activities:** Governmental activities increased the City's net position by \$153,820.

**Business-type activities:** Business-type activities increased City of Evansville's net position by \$580,866. Key elements of this increase are as follows:

- The City's electric and water utility had a change in net position of \$606,207. This was a result of decreased maintenance and professional services and purchased power costs, along with a slight increase in operating revenues.
- The City's sewer had a decrease in net position of \$25,342.

### 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, 2016, the City's governmental funds reported combined ending fund balances of \$959,209. Of the combined ending fund balance, \$720,010 is nonspendable, \$365,309 is restricted, \$764,792 is committed, and \$123,166 is assigned. The net deficit of \$(1,014,068) in unassigned fund balance is due mainly to the TIF 5 deficit of \$(2,325,611). 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 \$1,311,543, while total fund balance reached \$2,106,092. 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 42% of total general fund expenditures, while total fund balance represents 68% of that same amount.

During the current year, the City's general fund balance decreased by \$126,698. Key factors in this decrease are as follows:

- The total revenues were \$401 less than budgeted amounts and expenditures were \$45,157 under budget.
- Total transfers in amounted to \$419,384, which was \$35,616 less than budgeted, while total transfers out totaled \$116,082.

## 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 \$606,207 in 2016 after deducting a transfer of \$419,384 to the City's General Fund. Net position was \$14,274,027 as of December 31, 2016.

The Wastewater Treatment Plant Utility (Sewer Fund) had a decrease in net position of \$25,342 in 2016. Net position was \$9,417,370 as of December 31, 2016.

The Electric and Water Utility's outstanding debt at December 31, 2016 was \$8,543,965, an increase of \$759,559 over the balance at December 31, 2015. Fixed assets, net of accumulated depreciation, of \$17,374,207 increased \$66,504 from 2015.

The Wastewater Treatment Plant Utility's outstanding debt at December 31, 2016 was \$3,684,441, a decrease of \$69,071 from the balance at December 31, 2015. Fixed assets, net of accumulated depreciation, of \$12,175,030 decreased \$69,397 from 2015.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Evansville's general fund expenditures had an original budget of \$3,146,217 and a final budget of \$3,152,365. Actual expenditures totaled \$3,107,208. Budgeted differences can be briefly summarized as follows:

- Actual expenditures were less than budgeted expenditures by \$45,157.
- The general fund had revenues and other financing sources that were less than expenditures and financing uses by \$126,698.

## 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, 2016, amounts to \$37,459,538 (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	
	2016	2015	2016	2015	2016	2015
	Land	\$ 602,043	\$ 602,043	\$ 171,362	\$ 171,362	\$ 773,405
Infrastructure Work in Process	82,539	239,170	369,139	459,129	451,678	698,299
Depreciable Capital Assets	13,861,875	13,315,429	44,417,081	43,247,468	58,278,956	56,562,897
Accumulated depreciation	(6,636,156)	(6,199,401)	(15,408,345)	(14,325,829)	(22,044,501)	(20,525,230)
Total	\$ 7,910,301	\$ 7,957,241	\$ 29,549,237	\$ 29,552,130	\$ 37,459,538	\$ 37,509,371

Additional information on the City of Evansville’s capital assets can be found in Note IV-B on pages 28-30 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 \$17,612,269. Of this amount, \$6,415,956 was backed by the full faith of the City.

	City of Evansville Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
2007 GO Comm. Dev. Bonds	\$ 765,000	\$ 810,000	\$ -	\$ -	\$ 765,000	\$ 810,000
2007 GO Comm. Dev. Bonds	2,290,000	2,440,000	-	-	2,290,000	2,440,000
2009 GO Refunding Notes	830,000	890,000	-	-	830,000	890,000
2011 STFL	25,956	50,969	-	-	25,956	50,969
2005 CWFL	-	-	814,256	894,603	814,256	894,603
2009 CWFL	-	-	2,396,320	2,548,883	2,396,320	2,548,883
2005 Mortgage Revenue Bonds	-	-	-	180,000	-	180,000
2007 Mortgage Revenue Bonds	-	-	120,000	2,040,000	120,000	2,040,000
2009 Water Revenue Bonds	-	-	750,000	795,000	750,000	795,000
2014 Revenue Bonds	-	-	2,940,000	3,055,000	2,940,000	3,055,000
2016 Revenue Bonds	-	-	3,425,000	-	3,425,000	-
2010 WPPI Loan	-	-	53,865	70,026	53,865	70,026
2011 WPPI Loan	16,149	19,546	-	-	16,149	19,546
2015 WPPI Loan	-	-	273,965	304,406	273,965	304,406
2012 GO Bond	350,000	380,000	-	-	350,000	380,000
2013 GO Notes	485,000	565,000	1,155,000	1,080,000	1,640,000	1,645,000
2015 GO Notes	215,000	390,000	300,000	570,000	515,000	960,000
Compensated absences	303,248	280,217	103,510	122,507	406,758	402,724
<b>Total</b>	<b>\$ 5,280,353</b>	<b>\$ 5,825,732</b>	<b>\$ 12,331,916</b>	<b>\$ 11,660,425</b>	<b>\$ 17,612,269</b>	<b>\$ 17,486,157</b>

Additional information on the City's long-term debt can be found in Note III-D on pages 32-38 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 2017 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, 2016**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Investments	\$ 2,773,386	\$ 2,069,134	\$ 4,842,520
Receivables	3,576,960	1,419,350	4,996,310
Internal Balances	(1,454,119)	1,454,119	-
Inventories	-	145,069	145,069
Other assets	37,876	207,617	245,493
Restricted Assets			
Cash and Investments	-	2,122,836	2,122,836
Capital Assets			
Land, improvements, and construction in progress	684,582	540,501	1,225,083
Other Capital Assets, net of depreciation	7,225,719	29,008,736	36,234,455
Net Capital Assets	7,910,301	29,549,237	37,459,538
Total Assets	12,844,404	36,967,362	49,811,766
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	1,029,100	483,824	1,512,924
Total Deferred Outflows of Resources	1,029,100	483,824	1,512,924
Total Assets and Deferred Outflows of Resources	\$ 13,873,504	\$ 37,451,186	\$ 51,324,690
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 228,110	\$ 618,000	\$ 846,110
Net Pension Liability	185,329	87,131	272,460
Long-Term Liabilities			
Due Within One Year			
Bonds and Notes	444,355	1,028,982	1,473,337
Accrued Interest	50,301	59,448	109,749
Compensated Absences	62,109	15,636	77,745
Due in More Than One Year			
Bonds and Notes	4,532,750	11,199,424	15,732,174
Compensated Absences	241,139	87,874	329,013
Total liabilities	5,744,093	13,096,495	18,840,588
<b>DEFERRED INFLOWS OF RESOURCES</b>	3,665,350	663,294	4,328,644
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,586,544	18,426,363	22,012,907
Restricted for:			
Other Purposes	365,309	818,711	1,184,020
Unrestricted	512,208	4,446,323	4,958,531
Total Net Position	4,464,061	23,691,397	28,155,458
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 13,873,504	\$ 37,451,186	\$ 51,324,690

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

Statement of Activities  
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental Activities							
General Government	\$ 513,443	\$ 131,517	\$ -	\$ -	\$ (381,926)		\$ (381,926)
Public Safety	2,097,398	467,294	49,301	-	(1,580,803)		(1,580,803)
Public Works	1,296,703	499,587	247,717	147,058	(402,341)		(402,341)
Health, Welfare and Sanitation	145,860	42,115	-	-	(103,745)		(103,745)
Culture and Recreation	801,640	206,957	56,496	3,414	(534,773)		(534,773)
Conservation and Development	144,419	25,328	-	-	(119,091)		(119,091)
Interest on Long-term debt	268,684	-	-	-	(268,684)		(268,684)
Total governmental activities	<u>5,268,147</u>	<u>1,372,798</u>	<u>353,514</u>	<u>150,472</u>	<u>(3,391,363)</u>		<u>(3,391,363)</u>
Business-type activities:							
Electric and Water	7,909,405	8,795,462	-	39,796	-	\$ 925,853	925,853
Sewer	898,556	812,480	14,335	30,702	-	(41,039)	(41,039)
Total business-type activities	<u>8,807,961</u>	<u>9,607,942</u>	<u>14,335</u>	<u>70,498</u>	<u>-</u>	<u>884,814</u>	<u>884,814</u>
Total primary government	<u>\$ 14,076,108</u>	<u>\$ 10,980,740</u>	<u>\$ 367,849</u>	<u>\$ 220,970</u>	<u>(3,391,363)</u>	<u>884,814</u>	<u>(2,506,549)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes					2,236,597	-	2,236,597
Property taxes, levied for debt service					306,104	-	306,104
Other taxes					23,887	-	23,887
Grants and contributions not restricted to specific programs					471,553	-	471,553
Unrestricted investment earnings					35,805	83,906	119,711
Miscellaneous					43,802	31,530	75,332
Special item - gain (loss) on disposal of asset					8,051	-	8,051
Transfers					419,384	(419,384)	-
Total general revenues and transfers					<u>3,545,183</u>	<u>(303,948)</u>	<u>3,241,235</u>
Change in Net position					153,820	580,866	734,686
Net position - beginning					4,310,241	23,110,531	27,420,772
Net position - ending					<u>\$ 4,464,061</u>	<u>\$ 23,691,397</u>	<u>\$ 28,155,458</u>

See accompanying notes to the basic financial statements.

**City of Evansville, Wisconsin**

**Balance Sheet  
Governmental Funds  
December 31, 2016**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>TIF 5</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,462,957	\$ 87,828	\$ 115,571	\$ -	\$ 1,107,030	\$ 2,773,386
Receivables:						
Taxes	1,438,517	233,850	265,750	117,804	619,135	2,675,056
Special Assessments	300,033	177,529	-	-	55,025	532,587
Accounts	-	-	-	-	32,560	32,560
Loans	235,200	-	-	-	-	235,200
Other	101,321	-	-	236	-	101,557
Prepaid Expenses	28,515	-	-	-	9,361	37,876
Advances Receivable	953,877	-	-	-	-	953,877
Total Assets	<u>\$ 4,520,420</u>	<u>\$ 499,207</u>	<u>\$ 381,321</u>	<u>\$ 118,040</u>	<u>\$ 1,823,111</u>	<u>\$ 7,342,099</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ 97,572	\$ -	\$ 52,328	\$ -	\$ 21,190	\$ 171,090
Accrued Liabilities	46,034	-	-	-	10,986	57,020
Due to Other Funds	-	-	-	-	-	-
Advances Payable	-	-	50,000	2,267,960	90,036	2,407,996
Total Liabilities	<u>143,606</u>	<u>-</u>	<u>102,328</u>	<u>2,267,960</u>	<u>122,212</u>	<u>2,636,106</u>
Deferred Inflows of Resources	<u>2,270,722</u>	<u>389,284</u>	<u>265,750</u>	<u>175,691</u>	<u>645,337</u>	<u>3,746,784</u>
Fund Balances (Deficit)						
Nonspendable	710,649	-	-	-	9,361	720,010
Restricted	83,900	-	-	-	281,409	365,309
Committed	-	-	-	-	764,792	764,792
Assigned	-	109,923	13,243	-	-	123,166
Unassigned	1,311,543	-	-	(2,325,611)	-	(1,014,068)
Total Fund Balances (Deficit)	<u>2,106,092</u>	<u>109,923</u>	<u>13,243</u>	<u>(2,325,611)</u>	<u>1,055,562</u>	<u>959,209</u>
Total Liabilities, Deferred Inflows and Fund Balances (Deficit)	<u>\$ 4,520,420</u>	<u>\$ 499,207</u>	<u>\$ 381,321</u>	<u>\$ 118,040</u>	<u>\$ 1,823,111</u>	<u>\$ 7,342,099</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, 2016**

Total fund balance, governmental funds	\$ 959,209
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.	7,910,301
The net pension liability is not a current financial usage and is, therefore, not reported in the fund statements.	(185,329)
Pension deferred outflows of resources and inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and inflows of resources are not financial resources and therefore are not reported in the fund statements.	
Deferred Outflows of Resources	1,029,100
Deferred Inflows of Resources	(393,289)
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.	474,723
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	444,355
Bonds and notes - due in more than one year	4,532,750
Compensated absences - current	62,109
Compensated absences - non-current	241,139
Accrued interest	50,301
	<u>(5,330,654)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 4,464,061</u>

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, 2016**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>TIF 5</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property Taxes	\$ 1,281,624	\$ 306,104	\$ 175,650	\$ 134,606	\$ 642,890	\$ 2,540,874
Other Taxes	7,008	-	-	-	20,589	27,597
Special Assessment Revenue	-	25,400	4,612	-	26,203	56,215
Intergovernmental	723,240	-	31,653	1,692	130,302	886,887
License and Permits	92,244	-	-	-	-	92,244
Fines, Forfeits and Penalties	74,187	-	-	-	-	74,187
Public Charges for Services	409,595	-	-	-	561,547	971,142
Interest Income	26,569	9,378	412	-	2,931	39,290
Miscellaneous Income	62,741	23,001	11,572	54,663	125,996	277,973
Total Revenues	<u>2,677,208</u>	<u>363,883</u>	<u>223,899</u>	<u>190,961</u>	<u>1,510,458</u>	<u>4,966,409</u>
<b>EXPENDITURES</b>						
Current:						
General Government	439,809	-	-	500	975	441,284
Public Safety	1,484,126	-	-	-	401,679	1,885,805
Public Works	766,798	-	-	-	227,849	994,647
Health and Human Services	36,133	-	-	-	104,949	141,082
Culture, Recreation and Education	273,639	-	-	-	300,249	573,888
Conservation and Development	106,703	-	443	-	17,000	124,146
Capital Outlay	-	-	579,116	2,797	3,040	584,953
Principal Repayment	-	528,412	-	-	-	528,412
Interest Expense	-	206,153	-	104,774	48,987	359,914
Total Expenditures	<u>3,107,208</u>	<u>734,565</u>	<u>579,559</u>	<u>108,071</u>	<u>1,104,728</u>	<u>5,634,131</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(430,000)</u>	<u>(370,682)</u>	<u>(355,660)</u>	<u>82,890</u>	<u>405,730</u>	<u>(667,722)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	419,384	396,536	168,455	-	36,082	1,020,457
Transfers Out	(116,082)	-	-	(159,444)	(325,547)	(601,073)
Total Other Financing Sources and Uses	<u>303,302</u>	<u>396,536</u>	<u>168,455</u>	<u>(159,444)</u>	<u>(289,465)</u>	<u>419,384</u>
Net Change in Fund Balances	(126,698)	25,854	(187,205)	(76,554)	116,265	(248,338)
Fund Balances (Deficits) - Beginning	2,232,790	84,069	200,448	(2,249,057)	939,297	1,207,547
Fund Balances (Deficits) - Ending	<u>\$ 2,106,092</u>	<u>\$ 109,923</u>	<u>\$ 13,243</u>	<u>\$ (2,325,611)</u>	<u>\$ 1,055,562</u>	<u>\$ 959,209</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, 2016**

Net change in fund balances - total governmental funds: \$ (248,338)

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	594,090
Depreciation expenses reported in the statement of activities	<u>(641,030)</u>

Amount by which capital outlays are greater (less) than depreciation in the current period. (46,940)

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 increased (23,031)

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.

The amount of long-term debt principal payments in the current year is: 568,410

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 3,813

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 previous years on government-wide	66,130
Developer revenue accrued on government-wide but not on the fund financials	(29,955)

Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments. (136,269)

Change in Net Position of governmental activities \$ 153,820

See accompanying notes to the basic financial statements.

**City of Evansville, Wisconsin**

**Statement of Net Position  
Proprietary Funds  
December 31, 2016**

	<b>Enterprise Funds</b>		
	<b>Electric and Water</b>	<b>Sewer</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,852,815	\$ 216,319	\$ 2,069,134
Receivables			
Taxes	24,307	-	24,307
Special Assessments	1,788	-	1,788
Accounts	1,393,255	-	1,393,255
Due from Other Funds	34,156	-	34,156
Inventories	145,069	-	145,069
Prepaid Expenses	14,075	4,278	18,353
Total Current Assets	3,465,465	220,597	3,686,062
Restricted:			
Restricted Cash and Cash Equivalents	1,440,336	682,500	2,122,836
Total Restricted Assets	1,440,336	682,500	2,122,836
Capital Assets:			
Land and Improvements	76,448	94,914	171,362
Construction Work in Progress	240,128	129,011	369,139
Other Capital Assets	27,894,025	16,523,056	44,417,081
Less Accumulated Depreciation	(10,836,394)	(4,571,951)	(15,408,345)
Net Capital Assets	17,374,207	12,175,030	29,549,237
Noncurrent Assets			
Advances Receivable	1,226,142	227,977	1,454,119
Other Deferred Debits	189,264	-	189,264
Total Noncurrent Assets	1,415,406	227,977	1,643,383
Total Assets	23,695,414	13,306,104	37,001,518
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	405,985	77,839	483,824
Total Deferred Outflows of Resources	405,985	77,839	483,824
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 24,101,399</b>	<b>\$ 13,383,943</b>	<b>\$ 37,485,342</b>

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

Statement of Net Position  
Proprietary Funds  
December 31, 2016

	Enterprise Funds		
	Electric and Water	Sewer	Total
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 553,603	\$ 26,013	\$ 579,616
Accrued Liabilities	77,199	20,633	97,832
Due to Other Funds	-	34,156	34,156
Compensated Absences	15,635	1	15,636
Current Portion of Long-Term Debt:			
Bonds and Notes Payable	750,441	278,541	1,028,982
Total Current Liabilities	<u>1,396,878</u>	<u>359,344</u>	<u>1,756,222</u>
Non-Current Liabilities:			
Long-Term Debt			
Bonds and Notes Payable	7,793,524	3,405,900	11,199,424
Total Long-Term Debt	<u>7,793,524</u>	<u>3,405,900</u>	<u>11,199,424</u>
Other Liabilities			
Compensated Absences	59,011	28,863	87,874
Net Pension Liability	73,113	14,018	87,131
Total Other Liabilities	<u>132,124</u>	<u>42,881</u>	<u>175,005</u>
Total Non-Current Liabilities	<u>7,925,648</u>	<u>3,448,781</u>	<u>11,374,429</u>
Total Liabilities	<u>9,322,526</u>	<u>3,808,125</u>	<u>13,130,651</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>504,846</u>	<u>158,448</u>	<u>663,294</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	9,935,774	8,490,589	18,426,363
Restricted Assets	136,211	682,500	818,711
Unrestricted	4,202,042	244,281	4,446,323
Total Net Position	<u>14,274,027</u>	<u>9,417,370</u>	<u>23,691,397</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; NET POSITION</b>	<u>\$ 24,101,399</u>	<u>\$ 13,383,943</u>	<u>\$ 37,485,342</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, 2016**

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Electric and Water</u>	<u>Sewer</u>	
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 8,722,217	\$ 812,480	\$ 9,534,697
Other Operating Revenues	19,765	18,788	38,553
Total Operating Revenues	<u>8,741,982</u>	<u>831,268</u>	<u>9,573,250</u>
<b>OPERATING EXPENSES</b>			
Operation and Maintenance	6,940,278	412,857	7,353,135
Depreciation	692,569	395,046	1,087,615
Total Operating Expenses	<u>7,632,847</u>	<u>807,903</u>	<u>8,440,750</u>
Operating Income (Loss)	<u>1,109,135</u>	<u>23,365</u>	<u>1,132,500</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and Investment Revenue	68,933	14,973	83,906
Miscellaneous Non-Operating Revenue	55,914	26,972	82,886
Interest Expense	(190,379)	(90,652)	(281,031)
Net Amortization Revenue (Expense)	(57,808)	-	(57,808)
Total Non-Operating Revenue (Expenses)	<u>(123,340)</u>	<u>(48,707)</u>	<u>(172,047)</u>
Income (Loss) Before Contributions and Transfers	985,795	(25,342)	960,453
Capital Contributions	39,796	-	39,796
Transfers Out	(419,384)	-	(419,384)
Change in Net Position	<u>606,207</u>	<u>(25,342)</u>	<u>580,865</u>
Total Net Position - Beginning	13,667,820	9,442,712	23,110,532
Total Net Position - Ending	<u>\$ 14,274,027</u>	<u>\$ 9,417,370</u>	<u>\$ 23,691,397</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, 2016**

	Enterprise Funds		
	Electric & Water	Sewer	Total
<u>Cash Flows From Operating Activities:</u>			
Receipts from customers	\$ 8,692,528	\$ 831,268	\$ 9,523,796
Payments to suppliers	(6,181,522)	(194,191)	(6,375,713)
Payments to employees	(902,446)	(178,686)	(1,081,132)
Taxes paid	(419,384)	-	(419,384)
Net cash provided (used) by operating activities	<u>1,189,176</u>	<u>458,391</u>	<u>1,647,567</u>
<u>Cash Flows From Capital and Related</u>			
<u>Financing Activities:</u>			
Acquisition and construction of plant assets	(770,037)	(314,685)	(1,084,722)
Proceeds from long-term debt	3,240,000	185,000	3,425,000
Principal payments on long-term debt	(2,480,441)	(254,071)	(2,734,512)
Deferred charges	(99,232)	(19,800)	(119,032)
Interest and fiscal charges	(190,379)	(90,652)	(281,031)
Contributions for plant	39,796	-	39,796
Net cash provided (used) for capital and related financing activities	<u>(260,293)</u>	<u>(494,208)</u>	<u>(754,501)</u>
<u>Cash Flows From Investing Activities:</u>			
Interest on investments	68,933	14,973	83,906
Net cash provided (used) for investing activities	<u>68,933</u>	<u>14,973</u>	<u>83,906</u>
Net increase (decrease) in cash and equivalents	997,816	(20,844)	976,972
Cash and equivalents - beginning of year	2,295,335	919,663	3,214,998
Cash and equivalents - end of year	<u>\$ 3,293,151</u>	<u>\$ 898,819</u>	<u>\$ 4,191,970</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, 2016**

	Enterprise Funds		
	Electric & Water	Sewer	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 1,109,135	\$ 23,365	\$ 1,132,500
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Non-Operating Revenues	55,914	26,972	82,886
Tax equivalent	(419,384)	-	(419,384)
Depreciation	692,569	395,046	1,087,615
Joint meter allocation	10,964	(10,964)	-
Pension Expense	42,090	1,302	43,392
Changes in Assets and Liabilities:			
Receivables	(49,454)	-	(49,454)
Advances receivable	(193,942)	124,697	(69,245)
Due to/from other funds	101,398	(101,398)	-
Inventories	29,509	-	29,509
Prepays	(2,758)	(352)	(3,110)
Accounts payable	(169,681)	8,464	(161,217)
Other Accrued liabilities	(17,184)	(8,741)	(25,925)
Net cash provided (used) by operating activities	\$ 1,189,176	\$ 458,391	\$ 1,647,567
Reconciliation of cash and cash equivalents to balance sheet accounts			
Cash and investments	\$ 1,852,815	\$ 216,319	\$ 2,069,134
Restricted assets	1,440,336	682,500	2,122,836
Total Cash and Investments	3,293,151	898,819	4,191,970
Cash and cash equivalents- End of year	\$ 3,293,151	\$ 898,819	\$ 4,191,970

See accompanying notes to the basic financial statements.

**City of Evansville, Wisconsin**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2016**

	<b>Tax Agency</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,986,835
Receivables:	
Taxes Receivable	4,747,597
Total Assets	\$ 6,734,432
 <b>LIABILITIES</b>	
Due to Other Governments	\$ 6,734,432
Total Liabilities	\$ 6,734,432

See accompanying notes to the basic financial statements.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

---

**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

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, 2016**

---

**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, 2016**

---

**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 Fund
- Tourism Commission 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, 2016**

---

**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, 2016**

---

**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, 2016**

---

**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.

**2. Receivables**

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

Property tax calendar – 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017

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.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

---

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

**2. Receivables (Continued)**

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.

**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	1,013,607	Bond reserve on revenue bonds
Electric and water	290,518	Special redemption fund
Electric and water	136,211	Water impact fees
Sewer	682,500	Replacement fee
	<u>\$ 2,122,836</u>	

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

---

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

**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.

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.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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

**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:

	Governmental	Business-type
Compensated time-off liability	\$ 30,508	\$ 12,860
Accumulated sick leave	241,433	87,580
Vacation and holiday liability	31,307	3,070
	\$ 303,248	\$ 103,510

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.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

---

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

**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.

**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.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

---

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

**10. Equity Classifications (Continued)**

**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.

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.

**11. Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS), and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported for WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

**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.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

---

**G. INCOME TAXES**

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

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

**A. 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. 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, 2016**

**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, 2016, the cash and investments consist of the following:

Petty cash/cash on hand	\$ 1,850
Deposits with financial institutions	8,690,614
Wisconsin Local Government Investment Pool	161,577
RESCO stock certificates	54,104
Library investments	44,046
	<u>\$ 8,952,191</u>

Cash and investments as of December 31, 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	4,842,520
Restricted cash and investments	2,122,836
Fiduciary Funds:	
Cash and investments	1,986,835
	<u>\$ 8,952,191</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, 2016**

---

**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 \$161,577 invested in the Local Government Investment Pool (LGIP) which has an average maturity of 61 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, 2016, 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 \$9,145,000 held in the name of a third party agent.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

---

**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. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2016, 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, 2016, 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	\$ 7,360,523
Uninsured and uncollateralized	-
Total	<u>\$ 7,360,523</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**B. CAPITAL ASSETS**

Capital asset activity in the governmental activities for the year ended December 31, 2016 was as follows:

	Balance 01/01/16	Additions	Retirements	Balance 12/31/16
<b>Governmental Activities</b>				
Non-Depreciable Capital Assets:				
Land	\$ 602,043	\$ -	\$ -	\$ 602,043
Infrastructure CWIP	239,170	312,517	(469,148)	82,539
Total Non-Depreciable Capital Assets	<u>841,213</u>	<u>312,517</u>	<u>(469,148)</u>	<u>684,582</u>
Capital Assets being Depreciated				
Land Improvements	2,529,261	62,031	(5,000)	2,586,292
Buildings and Structures	2,736,530	26,407	(117,000)	2,645,937
Equipment	2,896,037	79,179	(82,275)	2,892,941
Infrastructure	5,153,601	583,104	-	5,736,705
Total Capital Assets being Depreciated	<u>13,315,429</u>	<u>750,721</u>	<u>(204,275)</u>	<u>13,861,875</u>
 Total Capital Assets	 14,156,642	 1,063,238	 (673,423)	 14,546,457
 Less Accumulated Depreciation	 <u>(6,199,401)</u>	 <u>(641,030)</u>	 <u>204,275</u>	 <u>(6,636,156)</u>
 Capital Assets Net of Depreciation	 <u>\$ 7,957,241</u>	 <u>\$ 422,208</u>	 <u>\$ (469,148)</u>	 <u>\$ 7,910,301</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General Government	\$ 40,018
Public Safety	74,394
Public Works	334,504
Health and Human Services	5,333
Stormwater	49,684
Culture, Recreation and Education	<u>137,097</u>
 Total Governmental Activities Depreciation Expense	 <u>\$ 641,030</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**B. CAPITAL ASSETS (Continued)**

Capital asset activity in the business-type activities for the year ended December 31, 2016 was as follows:

	Balance 01/01/16	Additions	Retirements	Balance 12/31/16
<b>Electric and Water</b>				
Non-Depreciable Capital Assets:				
Land	\$ 76,448	\$ -	\$ -	\$ 76,448
Construction in progress	309,788	240,690	(310,350)	240,128
Total Non-Depreciable Capital Assets	386,236	240,690	(310,350)	316,576
Capital Assets being Depreciated				
Buildings and structures	685,826	104,772	-	790,598
Equipment	1,707,861	18,400	-	1,726,261
Infrastructure	24,665,740	718,750	(7,324)	25,377,166
Total Capital Assets being Depreciated	27,059,427	841,922	(7,324)	27,894,025
Total Capital Assets	27,445,663	1,082,612	(317,674)	28,210,601
Less Accumulated Depreciation	(10,137,960)	(703,534)	5,100	(10,836,394)
Capital Assets Net of Depreciation	<u>\$ 17,307,703</u>	<u>\$ 379,078</u>	<u>\$ (312,574)</u>	<u>\$ 17,374,207</u>
	Balance 01/01/16	Additions	Retirements	Balance 12/31/16
<b>Wastewater Treatment:</b>				
Non-Depreciable Capital Assets:				
Land	\$ 94,914	\$ -	\$ -	\$ 94,914
Construction in progress	149,341	140,690	(161,020)	129,011
Total Non-Depreciable Capital Assets	244,255	140,690	(161,020)	223,925
Capital Assets being Depreciated				
Buildings and structures	4,837,057	-	-	4,837,057
Equipment	5,234,789	-	-	5,234,789
Infrastructure	6,116,195	335,015	-	6,451,210
Total Capital Assets being Depreciated	16,188,041	335,015	-	16,523,056
Total Capital Assets	16,432,296	475,705	(161,020)	16,746,981
Less Accumulated Depreciation	(4,187,869)	(384,082)	-	(4,571,951)
Capital Assets Net of Depreciation	<u>\$ 12,244,427</u>	<u>\$ 91,623</u>	<u>\$ (161,020)</u>	<u>\$ 12,175,030</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**B. CAPITAL ASSETS (Continued)**

	Balance 01/01/16	Additions	Retirements	Balance 12/31/16
<b>Business-Type Activities</b>				
Non-Depreciable Capital Assets:				
Land	\$ 171,362	\$ -	\$ -	\$ 171,362
Construction in progress	459,129	381,380	(471,370)	369,139
Total Non-Depreciable Capital Assets	<u>630,491</u>	<u>381,380</u>	<u>(471,370)</u>	<u>540,501</u>
Capital Assets being Depreciated				
Buildings and structures	5,522,883	104,772	-	5,627,655
Equipment	6,942,650	18,400	-	6,961,050
Infrastructure	30,781,935	1,053,765	(7,324)	31,828,376
Total Capital Assets being Depreciated	<u>43,247,468</u>	<u>1,176,937</u>	<u>(7,324)</u>	<u>44,417,081</u>
Total Capital Assets	43,877,959	1,558,317	(478,694)	44,957,582
Less Accumulated Depreciation	(14,325,829)	(1,087,616)	5,100	(15,408,345)
Capital Assets Net of Depreciation	<u>\$ 29,552,130</u>	<u>\$ 470,701</u>	<u>\$ (473,594)</u>	<u>\$ 29,549,237</u>

Depreciation expense was charged to functions as follows:

<b>Business-Type Activities</b>		
Water		\$ 177,886
Electric		525,647
Sewer		384,082
Total Business-Type Activities Depreciation Expense		<u>\$ 1,087,615</u>

**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:

Receivable Fund	Payable Fund	Amount	Purpose
Electric and water	Sewer	\$ 34,156	Joint meter allocation
Subtotal fund financial statements		<u>\$ 34,156</u>	

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

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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

The City has the following interfund advances outstanding:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	EMS	\$ 49,169	Operations
General	TIF 5	813,841	Capital
General	Capital Projects	50,000	Capital
General	Stormwater	40,867	Capital
Subtotal general fund		<u>953,877</u>	
Electric and water	TIF 5	1,226,142	Capital
Sewer	TIF 5	227,977	Capital
Subtotal fund financial statements		<u><u>\$ 2,407,996</u></u>	
Total interfund receivables		\$ 34,156	
Total inter-fund advances		2,407,996	
less inter-fund eliminations		<u>(988,033)</u>	
Internal balances		<u><u>\$ 1,454,119</u></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:

<u>Transferred to</u>	<u>Transferred from</u>	<u>Amount</u>	<u>Purpose</u>
General	Electric and Water	\$ 419,384	Tax equivalent
Capital	General	80,000	Fund allocation
Capital	EMS	53,455	Fund allocation
Capital	Library	35,000	Fund allocation
Tourism Commission	General	36,082	Prior years activity
Debt service	TIF 5	159,444	Debt payments
Debt service	TIF 6	111,448	Debt payments
Debt service	TIF 7	67,559	Debt payments
Debt service	TIF 8	58,085	Debt payments
Subtotal fund statements		<u>1,020,457</u>	
less inter-fund eliminations		<u>(601,073)</u>	
Total per government-wide statements		<u><u>\$ 419,384</u></u>	

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**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, 2016 was as follows:

	Balance 01/01/16	Issued	Retired	Balance 12/31/16
<b>Governmental Activities</b>				
General obligation notes	\$ 955,000	\$ -	\$ 255,000	\$ 700,000
General obligation bonds	4,520,000	-	285,000	4,235,000
State trust fund loans	50,967	-	25,011	25,956
Total Governmental General Obligation Debt	<u>5,525,967</u>	<u>-</u>	<u>565,011</u>	<u>4,960,956</u>
WPPI loan	19,548	-	3,399	16,149
Compensated absences	<u>280,217</u>	<u>23,031</u>	<u>-</u>	<u>303,248</u>
Total Governmental Long-Term Debt	<u>\$ 5,825,732</u>	<u>\$ 23,031</u>	<u>\$ 568,410</u>	<u>\$ 5,280,353</u>
	Balance 01/01/16	Issued	Retired	Balance 12/31/16
<b>Business-Type Activities</b>				
General obligation notes	\$ 1,650,000	\$ -	\$ 195,000	\$ 1,455,000
WPPI loan	374,432	-	46,602	327,830
Mortgage revenue bonds	9,513,486	3,425,000	2,492,910	10,445,576
Total bonds and notes	<u>11,537,918</u>	<u>3,425,000</u>	<u>2,734,512</u>	<u>12,228,406</u>
Compensated absences	<u>122,507</u>	<u>-</u>	<u>18,997</u>	<u>103,510</u>
Total Business-Type Activities	<u>\$11,660,425</u>	<u>\$ 3,425,000</u>	<u>\$ 2,753,509</u>	<u>\$12,331,916</u>

**General Obligation Debt**

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2016 was \$17,566,920. Total general obligation debt outstanding at year-end was \$6,415,956.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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

The following is a list of long-term obligations at December 31, 2016:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/16	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	\$ 765,000	\$ 45,000
2007 G.O. Community Development Bonds	5/30/2007	4/1/2027	3.7%-4.25%	2,860,000	2,290,000	150,000
2009 G.O. (2008B NAN refunded)	4/30/2009	4/1/2027	2.30-5.10%	1,205,000	830,000	60,000
2011 STFL Loan	7/12/2011	3/15/2017	3.75%	144,000	25,956	25,956
2012 Taxable General Obligation Bond	5/24/2012	10/1/2027	1.25%-3.90%	460,000	350,000	30,000
2013 General Obligation Notes	1/24/2013	4/1/2022	0.4%-1.6%	260,000	485,000	75,000
2015 G.O. Notes	5/28/2015	10/1/2025	.5%-2.2%	390,000	215,000	55,000
					4,960,956	440,956
Other Long-Term Debt						
WPPI Note	10/1/2011	10/1/2021	0.00%	33,994	16,149	3,399
Total Governmental Long-Term Bonds and Notes					\$ 4,977,105	\$ 444,355

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
2017	\$ 444,356	\$ 193,787	\$ 638,144
2018	438,399	179,491	617,891
2019	443,399	164,732	608,131
2020	458,400	148,808	607,208
2021	457,550	131,977	589,527
2022-2026	2,250,000	372,263	2,622,263
2027	485,000	11,520	496,520
	\$ 4,977,105	\$ 1,202,579	\$ 6,179,684

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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

**Proprietary Debt**

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/16	Amounts Due within One Year
<b>Business-Type Activities</b>						
Electric and Water						
General Obligation Debt						
2013 General Obligation Notes	1/24/2013	4/1/2022	0.4%-1.6%	\$ 1,390,000	\$ 920,000	\$ 160,000
2015 General Obligation Notes	5/28/2015	10/1/2025	0.5%-2.2%	\$ 330,000	300,000	30,000
Subtotal electric and water general obligation debt					<u>1,220,000</u>	<u>190,000</u>
Mortgage Revenue Bonds						
2007 Mortgage Revenue Bonds	5/30/2007	5/1/2027	4.0-4.125%	\$ 2,615,000	120,000	120,000
2009 Revenue Bonds	9/24/2009	5/1/2022	2.40-4.70%	\$ 935,000	750,000	45,000
2014 Revenue Bonds	7/2/2014	5/1/2025	0.7-3.1%	\$ 3,165,000	2,940,000	300,000
2016 Revenue Bonds	7/21/2016	5/1/2036	0.9-3.15%	\$ 3,240,000	3,240,000	65,000
Subtotal electric and water revenue bonds					<u>7,050,000</u>	<u>530,000</u>
Other Long-Term Debt						
WPPI Loan	11/30/2015	11/28/2025	0%	\$ 304,406	273,965	30,441
Total Electric and Water long-term notes and bonds					<u>8,543,965</u>	<u>750,441</u>
Sewer Utility						
General Obligation Debt						
2015 General Obligation Notes	5/28/2015	10/1/2025	0.5%-2.2%	\$ 240,000	235,000	5,000
Mortgage Revenue Bonds						
2005 Clean Water Fund Debt	7/27/2005	5/1/2025	2.37%	\$ 1,602,737	814,256	82,247
2009 Clean Water Fund Debt	11/25/2009	5/1/2029	2.67%	\$ 3,248,127	2,396,320	156,634
2016 Revenue Bonds	7/29/2016	5/1/2026	1.97%	\$ 185,000	185,000	18,500
Subtotal sewer revenue bonds					<u>3,395,576</u>	<u>257,381</u>
Other Long-Term Debt						
WPPI Loan	3/25/2010	3/25/2020	0%	\$ 161,600	53,865	16,160
Total Sewer long-term notes and bonds					<u>3,684,441</u>	<u>278,541</u>
Total Business-Type Activities long-term notes and bonds					<u>\$ 12,228,406</u>	<u>\$ 1,028,982</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**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
2017	\$ 1,028,982	\$ 335,335	\$ 1,364,317
2018	1,045,106	242,722	1,287,828
2019	1,066,388	225,886	1,292,274
2020	1,102,058	207,149	1,309,207
2021	1,118,279	185,290	1,303,569
2022-2026	5,029,690	560,397	5,590,087
2027-2031	1,452,903	115,243	1,568,146
2032-2036	385,000	30,498	415,498
	\$ 12,228,406	\$ 1,902,520	\$14,130,926

**Advanced Refunding**

In 2016, the City issued \$3,240,000 in Water and Electric System Revenue Bonds, Series 2016A maturing May 1, 2017 through May 1, 2036 with an interest rate ranging from 0.9 percent to 3.15 percent to refund \$1,805,000 of 2007 Water and Electric System Revenue Bonds with an interest rate of 4.0 percent to 4.125 percent.

The City completed the 2016A refunding to reduce its total debt service payments over the next 10 years by \$468,899 and to obtain an economic gain (difference between the present value of old and new debt service payments) of \$175,847.

**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.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

---

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

**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, 2017.

**Insurance**

The utilities are covered under the following insurance policies at December 31, 2016:

Type	Coverage
Valuation Policy	
Buildings and Contents	\$ 15,187,889
Contractors Equipment	1,185,038
Property in the Open	7,514,462
Water Supply	2,860,198
Water Treatment	6,358,281

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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

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

	<b>Electric and</b>	
	<b>Water</b>	<b>Sewer</b>
Annual debt service 2005 CWFL	\$ -	\$ 100,554
Annual debt service 2009 CWFL	-	218,532
Annual debt service 2005 bonds	183,870	-
Annual debt service 2007 bonds	196,706	-
Annual debt service 2009 bonds	78,473	-
Annual debt service 2014 bonds	180,905	-
Total debt service	<u>639,954</u>	<u>319,086</u>
Ratio	125%	110%
Net Revenues required	<u>\$ 799,943</u>	<u>\$ 350,995</u>
 <b>REVENUES</b>		
Charges for Services	\$ 8,722,217	\$ 812,480
Other Operating Revenues	19,765	18,788
Total Operating Revenues	<u>8,741,982</u>	<u>831,268</u>
 <b>OPERATING EXPENSES</b>		
Operation and Maintenance	<u>6,940,278</u>	<u>412,857</u>
Total expenses for coverage ratio calculation	<u>6,940,278</u>	<u>412,857</u>
Net from operations for coverage ratio calculation	1,801,704	418,411
 <b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and Investment Revenue	68,933	14,973
Miscellaneous Non-Operating Revenue	55,914	26,972
Capital Contributions and impact fees received	39,796	-
Net Revenues per bond ordinance	<u>\$ 1,966,347</u>	<u>\$ 460,356</u>
Net Revenues Above (Below) Required Amount	<u>\$ 1,166,404</u>	<u>\$ 109,361</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

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

**Number of Customers – Water**

The utility has the following number of customers and billed volumes for 2016:

	Customers	Sales (000 gals)
Residential	1,917	89,172
Commercial	132	12,575
Industrial	13	5,136
Public Authority	19	6,120
Multifamily	63	7,760
	2,144	120,763

**E. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES**

At the end of the 2016, the various components of deferred inflows of resources reported in the governmental and proprietary funds were as follows:

	Unavailable	Unearned	Total
<b>Governmental Funds</b>			
Property taxes receivable	\$ -	\$ 2,973,882	\$ 2,973,882
Special assessments not yet due	181,637	-	181,637
Loan receivable	235,200	-	235,200
TIF advance interest	292,421	-	292,421
Crime prevention fund	3,258	-	3,258
Other deferred inflows	60,386	-	60,386
Total Deferred Inflows of Resources For Governmental Funds	\$ 772,902	\$ 2,973,882	\$ 3,746,784
less special assessments and loan accrued for government-wide statements			(416,837)
less delinquent receivables accrued for government-wide statements			(57,886)
plus WRS pension inflows accrued for government-wide statements			393,289
Deferred Inflows of Resources-government wide statements			\$ 3,665,350

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**E. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES (Continued)**

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
<b>Proprietary Funds</b>			
Wind turbine power	\$ 128,700	\$ -	\$ 128,700
Construction advances	98,352	-	98,352
Regulatory credit	198,593	-	198,593
ATC advance	26,942	-	26,942
WRS pension inflows	184,902	-	184,902
Other deferred inflows	25,805	-	25,805
Total Deferred Inflows of Resources for Proprietary Funds	<u>\$ 663,294</u>	<u>\$ -</u>	<u>\$ 663,294</u>

**F. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES**

Net position reported on the government-wide statement of net position at December 31, 2016 includes the following:

	<u>Governmental</u>	<u>Water and Light</u>	<u>Sewer</u>	<u>Total Business-type</u>
Capital assets	\$ 7,910,301	\$ 17,374,207	\$ 12,175,030	\$ 29,549,237
less current portion LT debt	(444,355)	(750,441)	(260,041)	(1,010,482)
less LT debt	(4,532,750)	(7,793,524)	(3,424,400)	(11,217,924)
less deferred regulatory credit	-	(198,593)	-	(198,593)
plus bond reserve	-	1,304,125	-	1,304,125
plus debt for non-capital items	653,348	-	-	-
Net investment in capital assets	<u>\$ 3,586,544</u>	<u>\$ 9,935,774</u>	<u>\$ 8,490,589</u>	<u>\$ 18,426,363</u>

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**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>
<b>General Fund:</b>					
Advances (net of deferred interest)	\$ 661,456	\$ -	\$ -	\$ -	\$ -
Revolving loan	-	76,800	-	-	-
Building improvement grant	-	7,100	-	-	-
Prepaid expenses	28,515	-	-	-	-
Delinquent personal property taxes	20,678	-	-	-	-
Unassigned	-	-	-	-	1,311,543
Total General Fund	<u>710,649</u>	<u>83,900</u>	<u>-</u>	<u>-</u>	<u>1,311,543</u>
<b>Debt Service Fund:</b>					
Debt service	-	-	-	109,923	-
Total Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,923</u>	<u>-</u>
<b>Capital Projects Fund:</b>					
Capital outlay	-	-	-	13,243	-
Total Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,243</u>	<u>-</u>
<b>TIF 5:</b>					
Unassigned (Deficit)	-	-	-	-	(2,325,611)
<b>Non-Major Governmental Funds:</b>					
EMS	6,400	-	229,203	-	-
Library	304	-	191,123	-	-
Cemetery	1,969	-	82,903	-	-
Stormwater	688	-	261,563	-	-
Tourism Commission Fund	-	27,658	-	-	-
TIF 6	-	57,608	-	-	-
TIF 7	-	60,415	-	-	-
TIF 8	-	135,728	-	-	-
Total Non-Major Governmental Funds	<u>9,361</u>	<u>281,409</u>	<u>764,792</u>	<u>-</u>	<u>-</u>
Grand Total	<u>\$ 720,010</u>	<u>\$ 365,309</u>	<u>\$ 764,792</u>	<u>\$ 123,166</u>	<u>\$ (1,014,068)</u>

The TIF deficit is anticipated to be recovered through future tax increments.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

---

**NOTE IV – OTHER INFORMATION**

**A. EMPLOYEE RETIREMENT PLAN**

Defined Benefit Pension Plan

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and 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.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. 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 participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

**Post-Retirement Adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**A. EMPLOYEE RETIREMENT PLAN (Continued)**

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees 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.

During the reporting period, the WRS recognized \$159,269 in contributions from the employer.

Contribution rates as of December 31, 2016 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2016, the City reported a liability of \$272,460 for its proportionate share of the net pension liability. The net pension asset was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the City's proportion was 0.01676696%, which was an increase of 0.00007437% from its proportion measured as of December 31, 2014.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**A. EMPLOYEE RETIREMENT PLAN (Continued)**

For the year ended December 31, 2016, the City recognized pension expense of \$328,324.

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 46,092	\$ (573,387)
Changes of assumptions	190,625	-
Net difference between projected and actual earnings on pension plan investments	1,115,529	-
Changes in proportion and difference between Employer contributions and proportionate share of contributions	3,376	(4,804)
Employer contributions subsequent to the measurement date	<u>157,302</u>	<u>-</u>
Total	<u>\$ 1,512,924</u>	<u>\$ (578,191)</u>

\$157,302 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 352,093	\$ (139,923)
2018	352,093	(139,923)
2019	352,093	(139,923)
2020	293,245	(139,923)
2021	6,099	(18,499)

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

---

**A. EMPLOYEE RETIREMENT PLAN (Continued)**

**Actuarial assumptions.** The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset):	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-Retirement Adjustments*	2.1%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate. Starting with 2015, this item includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

**Long-term expected Return on Plan Assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**A. EMPLOYEE RETIREMENT PLAN (Continued)**

<b>Retirement Funds</b>							
<b>Asset Allocation Targets and Expected Returns</b>							
As of December 31, 2015							
Core Fund Asset Class	Current Asset Allocation %		Destination Target Asset Allocation %		Long-Term Expected Nominal Rate of Return %		Long-Term Expected Real Rate of Return %
U.S. Equities	27 %		23 %		7.6 %		4.7 %
International Equities	24.5		22		8.5		5.6
Fixed Income	27.5		37		4.4		1.6
Inflation Sensitive Assets	10		20		4.2		1.4
Real Estate	7		7		6.5		3.6
Private Equity/Debt	7		7		9.4		6.5
Multi-Asset	4		4		6.7		3.8
<b>Total Core Fund</b>	<b>107 %</b>		<b>120 %</b>		<b>7.4 %</b>		<b>4.5 %</b>
Variable Fund Asset Class							
U.S. Equities	70 %		70 %		7.6 %		4.7 %
International Equities	30		30		8.5		5.6
<b>Total Variable Fund</b>	<b>100 %</b>		<b>100 %</b>		<b>7.9 %</b>		<b>5.0 %</b>
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%							
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations							

**Single Discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.57%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

**A. EMPLOYEE RETIREMENT PLAN (Continued)**

*Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate.* The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase to Discount Rate (8.20%)</b>
City's proportionate share of the net pension liability (asset)	\$ 1,911,039	\$ 272,460	\$ (1,007,299)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>

**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. COMMITMENTS AND CONTINGENCIES**

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

In January 2016, a lawsuit was brought against the City for a traffic accident. As on June 2017, the lawsuit was settled. Costs for this lawsuit were covered by the City's insurance.

**CITY OF EVANSVILLE**  
**Notes to Financial Statements**  
**December 31, 2016**

---

**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, 2016, the balance was \$198,593.

**D. 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 \$5,406,839.

**E. 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 2016, the City contributed \$223,938 to the District for dues. The City’s portion of the District’s 2017 budget is \$230,432. The District issues separate financial statements.

The City has a residual non-equity interest of approximately 55% in the District.

**F. 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 2016, the City received payments from the Townships in the amount of \$61,820.

**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, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,281,624	\$ 1,281,624	\$ 1,281,624	\$ -
Other Taxes	3,300	3,300	7,008	3,708
Intergovernmental	726,128	726,128	723,240	(2,888)
License and Permits	83,365	83,365	92,244	8,879
Fines, Forfeits and Penalties	110,500	110,500	74,187	(36,313)
Public Charges for Services	407,320	407,320	409,595	2,275
Interest Income	15,622	21,772	26,569	4,797
Miscellaneous Income	43,600	43,600	62,741	19,141
Total Revenues	<u>2,671,459</u>	<u>2,677,609</u>	<u>2,677,208</u>	<u>(401)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	458,930	452,778	439,809	12,969
Public Safety	1,485,663	1,493,563	1,484,126	9,437
Public Works	775,189	767,189	766,798	391
Health and Human Services	37,260	37,260	36,133	1,127
Culture, Recreation and Education	283,188	287,588	273,639	13,949
Conservation and Development	105,987	113,987	106,703	7,284
Total Expenditures	<u>3,146,217</u>	<u>3,152,365</u>	<u>3,107,208</u>	<u>45,157</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(474,758)</u>	<u>(474,756)</u>	<u>(430,000)</u>	<u>44,756</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (including tax equivalent)	455,000	455,000	419,384	(35,616)
Transfers Out	-	-	(116,082)	(116,082)
Total Other Financing Sources and Uses	<u>455,000</u>	<u>455,000</u>	<u>303,302</u>	<u>(151,698)</u>
Net Change in Fund Balances	(19,758)	(19,756)	(126,698)	(106,942)
Fund Balances - Beginning	2,232,790	2,232,790	2,232,790	-
Fund Balances - Ending	<u>\$ 2,213,032</u>	<u>\$ 2,213,034</u>	<u>\$ 2,106,092</u>	<u>\$ (106,942)</u>

See accompanying notes to the basic financial statements.

**CITY OF EVANSVILLE  
WISCONSIN RETIREMENT SYSTEM  
December 31, 2016**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
AS OF THE MEASUREMENT DATE**

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2015	0.01676696%	\$ 272,460	\$ 2,099,883	12.98%	98.20%
2014	-0.01669259%	(409,903)	2,109,101	(19.43%)	102.74%

**SCHEDULE OF CITY'S CONTRIBUTIONS  
FOR THE YEAR ENDED**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2016	\$ 163,344	\$ (163,344)	\$ -	\$ 2,146,271	7.61%
2015	169,557	(169,557)	-	2,099,883	8.07%

**CITY OF EVANSVILLE**  
**Notes to Required Supplementary Information**  
**December 31, 2016**

---

**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.

**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. Overall, there were no expenditure functions that exceeded appropriations.

**C. WISCONSIN RETIREMENT SYSTEM SCHEDULES**

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 8 preceding years.

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes of assumptions.* Rates used in mortality tables were updated on actual WRS experience and adjusted for future mortality improvements using the MP-2015 fully generational improvement scales (multiplied by 50%). The mortality table was adopted by the Board in connection with the 2012-2014 Experience Study. This assumption is used to measure the probabilities of participants dying before retirement and the probabilities of each benefit payment being made after retirement.

**OTHER SUPPLEMENTARY INFORMATION**

City of Evansville, Wisconsin

Non-Major Funds  
Combining Balance Sheet  
December 31, 2016

	Special Revenue Funds					Capital Projects Funds			Non-Major Funds
	EMS	Library	Cemetery	Tourism Commission Fund	Stormwater	TIF 6	TIF 7	TIF 8	
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 254,817	\$ 197,664	\$ 85,296	\$ 27,658	\$ 315,830	\$ 57,608	\$ 32,429	\$ 135,728	\$ 1,107,030
Receivables:									
Taxes	102,480	241,716	77,344	-	-	66,670	55,293	75,632	619,135
Special Assessments	-	-	-	-	-	-	55,025	-	55,025
Accounts	32,560	-	-	-	-	-	-	-	32,560
Prepaid Expenses	6,400	304	1,969	-	688	-	-	-	9,361
Total Assets	<u>\$ 396,257</u>	<u>\$ 439,684</u>	<u>\$ 164,609</u>	<u>\$ 27,658</u>	<u>\$ 316,518</u>	<u>\$ 124,278</u>	<u>\$ 142,747</u>	<u>\$ 211,360</u>	<u>\$ 1,823,111</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>									
Liabilities:									
Accounts Payable	\$ 5,380	\$ 1,625	\$ 978	\$ -	\$ 12,370	\$ -	\$ 837	\$ -	\$ 21,190
Accrued Liabilities	3,625	4,916	1,415	-	1,030	-	-	-	10,986
Due to Other Funds	-	-	-	-	-	-	-	-	-
Advances Payable	49,169	-	-	-	40,867	-	-	-	90,036
Total Liabilities	<u>58,174</u>	<u>6,541</u>	<u>2,393</u>	<u>-</u>	<u>54,267</u>	<u>-</u>	<u>837</u>	<u>-</u>	<u>122,212</u>
Deferred Inflows of Resources	<u>102,480</u>	<u>241,716</u>	<u>77,344</u>	<u>-</u>	<u>-</u>	<u>66,670</u>	<u>81,495</u>	<u>75,632</u>	<u>645,337</u>
Fund Balance:									
Nonspendable	6,400	304	1,969	-	688	-	-	-	9,361
Restricted	-	-	-	27,658	-	57,608	60,415	135,728	281,409
Committed	229,203	191,123	82,903	-	261,563	-	-	-	764,792
Total Fund Balance	<u>235,603</u>	<u>191,427</u>	<u>84,872</u>	<u>27,658</u>	<u>262,251</u>	<u>57,608</u>	<u>60,415</u>	<u>135,728</u>	<u>1,055,562</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 396,257</u>	<u>\$ 439,684</u>	<u>\$ 164,609</u>	<u>\$ 27,658</u>	<u>\$ 316,518</u>	<u>\$ 124,278</u>	<u>\$ 142,747</u>	<u>\$ 211,360</u>	<u>\$ 1,823,111</u>

City of Evansville, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Funds  
For the Year Ended December 31, 2016

	Special Revenue Funds					Capital Projects Fund			Non-Major Funds
	EMS	Library	Cemetery	Tourism Commission Fund	Stormwater	TIF 6	TIF 7	TIF 8	
<b>REVENUES</b>									
Property Taxes	\$ 102,480	\$ 225,488	\$ 74,239	\$ -	\$ -	\$ 104,594	\$ 61,024	\$ 75,065	\$ 642,890
Other Taxes	-	-	-	13,576	-	7,013	-	-	20,589
Special Assessment Revenue	-	-	-	-	-	-	26,203	-	26,203
Intergovernmental	65,677	56,496	-	-	-	663	5,875	1,591	130,302
Public Charges for Services	305,532	20,675	40,525	-	194,815	-	-	-	561,547
Interest Income	-	-	311	-	-	-	2,620	-	2,931
Miscellaneous Income	5,154	108,309	1,980	-	1,365	9,188	-	-	125,996
Total Revenues	<u>478,843</u>	<u>410,968</u>	<u>117,055</u>	<u>13,576</u>	<u>196,180</u>	<u>121,458</u>	<u>95,722</u>	<u>76,656</u>	<u>1,510,458</u>
<b>EXPENDITURES</b>									
Current:									
General Government	-	-	-	-	-	975	-	-	975
Public Safety	401,679	-	-	-	-	-	-	-	401,679
Public Works	-	-	-	-	227,849	-	-	-	227,849
Health and Human Services	-	-	104,949	-	-	-	-	-	104,949
Culture, Recreation and Education	-	300,249	-	-	-	-	-	-	300,249
Conservation and Development	-	-	-	17,000	-	-	-	-	17,000
Capital Outlay	-	-	-	-	-	-	2,065	975	3,040
Debt Service									
Interest Expense	2,519	-	-	-	46,468	-	-	-	48,987
Total Expenditures	<u>404,198</u>	<u>300,249</u>	<u>104,949</u>	<u>17,000</u>	<u>274,317</u>	<u>975</u>	<u>2,065</u>	<u>975</u>	<u>1,104,728</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>74,645</u>	<u>110,719</u>	<u>12,106</u>	<u>(3,424)</u>	<u>(78,137)</u>	<u>120,483</u>	<u>93,657</u>	<u>75,681</u>	<u>405,730</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers In	-	-	-	36,082	-	-	-	-	36,082
Transfers Out	(53,455)	(35,000)	-	-	-	(111,448)	(67,559)	(58,085)	(325,547)
Total Other Financing Sources and Uses	<u>(53,455)</u>	<u>(35,000)</u>	<u>-</u>	<u>36,082</u>	<u>-</u>	<u>(111,448)</u>	<u>(67,559)</u>	<u>(58,085)</u>	<u>(289,465)</u>
Net Change in Fund Balances	21,190	75,719	12,106	32,658	(78,137)	9,035	26,098	17,596	116,265
Fund Balances (Deficit)- Beginning	214,413	115,708	72,766	(5,000)	340,388	48,573	34,317	118,132	939,297
Fund Balances (Deficit) - Ending	<u>\$ 235,603</u>	<u>\$ 191,427</u>	<u>\$ 84,872</u>	<u>\$ 27,658</u>	<u>\$ 262,251</u>	<u>\$ 57,608</u>	<u>\$ 60,415</u>	<u>\$ 135,728</u>	<u>\$ 1,055,562</u>