



CITY OF EVANSVILLE
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
For the Year Ended December 31, 2020

**City of Evansville
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December 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

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, 2020, 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, 2020, 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 iv through xiii, the budgetary comparison information on page 57, the Wisconsin Retirement System schedules on page 58, the Local Retiree Life Insurance Fund schedules on page 59, and the other postemployment benefit health plan schedule on page 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.
July 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

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, 2020. 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 position. 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, 2020, by \$32,988,542 (net position). Of this amount, \$4,479,308 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- General fund revenues including the tax equivalent were less than budgeted amounts by \$42,759 and general fund expenditures were less than budgeted amounts by \$180,706.
- As of December 31, 2020, the City of Evansville's governmental funds reported combined ending fund balances of \$2,612,835.
- As of December 31, 2020, the unassigned fund balance for the general fund was \$1,639,134, or approximately 48 percent of total general fund expenditures.
- The City of Evansville's governmental liability for long-term debt including compensated absences and long-term debt was \$7,428,790. The business-type debt totaled \$13,053,062.

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 14 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 ten 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 Custodial 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 pages 12 and 13 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 14 through 56 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 63 and 64 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, 2020.

TABLE 1
City of Evansville Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|----------------------------|--------------|-----------------------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and other assets | \$ 7,233,063 | \$ 6,620,611 | \$ 6,822,428 | \$ 6,631,505 | \$ 14,055,491 | \$ 13,252,116 |
| Capital assets | 11,967,996 | 12,274,172 | 33,456,098 | 34,038,493 | 45,424,094 | 46,312,665 |
| Total Assets | 19,201,059 | 18,894,783 | 40,278,526 | 40,669,998 | 59,479,585 | 59,564,781 |
| Deferred Outflows of Resources | 1,007,231 | 1,131,129 | 503,821 | 613,964 | 1,511,052 | 1,745,093 |
| Long-term liabilities outstanding | 6,445,000 | 7,326,060 | 11,633,059 | 13,020,562 | 18,078,059 | 20,346,622 |
| Other liabilities | 1,613,516 | 2,038,105 | 2,222,068 | 2,486,031 | 3,835,584 | 4,524,136 |
| Total Liabilities | 8,058,516 | 9,364,165 | 13,855,127 | 15,506,593 | 21,913,643 | 24,870,758 |
| Deferred Inflows of Resources | 4,992,655 | 4,201,150 | 1,095,797 | 721,298 | 6,088,452 | 4,922,448 |
| Net Position: | | | | | | |
| Net investment in capital assets | 4,853,815 | 4,196,853 | 20,734,430 | 20,361,771 | 25,588,245 | 24,558,624 |
| Restricted | 607,728 | 185,352 | 2,313,261 | 2,063,366 | 2,920,989 | 2,248,718 |
| Unrestricted | 1,695,576 | 2,078,392 | 2,783,732 | 2,630,934 | 4,479,308 | 4,709,326 |
| Total Net Position | \$ 7,157,119 | \$ 6,460,597 | \$ 25,831,423 | \$ 25,056,071 | \$ 32,988,542 | \$ 31,516,668 |

A significant portion of the City's net position 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 position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$4,479,308, 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, 2020. In 2020, the governmental activities relied primarily on property taxes (56%), program revenues (34%), and state aids (9%) to fund its operations. Combined, these account for 99% of all revenues or \$5.81 million. Business-type activities relied primarily on program revenues to fund its operations. Utility charges accounted for 95% of business-type revenues.

**TABLE 2
City of Evansville's Change in Net Position
2020 and 2019**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|----------------------------|--------------|-----------------------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 1,339,249 | \$ 1,517,347 | \$ 10,038,000 | \$ 10,084,080 | \$ 11,377,249 | \$ 11,601,427 |
| Operating Grants and Contributions | 659,962 | 591,461 | - | - | 659,962 | 591,461 |
| Capital Grants and Contributions | 3,938 | 114,745 | 353,918 | 114,200 | 357,856 | 228,945 |
| General Revenues: | | | | | | |
| Property Taxes | 3,266,815 | 3,150,436 | - | - | 3,266,815 | 3,150,436 |
| Grants and Contributions Not Restricted to Specific Programs | 543,038 | 480,209 | - | - | 543,038 | 480,209 |
| Unrestricted Interest/Investment Income | 39,010 | 94,032 | 67,033 | 106,858 | 106,043 | 200,890 |
| Other- Gain (Loss) on Capital Assets | 9,350 | (15,343) | - | - | 9,350 | (15,343) |
| Miscellaneous | 12,404 | 50,234 | 62,005 | 51,167 | 74,409 | 101,401 |
| Total Revenues | 5,873,766 | 5,983,121 | 10,520,956 | 10,356,305 | 16,394,722 | 16,339,426 |
| Expenses: | | | | | | |
| General Government | 459,391 | 489,611 | - | - | 459,391 | 489,611 |
| Public Safety | 2,308,053 | 2,238,388 | - | - | 2,308,053 | 2,238,388 |
| Public Works | 1,497,549 | 1,542,764 | - | - | 1,497,549 | 1,542,764 |
| Health & Human Services | 159,178 | 167,598 | - | - | 159,178 | 167,598 |
| Culture and Recreation | 820,465 | 956,190 | - | - | 820,465 | 956,190 |
| Conservation and Development | 146,245 | 190,193 | - | - | 146,245 | 190,193 |
| Interest on Long-Term Debt | 174,425 | 215,332 | - | - | 174,425 | 215,332 |
| Capital Outlay | 48,258 | 850 | - | - | 48,258 | 850 |
| Electric and Water | - | - | 8,062,831 | 8,065,057 | 8,062,831 | 8,065,057 |
| Sewer | - | - | 1,246,453 | 1,084,597 | 1,246,453 | 1,084,597 |
| Total Expenses | 5,613,564 | 5,800,926 | 9,309,284 | 9,149,654 | 14,922,848 | 14,950,580 |
| Increase (Decrease) in Net Position | | | | | | |
| Before Transfers | 260,202 | 182,195 | 1,211,672 | 1,206,651 | 1,471,874 | 1,388,846 |
| Transfers | 436,320 | 421,337 | (436,320) | (421,337) | - | - |
| Increase (Decrease) in Net Position | 696,522 | 603,532 | 775,352 | 785,314 | 1,471,874 | 1,388,846 |
| Net Position - January 1 | 6,460,597 | 5,857,065 | 25,056,071 | 24,270,757 | 31,516,668 | 30,127,822 |
| Net Position - December 31 | \$ 7,157,119 | \$ 6,460,597 | \$ 25,831,423 | \$ 25,056,071 | \$ 32,988,542 | \$ 31,516,668 |

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities: Governmental activities increased the City's net position by \$696,522.

Business-type activities: Business-type activities increased City of Evansville's net position by \$775,352. Key elements of this increase are as follows:

- The City's electric and water utility had an increase in net position of \$508,384. This is due to steady energy costs to the electric utility.
- The City's sewer had an increase in net position of \$266,968. This is due to an increase in rates for sewer utility in anticipation of debt payments for major improvements to the WWTP. The plant upgrade was completed in 2019.

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, 2020, the City's governmental funds reported combined ending fund balances of \$2,612,835. Of the combined ending fund balance, \$533,417 is nonspendable, \$300,916 is restricted, \$1,446,834 is committed, and \$195,511 is assigned. The remaining \$136,157 is unassigned fund balance.

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 \$1,639,134, while total fund balance reached \$2,249,757. 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 48% of total general fund expenditures, while total fund balance represents 65% of that same amount.

During the current year, the City's general fund balance increased by \$153,584. Key factors in this increase are as follows:

- The total expenditures were \$180,706 less than budgeted amounts.

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 \$508,384 in 2020 after deducting a transfer of \$440,637 to the City's General Fund. Net position was \$15,731,103 as of December 31, 2020.

The Wastewater Treatment Plant Utility (Sewer Fund) had an increase in net position of \$266,968 in 2020. Net position was \$10,100,320 as of December 31, 2020.

The Electric and Water Utility's outstanding debt at December 31, 2020 was \$6,377,202, a decrease of \$840,441 from the balance at December 31, 2019. Fixed assets, net of accumulated depreciation, of \$18,442,032 decreased \$111,074 from \$18,553,106.

The Wastewater Treatment Plant Utility's outstanding debt at December 31, 2020 was \$6,615,756 a decrease of \$518,840 from the balance at December 31, 2019. Fixed assets, net of accumulated depreciation, of \$15,014,066 decreased \$471,321 from \$15,485,387.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Evansville's general fund expenditures had an original budget of \$3,631,113 and a final budget of \$3,631,113. Actual expenditures totaled \$3,450,407. Budgeted differences can be briefly summarized as follows:

- Actual expenditures were less than budgeted expenditures by \$180,706.
- The general fund had revenues and other financing sources that were greater than expenditures and financing uses by \$153,584.

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, 2020, amounts to \$45,424,094 (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 | |
|--------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 607,181 | \$ 602,043 | \$ 171,362 | \$ 171,362 | \$ 778,543 | \$ 773,405 |
| Infrastructure Work in Process | 821,659 | 707,863 | 640,008 | 757,818 | 1,461,667 | 1,465,681 |
| Depreciable Capital Assets | 19,561,314 | 19,236,674 | 52,976,076 | 51,984,970 | 72,537,390 | 71,221,644 |
| Accumulated depreciation | (9,022,158) | (8,272,408) | (20,331,348) | (18,875,657) | (29,353,506) | (27,148,065) |
| Total | \$ 11,967,996 | \$ 12,274,172 | \$ 33,456,098 | \$ 34,038,493 | \$ 45,424,094 | \$ 46,312,665 |

Additional information on the City of Evansville’s capital assets can be found in Note III - B on pages 30-32 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 \$20,481,852. Of this amount, \$7,662,831 was backed by City's taxing ability.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| 2005 CWFL | \$ - | \$ - | \$ 473,411 | \$ 561,632 | \$ 473,411 | \$ 561,632 |
| 2009 CWFL | - | - | 1,744,262 | 1,913,769 | 1,744,262 | 1,913,769 |
| 2010 WPPI Loan | - | - | - | 5,387 | - | 5,387 |
| 2011 WPPI Loan | 2,549 | 5,949 | - | - | 2,549 | 5,949 |
| 2012 GO Bond | 230,000 | 260,000 | - | - | 230,000 | 260,000 |
| 2013 GO Notes | 155,000 | 240,000 | 290,000 | 450,000 | 445,000 | 690,000 |
| 2014 Revenue Bonds | - | - | 1,705,000 | 2,025,000 | 1,705,000 | 2,025,000 |
| 2015 GO Notes | 80,000 | 100,000 | 350,000 | 420,000 | 430,000 | 520,000 |
| 2015 WPPI Loan | - | - | 152,203 | 182,644 | 152,203 | 182,644 |
| 2016 Revenue Bonds | - | - | 2,691,000 | 2,904,500 | 2,691,000 | 2,904,500 |
| 2017 GO Refunding Bonds | 1,420,000 | 1,600,000 | - | - | 1,420,000 | 1,600,000 |
| 2017 STFL | 517,631 | 581,870 | - | - | 517,631 | 581,870 |
| 2018 CWFL | - | - | 3,461,084 | 3,591,307 | 3,461,084 | 3,591,307 |
| 2018 GO Notes | 3,450,000 | 3,835,000 | - | - | 3,450,000 | 3,835,000 |
| 2018 NAN | 50,000 | 75,000 | - | - | 50,000 | 75,000 |
| 2018 Revenue Bonds | - | - | 216,000 | 243,000 | 216,000 | 243,000 |
| 2018 Revenue Bonds-Storm | 524,000 | 589,500 | - | - | 524,000 | 589,500 |
| 2019 GO Notes | 685,000 | 790,000 | 435,000 | 480,000 | 1,120,000 | 1,270,000 |
| 2019 Revenue Bonds | - | - | 1,475,000 | 1,575,000 | 1,475,000 | 1,575,000 |
| Compensated absences | 314,610 | 247,795 | 60,102 | 60,872 | 374,712 | 308,667 |
| Total | \$ 7,428,790 | \$ 8,325,114 | \$ 13,053,062 | \$ 14,413,111 | \$ 20,481,852 | \$ 22,738,225 |

Additional information on the City's long-term debt can be found in Note III - D on pages 34-40 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's financial results are dependent on these main factors:

- Meeting City policies on fund balance through spending reserve balances.
- Providing requested services and improvements to the public while maintaining a mill rate within the median of comparable communities.
- Supporting economic growth through continued residential and commercial development.

Where appropriate, services should be funded by reasonable user charges:

- The City continues to monitor revenue in utilities and service charges to prevent tax subsidization of services that are user based.
- Reviews of charges for service include water, electric, sewer, stormwater, refuse/recycling, and building permits.
- In 2020 the City started the process of an electric rate case and in 2021 will officially start a water rate case. All remaining rate schedules seem stable for 22020 and into 2021.

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, 2020

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|--------------------------|
| ASSETS | | | |
| Cash and Investments | \$ 4,929,186 | \$ 1,086,396 | \$ 6,015,582 |
| Receivables | 2,925,267 | 1,594,568 | 4,519,835 |
| Internal Balances | (1,071,051) | 1,071,051 | - |
| Inventories | - | 239,674 | 239,674 |
| Other assets | 56,154 | 135,291 | 191,445 |
| Restricted Assets | | | |
| Cash and Investments | - | 2,492,796 | 2,492,796 |
| Net Pension Asset | 393,507 | 202,652 | 596,159 |
| Capital Assets | | | |
| Land, improvements, and construction in progress | 1,428,840 | 811,370 | 2,240,210 |
| Other Capital Assets, net of depreciation | 10,539,156 | 32,644,728 | 43,183,884 |
| Net Capital Assets | <u>11,967,996</u> | <u>33,456,098</u> | <u>45,424,094</u> |
| Total Assets | <u>19,201,059</u> | <u>40,278,526</u> | <u>59,479,585</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Pension Outflows | 916,620 | 472,049 | 1,388,669 |
| Deferred OPEB Outflows | 90,611 | 31,772 | 122,383 |
| Total Deferred Outflows of Resources | <u>1,007,231</u> | <u>503,821</u> | <u>1,511,052</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 20,208,290</u> | <u>\$ 40,782,347</u> | <u>\$ 60,990,637</u> |
| LIABILITIES | | | |
| Accounts Payable and Accrued Expenses | \$ 285,739 | \$ 638,189 | \$ 923,928 |
| OPEB Liability - Health Insurance | 191,534 | 38,629 | 230,163 |
| OPEB Liability - Life Insurance | 101,997 | 72,670 | 174,667 |
| Long-Term Liabilities | | | |
| Due Within One Year | | | |
| Bonds and Notes | 944,592 | 1,408,788 | 2,353,380 |
| Accrued Interest | 50,455 | 52,579 | 103,034 |
| Compensated Absences | 39,199 | 11,213 | 50,412 |
| Due in More Than One Year | | | |
| Bonds and Notes | 6,169,589 | 11,584,170 | 17,753,759 |
| Compensated Absences | 275,411 | 48,889 | 324,300 |
| Total liabilities | <u>8,058,516</u> | <u>13,855,127</u> | <u>21,913,643</u> |
| Total Liabilities | <u>4,992,655</u> | <u>1,095,797</u> | <u>6,088,452</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Total Deferred Inflows of Resources | <u>4,992,655</u> | <u>1,095,797</u> | <u>6,088,452</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 4,853,815 | 20,734,430 | 25,588,245 |
| Restricted for: | | | |
| Net Pension Asset | 393,507 | 202,652 | 596,159 |
| Special Revenue | 53,732 | - | 53,732 |
| Capital | - | 1,354,537 | 1,354,537 |
| Debt | - | 756,072 | 756,072 |
| Other Purposes | 160,489 | - | 160,489 |
| Unrestricted | <u>1,695,576</u> | <u>2,783,732</u> | <u>4,479,308</u> |
| Total Net Position | <u>7,157,119</u> | <u>25,831,423</u> | <u>32,988,542</u> |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | <u>\$ 20,208,290</u> | <u>\$ 40,782,347</u> | <u>\$ 60,990,637</u> |

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

Statement of Activities
For the Year Ended December 31, 2020

| Functions/Programs | Expenses | Program Revenue | | | Net (Expense) Revenue and Changes in Net position | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-type Activities | Total |
| Primary government | | | | | | | |
| Governmental Activities | | | | | | | |
| General Government | \$ 459,391 | \$ 109,466 | \$ - | \$ - | \$ (349,925) | | \$ (349,925) |
| Public Safety | 2,308,053 | 393,334 | 190,020 | - | (1,724,699) | | (1,724,699) |
| Public Works | 1,497,549 | 622,463 | 398,238 | 3,938 | (472,910) | | (472,910) |
| Health, Welfare and Sanitation | 159,178 | 40,190 | - | - | (118,988) | | (118,988) |
| Culture and Recreation | 820,465 | 148,112 | 70,873 | - | (601,480) | | (601,480) |
| Conservation and Development | 146,245 | 25,576 | 831 | - | (119,838) | | (119,838) |
| Interest on Long-term debt | 174,425 | 108 | - | - | (174,317) | | (174,317) |
| Capital Outlay | 48,258 | - | - | - | (48,258) | | (48,258) |
| Total governmental activities | <u>5,613,564</u> | <u>1,339,249</u> | <u>659,962</u> | <u>3,938</u> | <u>(3,610,415)</u> | | <u>(3,610,415)</u> |
| Business-type activities: | | | | | | | |
| Electric and Water | 8,062,831 | 8,631,492 | - | 301,718 | - | \$ 870,379 | 870,379 |
| Sewer | 1,246,453 | 1,406,508 | - | 52,200 | - | 212,255 | 212,255 |
| Total business-type activities | <u>9,309,284</u> | <u>10,038,000</u> | <u>-</u> | <u>353,918</u> | <u>-</u> | <u>1,082,634</u> | <u>1,082,634</u> |
| Total primary government | <u>\$ 14,922,848</u> | <u>\$ 11,377,249</u> | <u>\$ 659,962</u> | <u>\$ 357,856</u> | <u>(3,610,415)</u> | <u>1,082,634</u> | <u>(2,527,781)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 2,641,720 | - | 2,641,720 |
| Property taxes, levied for debt service | | | | | 613,279 | - | 613,279 |
| Other taxes | | | | | 11,816 | - | 11,816 |
| Grants and contributions not restricted to specific programs | | | | | 543,038 | - | 543,038 |
| Unrestricted investment earnings | | | | | 39,010 | 67,033 | 106,043 |
| Miscellaneous | | | | | 12,404 | 62,005 | 74,409 |
| Special item - gain (loss) on disposal of asset | | | | | 9,350 | - | 9,350 |
| Transfers | | | | | 436,320 | (436,320) | - |
| Total general revenues, special items and transfers | | | | | <u>4,306,937</u> | <u>(307,282)</u> | <u>3,999,655</u> |
| Change in Net position | | | | | 696,522 | 775,352 | 1,471,874 |
| Net position - beginning | | | | | 6,460,597 | 25,056,071 | 31,516,668 |
| Net position - ending | | | | | <u>\$ 7,157,119</u> | <u>\$ 25,831,423</u> | <u>\$ 32,988,542</u> |

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

Balance Sheet
Governmental Funds
December 31, 2020

| | <u>General Fund</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>TIF 5</u> | <u>Non-Major Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|---------------------|-------------------------|--------------------|------------------------|---------------------------------|
| ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ 2,549,047 | \$ 185,509 | \$ 230,259 | \$ 83,071 | \$ 1,881,300 | \$ 4,929,186 |
| Receivables: | | | | | | |
| Taxes | 1,105,376 | 404,373 | 161,402 | 198,856 | 543,099 | 2,413,106 |
| Special Assessments | 214,978 | 195,866 | - | - | - | 410,844 |
| Accounts | - | - | - | - | 49,092 | 49,092 |
| Other | 52,225 | - | - | - | - | 52,225 |
| Prepaid Expenses | 46,665 | - | - | - | 9,489 | 56,154 |
| Advances Receivable | 449,254 | - | - | - | - | 449,254 |
| Total Assets | <u>\$ 4,417,545</u> | <u>\$ 785,748</u> | <u>\$ 391,661</u> | <u>\$ 281,927</u> | <u>\$ 2,482,980</u> | <u>\$ 8,359,861</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | \$ 128,495 | \$ - | \$ 12,919 | \$ 850 | \$ 17,563 | \$ 159,827 |
| Accrued Liabilities | 102,672 | - | - | - | 23,240 | 125,912 |
| Due to Other Funds | - | - | - | - | 34,839 | 34,839 |
| Advances Payable | - | - | - | 1,485,466 | - | 1,485,466 |
| Total Liabilities | <u>231,167</u> | <u>-</u> | <u>12,919</u> | <u>1,486,316</u> | <u>75,642</u> | <u>1,806,044</u> |
| Deferred Inflows of Resources | <u>1,936,621</u> | <u>740,158</u> | <u>228,821</u> | <u>281,927</u> | <u>753,455</u> | <u>3,940,982</u> |
| Fund Balances (Deficit) | | | | | | |
| Nonspendable | 523,928 | - | - | - | 9,489 | 533,417 |
| Restricted | 86,695 | - | - | - | 214,221 | 300,916 |
| Committed | - | - | - | - | 1,446,834 | 1,446,834 |
| Assigned | - | 45,590 | 149,921 | - | - | 195,511 |
| Unassigned | 1,639,134 | - | - | (1,486,316) | (16,661) | 136,157 |
| Total Fund Balances (Deficit) | <u>2,249,757</u> | <u>45,590</u> | <u>149,921</u> | <u>(1,486,316)</u> | <u>1,653,883</u> | <u>2,612,835</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit) | <u>\$ 4,417,545</u> | <u>\$ 785,748</u> | <u>\$ 391,661</u> | <u>\$ 281,927</u> | <u>\$ 2,482,980</u> | <u>\$ 8,359,861</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, 2020**

| | | |
|---|-----------|--------------|
| Total fund balance, governmental funds | | \$ 2,612,835 |
| <p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p> | | |
| <p>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.</p> | | |
| | | 11,967,996 |
| <p>The net pension asset is not a current financial liability and is, therefore, not reported in the fund statements.</p> | | |
| | | 393,507 |
| <p>The OPEB liabilities are not current financial usages and are, therefore, not reported in the fund statements.</p> | | |
| | | (293,531) |
| <p>Pension and OPEB deferred outflows of resources and inflows of resources are actuarially determined. These items are reflected in the Statement of Net Position and are being amortized with pension and OPEB 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.</p> | | |
| Deferred Outflows of Resources | | 1,007,231 |
| Deferred Inflows of Resources | | (1,218,547) |
| <p>Special assessment and loan receivables are fully accrued and recognized as revenue when the receivable is established for the governmental activities of the Statement of Net Position. They are reported as deferred inflows in the fund financial statements to the extent they are not available.</p> | | |
| | | 166,874 |
| <p>Some liabilities (such as Notes Payable, Long-term Compensated Absences, and Bonds Payable) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p> | | |
| Bonds and notes - due within one year | 944,592 | |
| Bonds and notes - due in more than one year | 6,169,589 | |
| Compensated absences - current | 39,199 | |
| Compensated absences - non-current | 275,411 | |
| Accrued interest | 50,455 | |
| | | (7,479,246) |
| Net Position of Governmental Activities in the Statement of Net Position | | \$ 7,157,119 |

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, 2020

| | <u>General Fund</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>TIF 5</u> | <u>Non-Major Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|---------------------|-------------------------|-----------------------|------------------------|---|
| REVENUES | | | | | | |
| Property Taxes | \$ 1,561,109 | \$ 613,279 | \$ 159,105 | \$ 237,889 | \$ 676,395 | \$ 3,247,777 |
| Other Taxes | 4,358 | - | - | - | 15,738 | 20,096 |
| Special Assessment Revenue | - | 33,870 | 102 | - | - | 33,972 |
| Intergovernmental | 837,940 | - | 72,036 | 7,607 | 194,631 | 1,112,214 |
| License and Permits | 233,460 | - | - | - | - | 233,460 |
| Fines, Forfeits and Penalties | 60,552 | - | - | - | - | 60,552 |
| Public Charges for Services | 385,363 | - | - | - | 501,043 | 886,406 |
| Intergovernmental Charges for Services | - | - | - | - | - | - |
| Interest Income | 18,318 | 8,329 | 2,095 | 456 | 8,858 | 38,056 |
| Miscellaneous Income | 49,004 | - | 9,451 | 3,286 | 157,097 | 218,838 |
| Total Revenues | <u>3,150,104</u> | <u>655,478</u> | <u>242,789</u> | <u>249,238</u> | <u>1,553,762</u> | <u>5,851,371</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | 380,282 | - | - | 180 | 150 | 380,612 |
| Public Safety | 1,795,644 | - | - | - | 306,301 | 2,101,945 |
| Public Works | 957,999 | - | (689) | - | 81,290 | 1,038,600 |
| Health and Human Services | 37,610 | - | 184 | - | 111,903 | 149,697 |
| Culture, Recreation and Education | 169,559 | - | - | - | 381,557 | 551,116 |
| Conservation and Development | 109,313 | - | 8,319 | - | 52,054 | 169,686 |
| Capital Outlay | - | - | 459,559 | 5,665 | 86,169 | 551,393 |
| Debt Service | | | | | | |
| Principal Repayment | - | 832,638 | - | - | 130,500 | 963,138 |
| Interest Expense | - | 181,451 | - | - | 25,169 | 206,620 |
| Total Expenditures | <u>3,450,407</u> | <u>1,014,089</u> | <u>467,373</u> | <u>5,845</u> | <u>1,175,093</u> | <u>6,112,807</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(300,303)</u> | <u>(358,611)</u> | <u>(224,584)</u> | <u>243,393</u> | <u>378,669</u> | <u>(261,436)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | 453,887 | 353,910 | 34,424 | 5,629 | 5,215 | 853,065 |
| Transfers Out | - | (14,485) | - | (168,250) | (233,593) | (416,328) |
| Total Other Financing Sources and Uses | <u>453,887</u> | <u>339,425</u> | <u>34,424</u> | <u>(162,621)</u> | <u>(228,378)</u> | <u>436,737</u> |
| Net Change in Fund Balances | 153,584 | (19,186) | (190,160) | 80,772 | 150,291 | 175,301 |
| Fund Balances (Deficits) - Beginning | 2,096,173 | 64,776 | 340,081 | (1,567,088) | 1,503,592 | 2,437,534 |
| Fund Balances (Deficits) - Ending | <u>\$ 2,249,757</u> | <u>\$ 45,590</u> | <u>\$ 149,921</u> | <u>\$ (1,486,316)</u> | <u>\$ 1,653,883</u> | <u>\$ 2,612,835</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, 2020**

Net change in fund balances - total governmental funds: \$ 175,301

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 | 532,684 |
| Depreciation expenses reported in the Statement of Activities | <u>(838,860)</u> |

Amount by which capital outlays are greater (less) than depreciation in the current period. (306,176)

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 (66,815)

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: 963,138

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 5,781

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 current year on government-wide statements (33,870)

Pension and OPEB expenses reported in the governmental funds represent current year required contributions into the defined benefit pension and OPEB plans. Pension and OPEB expenses in the Statement of Activities are actuarially determined by the defined benefit pension and OPEB plans as the difference between the net pension asset/liability and OPEB liability from the prior year to the current year, with some adjustments.

(40,837)

Change in Net Position of governmental activities \$ 696,522

See accompanying notes to the basic financial statements.

**City of Evansville,
Wisconsin**

**Statement of Net Position
Proprietary Funds
December 31, 2020**

| | <u>Enterprise Funds</u> | | |
|--|---------------------------|----------------------|----------------------|
| | <u>Electric and Water</u> | <u>Sewer</u> | <u>Total</u> |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 565,704 | \$ 520,692 | \$ 1,086,396 |
| Receivables | | | |
| Taxes | 59,493 | - | 59,493 |
| Special Assessments | 1,788 | - | 1,788 |
| Accounts | 1,533,287 | - | 1,533,287 |
| Due from Other Funds | 50,646 | 34,839 | 85,485 |
| Inventories | 239,674 | - | 239,674 |
| Prepaid Expenses | 16,392 | 3,876 | 20,268 |
| Total Current Assets | <u>2,466,984</u> | <u>559,407</u> | <u>3,026,391</u> |
| Restricted Assets: | | | |
| Restricted Cash and Cash Equivalents | 1,274,470 | 1,218,326 | 2,492,796 |
| Net Pension Asset | 162,424 | 40,228 | 202,652 |
| Total Restricted Assets | <u>1,436,894</u> | <u>1,258,554</u> | <u>2,695,448</u> |
| Capital Assets: | | | |
| Land and Improvements | 76,448 | 94,914 | 171,362 |
| Construction Work in Progress | 640,008 | - | 640,008 |
| Other Capital Assets | 31,788,937 | 21,187,139 | 52,976,076 |
| Less Accumulated Depreciation | (14,063,361) | (6,267,987) | (20,331,348) |
| Net Capital Assets | <u>18,442,032</u> | <u>15,014,066</u> | <u>33,456,098</u> |
| Noncurrent Assets: | | | |
| Advances Receivable | 943,799 | 92,413 | 1,036,212 |
| Other Deferred Debits | 115,023 | - | 115,023 |
| Total Noncurrent Assets | <u>1,058,822</u> | <u>92,413</u> | <u>1,151,235</u> |
| Total Assets | <u>23,404,732</u> | <u>16,924,440</u> | <u>40,329,172</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Pension Outflows | 378,344 | 93,705 | 472,049 |
| Deferred OPEB Outflows | 28,119 | 3,653 | 31,772 |
| Total Deferred Outflows of Resources | <u>406,463</u> | <u>97,358</u> | <u>503,821</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 23,811,195</u> | <u>\$ 17,021,798</u> | <u>\$ 40,832,993</u> |

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

**Statement of Net Position
Proprietary Funds
December 31, 2020**

| | Enterprise Funds | | |
|---|-------------------------------|----------------------|----------------------|
| | Electric and Water | Sewer | Total |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | \$ 488,244 | \$ 24,537 | \$ 512,781 |
| Accrued Liabilities | 115,639 | 9,769 | 125,408 |
| Accrued Interest Payable | 25,838 | 26,741 | 52,579 |
| Due to Other Funds | - | 50,646 | 50,646 |
| Compensated Absences | 11,213 | - | 11,213 |
| Bonds and Notes Payable | 855,441 | 553,347 | 1,408,788 |
| Total Current Liabilities | 1,496,375 | 665,040 | 2,161,415 |
| Non-Current Liabilities: | | | |
| Long-Term Debt | | | |
| Bonds and Notes Payable | 5,521,761 | 6,062,409 | 11,584,170 |
| Total Long-Term Debt | 5,521,761 | 6,062,409 | 11,584,170 |
| Other Liabilities | | | |
| Compensated Absences | 48,889 | - | 48,889 |
| OPEB Liability - Health Insurance | 24,415 | 14,214 | 38,629 |
| OPEB Liability - Life Insurance | 64,314 | 8,356 | 72,670 |
| Total Other Liabilities | 137,618 | 22,570 | 160,188 |
| Total Non-Current Liabilities | 5,659,379 | 6,084,979 | 11,744,358 |
| Total Liabilities | 7,155,754 | 6,750,019 | 13,905,773 |
| DEFERRED INFLOWS OF RESOURCES | 924,338 | 171,459 | 1,095,797 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 12,336,120 | 8,398,310 | 20,734,430 |
| Restricted for net pension asset | 162,424 | 40,228 | 202,652 |
| Restricted for capital | 136,211 | 1,218,326 | 1,354,537 |
| Restricted for debt | 435,840 | 320,232 | 756,072 |
| Unrestricted | 2,660,508 | 123,224 | 2,783,732 |
| Total Net Position | 15,731,103 | 10,100,320 | 25,831,423 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & NET POSITION | \$ 23,811,195 | \$ 17,021,798 | \$ 40,832,993 |

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020**

| | <u>Enterprise Funds</u> | | <u>Total</u> |
|--|---------------------------|----------------------|----------------------|
| | <u>Electric and Water</u> | <u>Sewer</u> | |
| OPERATING REVENUES | | | |
| Charges for Services | \$ 8,600,606 | \$ 1,384,278 | \$ 9,984,884 |
| Other Operating Revenues | 30,886 | 22,230 | 53,116 |
| Total Operating Revenues | <u>8,631,492</u> | <u>1,406,508</u> | <u>10,038,000</u> |
| OPERATING EXPENSES | | | |
| Operation and Maintenance | 7,055,137 | 545,724 | 7,600,861 |
| Depreciation | 852,035 | 545,310 | 1,397,345 |
| Total Operating Expenses | <u>7,907,172</u> | <u>1,091,034</u> | <u>8,998,206</u> |
| Operating Income (Loss) | <u>724,320</u> | <u>315,474</u> | <u>1,039,794</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Interest and Investment Revenue | 52,830 | 14,203 | 67,033 |
| Miscellaneous Non-Operating Revenue | 14,681 | 40,510 | 55,191 |
| Interest Expense | (155,659) | (155,419) | (311,078) |
| Net Amortization Revenue (Expense) | 6,814 | - | 6,814 |
| Total Non-Operating Revenue (Expenses) | <u>(81,334)</u> | <u>(100,706)</u> | <u>(182,040)</u> |
| Income (Loss) Before Contributions and Transfers | 642,986 | 214,768 | 857,754 |
| Capital Contributions | 301,718 | 52,200 | 353,918 |
| Transfers In | 4,317 | - | 4,317 |
| Transfers Out | (440,637) | - | (440,637) |
| Change in Net Position | <u>508,384</u> | <u>266,968</u> | <u>775,352</u> |
| Total Net Position - Beginning | 15,222,719 | 9,833,352 | 25,056,071 |
| Total Net Position - Ending | <u>\$ 15,731,103</u> | <u>\$ 10,100,320</u> | <u>\$ 25,831,423</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, 2020**

| | <u>Electric & Water</u> | <u>Sewer</u> | <u>Total</u> |
|---|---------------------------------|---------------------|---------------------|
| <u>Cash Flows From Operating Activities:</u> | | | |
| Receipts from customers | \$ 8,484,400 | \$ 1,406,508 | \$ 9,890,908 |
| Payments to suppliers | (5,777,936) | (260,105) | (6,038,041) |
| Payments to employees | (1,322,028) | (288,255) | (1,610,283) |
| Taxes paid | (440,637) | - | (440,637) |
| Net cash provided (used) by operating activities | <u>943,799</u> | <u>858,148</u> | <u>1,801,947</u> |
| <u>Cash Flows From Capital and Related</u> | | | |
| <u>Financing Activities:</u> | | | |
| Acquisition and construction of plant assets | (762,738) | (52,212) | (814,950) |
| Proceeds from long-term debt | - | 28,942 | 28,942 |
| Interfund for capital | 4,317 | - | 4,317 |
| Principal payments on long-term debt | (840,441) | (547,782) | (1,388,223) |
| Interest and fiscal charges | (155,659) | (157,837) | (313,496) |
| Connection fees | - | 52,200 | 52,200 |
| Contributions for plant | 301,718 | - | 301,718 |
| Net cash provided (used) for capital and related financing activities | <u>(1,356,145)</u> | <u>(676,689)</u> | <u>(2,032,834)</u> |
| <u>Cash Flows From Investing Activities:</u> | | | |
| Interest on investments | 52,830 | 14,203 | 67,033 |
| Net cash provided (used) for investing activities | <u>52,830</u> | <u>14,203</u> | <u>67,033</u> |
| Net increase (decrease) in cash and equivalents | (359,516) | 195,662 | (163,854) |
| Cash and equivalents - beginning of year | 2,199,690 | 1,543,356 | 3,743,046 |
| Cash and equivalents - end of year | <u>\$ 1,840,174</u> | <u>\$ 1,739,018</u> | <u>\$ 3,579,192</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, 2020**

| | <u>Electric & Water</u> | <u>Sewer</u> | <u>Total</u> |
|---|---------------------------------|---------------------|---------------------|
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | |
| Operating income (loss) | \$ 724,320 | \$ 315,474 | \$ 1,039,794 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Non-Operating revenues | 14,681 | 40,510 | 55,191 |
| Amortization | - | (19,800) | (19,800) |
| Tax equivalent | (440,637) | - | (440,637) |
| Depreciation | 852,035 | 545,310 | 1,397,345 |
| Joint meter allocation | 21,777 | (21,777) | - |
| Pension expense | (11,554) | (4,595) | (16,149) |
| OPEB expense | (7,898) | 12,148 | |
| Changes in Assets and Liabilities: | | | |
| Receivables | (147,092) | - | (147,092) |
| Due to/from other funds | 137 | (137) | - |
| Inventories | (9,408) | - | (9,408) |
| Prepays | (4) | (135) | (139) |
| Accounts payable | (45,983) | (10,144) | (56,127) |
| Other Accrued liabilities | (6,575) | 1,294 | (5,281) |
| Net cash provided (used) by operating activities | <u>\$ 943,799</u> | <u>\$ 858,148</u> | <u>\$ 1,797,697</u> |
| Reconciliation of cash and cash equivalents to balance sheet accounts | | | |
| Cash and investments | \$ 565,704 | \$ 520,692 | \$ 1,086,396 |
| Restricted assets | 1,274,470 | 1,218,326 | 2,492,796 |
| Total Cash and Investments | <u>1,840,174</u> | <u>1,739,018</u> | <u>3,579,192</u> |
| Cash and cash equivalents- End of year | <u>\$ 1,840,174</u> | <u>\$ 1,739,018</u> | <u>\$ 3,579,192</u> |

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020**

| | Tax Custodial Fund |
|---------------------------|-------------------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 2,340,618 |
| Receivables: | |
| Taxes Receivable | 5,603,435 |
| Total Assets | <u>\$ 7,944,053</u> |
| LIABILITIES | |
| Due to Other Governments | \$ 7,944,053 |
| Total Liabilities | <u>\$ 7,944,053</u> |

See accompanying notes to the basic financial statements.

City of Evansville, Wisconsin

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

| | <u>Tax Custodial Fund</u> |
|---|---------------------------|
| ADDITIONS | |
| Property tax collections for other governments | \$ 5,936,098 |
| Total additions | <u>5,936,098</u> |
| DEDUCTIONS | |
| Payments of taxes to other governments | <u>5,936,098</u> |
| Total deductions | <u>5,936,098</u> |
| Net increase (decrease) in fiduciary net position | - |
| Total Net Position - Beginning | - |
| Total Net Position - Ending | <u><u>\$ -</u></u> |

See accompanying notes to the basic financial statements

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

The 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, 2020

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, 2020

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 of specific capital improvements that are legally restricted to expenditures for specific purposes.

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
- Tourism Commission Fund
- Revolving Housing Fund
- Stormwater 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
- TIF #9

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

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

Fund Financial Statements (Continued)

Fiduciary funds consist of pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government *controls* the assets that finance the activity, b) Assets are *not* generated from the *government's own-source revenues* or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a *qualifying trust* or the government does *not* have *administrative involvement* and the assets are *not* generated from the *government's delivery of goods or services* to the beneficiaries, *or* the assets are for the benefit of *entities that are not part of the government's reporting entity*.

The City reports the following fiduciary fund:

Custodial Funds - 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 City accounts for tax collections payable to overlying taxing jurisdictions in a custodial 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.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

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

Government-Wide Financial Statements (Continued)

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.

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 non-spendable fund balance.

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.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

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

Government-Wide Financial Statements (Continued)

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the water, electric, and sewer utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. 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 custodial 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.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

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

2. Receivables

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

Property tax calendar – 2020 tax roll:

| | |
|---------------------------------|------------------|
| Lien date and levy date | December 2020 |
| Tax bills mailed | December 2020 |
| Payment in full, or | January 31, 2021 |
| First installment due | January 31, 2021 |
| Second installment due | July 31, 2021 |
| Personal property taxes in full | January 31, 2021 |

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

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

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

3. Inventories and Prepaid Items

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

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

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

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

4. Restricted Assets

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

| <u>Fund</u> | <u>Amount</u> | <u>Purpose</u> |
|--------------------|---------------------|-------------------------------|
| Electric and water | \$ 65,885 | Bond reserve on revenue bonds |
| Electric and water | 290,518 | Special redemption fund |
| Electric and water | 136,211 | Water impact fees |
| Electric and water | 953,338 | Treasury notes investment |
| Sewer | 898,977 | Replacement fund |
| Sewer | 147,867 | Special redemption fund |
| | <u>\$ 2,492,796</u> | |

5. Capital Assets

Government-Wide Statements

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

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

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

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

5. Capital Assets (Continued)

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, 2020

**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 | \$ 95 | \$ 1,796 |
| Accumulated sick leave | 275,411 | 48,890 |
| Vacation and holiday liability | 39,104 | 9,417 |
| | \$ 314,610 | \$ 60,103 |

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, 2020

**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 represents 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, 2020

**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.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

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

12. Other Postemployment Benefits

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) and Health Plan has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and Health Plan and additions to/deductions from LRLIF's and Health Plan fiduciary net position have been determined on the same basis as they are reported by LRLIF and health Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

E. UTILITY RATES AND USER CHARGES

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.

F. INCOME TAXES

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

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, 2020

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, 2020, the cash and investments consist of the following:

| | |
|--|---------------|
| Petty cash/cash on hand | \$ 1,830 |
| Deposits with financial institutions | 10,610,026 |
| Wisconsin Local Government Investment Pool | 165,512 |
| RESCO stock certificates | 71,628 |
| | \$ 10,848,996 |

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

| | |
|---------------------------------|---------------|
| Statement of Net Position: | |
| Cash and investments | \$ 6,015,582 |
| Restricted cash and investments | 2,492,796 |
| Fiduciary Funds: | |
| Cash and investments | 2,340,618 |
| | \$ 10,848,996 |

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, 2020

A. CASH AND CASH EQUIVALENTS/INVESTMENTS (Continued)

Investments Authorized by Wisconsin Statutes (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 or the Wisconsin Aerospace 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's policy is that the City will not directly invest in securities maturing more than five years from purchase unless matched to a specific cash flow. As of December 31, 2020, the City has \$165,512 invested in the Local Government Investment Pool (LGIP) which has an average maturity of 39 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, 2020, 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. Additionally, the U.S. Treasury investment funds have an AAA rating from Moody's Investor Services.

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, 2020, 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.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

A. CASH AND CASH EQUIVALENTS/INVESTMENTS (Continued)

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund investment guidelines.

Investment allocation in the LGIP as of December 31, 2020 was: 86.76% in U.S. Government Securities, 2.39% in Certificates of Deposit and Bankers' Acceptances and 10.85% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

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's investment policy requires collateralization on all demand deposits as well as certificates of deposit and repurchase agreements.

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 invested in separate financial institutions under the FDIC insurance level. These totaled \$0.

As of December 31, 2020, 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 by letter of credit | <u>\$ 8,038,192</u> |
| Total | <u><u>\$ 8,038,192</u></u> |

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

B. CAPITAL ASSETS

Capital asset activity in the governmental activities for the year ended December 31, 2020 was as follows:

| | Balance 01/01/20 | Additions | Retirements | Balance 12/31/20 |
|--|--------------------------|-------------------------|-------------------|--------------------------|
| Governmental Activities | | | | |
| Non-Depreciable Capital Assets: | | | | |
| Land | \$ 602,043 | \$ 5,138 | \$ - | \$ 607,181 |
| Infrastructure CWIP | 707,863 | 113,796 | - | 821,659 |
| Total Non-Depreciable Capital Assets | <u>1,309,906</u> | <u>118,934</u> | <u>-</u> | <u>1,428,840</u> |
| Capital Assets being Depreciated | | | | |
| Land Improvements | 2,889,760 | 23,550 | - | 2,913,310 |
| Buildings and Structures | 6,556,615 | 9,786 | - | 6,566,401 |
| Equipment | 3,471,450 | 374,134 | (89,110) | 3,756,474 |
| Infrastructure | 6,318,849 | 6,280 | - | 6,325,129 |
| Total Capital Assets being Depreciated | <u>19,236,674</u> | <u>413,750</u> | <u>(89,110)</u> | <u>19,561,314</u> |
| Total Capital Assets | 20,546,580 | 532,684 | (89,110) | 20,990,154 |
| Less Accumulated Depreciation | <u>(8,272,408)</u> | <u>(838,860)</u> | <u>89,110</u> | <u>(9,022,158)</u> |
| Capital Assets Net of Depreciation | <u>\$ 12,274,172</u> | <u>\$ (306,176)</u> | <u>\$ -</u> | <u>\$ 11,967,996</u> |

Depreciation expense was charged to functions as follows:

| | |
|--|-----------------------|
| Governmental Activities | |
| General Government | \$ 43,775 |
| Public Safety | 118,509 |
| Public Works | 347,995 |
| Health and Human Services | 6,774 |
| Stormwater | 71,158 |
| Culture, Recreation and Education | <u>250,649</u> |
| Total Governmental Activities Depreciation Expense | <u>\$ 838,860</u> |

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

B. CAPITAL ASSETS (Continued)

Capital asset activity in the business-type activities for the year ended December 31, 2020 was as follows:

| | Balance 01/01/20 | Additions | Retirements | Balance 12/31/20 |
|--|----------------------|---------------------|---------------------|----------------------|
| Electric and Water | | | | |
| Non-Depreciable Capital Assets: | | | | |
| Land | \$ 76,448 | \$ - | \$ - | \$ 76,448 |
| Construction in progress | 757,818 | 572,525 | (690,335) | 640,008 |
| Total Non-Depreciable Capital Assets | <u>834,266</u> | <u>572,525</u> | <u>(690,335)</u> | <u>716,456</u> |
| Capital Assets being Depreciated | | | | |
| Buildings and structures | 790,598 | - | - | 790,598 |
| Equipment | 2,010,776 | 26,750 | (57,940) | 1,979,586 |
| Infrastructure | 28,048,669 | 975,584 | (5,500) | 29,018,753 |
| Total Capital Assets being Depreciated | <u>30,850,043</u> | <u>1,002,334</u> | <u>(63,440)</u> | <u>31,788,937</u> |
| Total Capital Assets | 31,684,309 | 1,574,859 | (753,775) | 32,505,393 |
| Less Accumulated Depreciation | (13,131,203) | (995,598) | 63,440 | (14,063,361) |
| Capital Assets Net of Depreciation | <u>\$ 18,553,106</u> | <u>\$ 579,261</u> | <u>\$ (690,335)</u> | <u>\$ 18,442,032</u> |
| | | | | |
| | Balance 01/01/20 | Additions | Retirements | Balance 12/31/20 |
| Wastewater Treatment: | | | | |
| Non-Depreciable Capital Assets: | | | | |
| Land | \$ 94,914 | \$ - | \$ - | \$ 94,914 |
| Total Non-Depreciable Capital Assets | <u>94,914</u> | <u>-</u> | <u>-</u> | <u>94,914</u> |
| Capital Assets being Depreciated | | | | |
| Buildings and structures | 7,883,880 | 14,992 | - | 7,898,872 |
| Equipment | 5,239,094 | - | - | 5,239,094 |
| Infrastructure | 8,011,953 | 37,220 | - | 8,049,173 |
| Total Capital Assets being Depreciated | <u>21,134,927</u> | <u>52,212</u> | <u>-</u> | <u>21,187,139</u> |
| Total Capital Assets | 21,229,841 | - | - | 21,282,053 |
| Less Accumulated Depreciation | (5,744,454) | (523,533) | - | (6,267,987) |
| Capital Assets Net of Depreciation | <u>\$ 15,485,387</u> | <u>\$ (523,533)</u> | <u>\$ -</u> | <u>\$ 15,014,066</u> |

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

B. CAPITAL ASSETS (Continued)

| | Balance 01/01/20 | Additions | Retirements | Balance 12/31/20 |
|--|----------------------|-------------------|---------------------|----------------------|
| Business-Type Activities | | | | |
| Non-Depreciable Capital Assets: | | | | |
| Land | \$ 171,362 | \$ - | \$ - | \$ 171,362 |
| Construction in progress | 757,818 | 572,525 | (690,335) | 640,008 |
| Total Non-Depreciable Capital Assets | <u>929,180</u> | <u>572,525</u> | <u>(690,335)</u> | <u>811,370</u> |
| Capital Assets being Depreciated | | | | |
| Buildings and structures | 8,674,478 | 14,992 | - | 8,689,470 |
| Equipment | 7,249,870 | 26,750 | (57,940) | 7,218,680 |
| Infrastructure | 36,060,622 | 1,012,804 | (5,500) | 37,067,926 |
| Total Capital Assets being Depreciated | <u>51,984,970</u> | <u>1,054,546</u> | <u>(63,440)</u> | <u>52,976,076</u> |
| Total Capital Assets | 52,914,150 | 1,627,071 | (753,775) | 53,787,446 |
| Less Accumulated Depreciation | (18,875,657) | (1,519,131) | 63,440 | (20,331,348) |
| Capital Assets Net of Depreciation | <u>\$ 34,038,493</u> | <u>\$ 107,940</u> | <u>\$ (690,335)</u> | <u>\$ 33,456,098</u> |

Depreciation expense was charged to functions as follows:

| Business-Type Activities | | |
|---|--|---------------------|
| Water | | \$ 328,114 |
| Electric | | 667,484 |
| Sewer | | 523,533 |
| Total Business-Type Activities Depreciation Expense | | <u>\$ 1,519,131</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:

| Interfund Receivables and Payables | | | |
|---|--------------|------------------|------------|
| Receivable Fund | Payable Fund | Amount | Purpose |
| Electric and water | Sewer | \$ 50,646 | Operations |
| Sewer | TIF 9 | 34,839 | Cash Flow |
| Subtotal fund financial statements | | <u>\$ 85,485</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, 2020

C. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (Continued)

The City has the following interfund advances outstanding:

| Receivable Fund | Payable Fund | Amount | Purpose |
|------------------------------------|---------------------|---------------------|----------------|
| General | TIF 5 | \$ 449,254 | Capital |
| Electric and water | TIF 5 | 943,799 | Capital |
| Sewer | TIF 5 | 92,413 | Capital |
| Subtotal fund financial statements | | <u>\$ 1,485,466</u> | |
| Total interfund receivables | | \$ 85,485 | |
| Total inter-fund advances | | 1,485,466 | |
| less inter-fund eliminations | | (499,900) | |
| Internal balances | | <u>\$ 1,071,051</u> | |

None of the TIF advances are set up for repayment. The City passed a resolution stating interest rates on TIF advances will be 0%. No interest rates exist on the other advances. The advances to the TIF district are anticipated to be repaid from future tax increments.

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated. The following is a schedule of interfund transfers:

| Transferred to | Transferred from | Amount | Purpose |
|--------------------------------------|-------------------------|-------------------|---------------------|
| General | Electric and Water | \$ 440,637 | Tax equivalent |
| General | TIFS 5-9 | 13,250 | Administration |
| TIF 5 | TIF 8 | 5,629 | Allocation transfer |
| Capital | EMS | 29,471 | Fund allocation |
| Capital Projects | Library | 352,703 | Capital costs |
| Capital Projects | Debt service | 4,953 | Special assessments |
| Stormwater | Debt Service | 5,215 | Special assessments |
| Electric and Water | Debt Service | 4,317 | Special assessments |
| Debt service | TIF 5 | 164,250 | Debt payments |
| Debt service | TIF 6 | 72,598 | Debt payments |
| Debt service | TIF 7 | 64,150 | Debt payments |
| Debt service | TIF 8 | 52,912 | Debt payments |
| Subtotal fund statements | | 1,210,085 | |
| less inter-fund eliminations | | (773,765) | |
| Total per government-wide statements | | <u>\$ 436,320</u> | |

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

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

D. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2020 was as follows:

| | Balance 1/1/20 | Issued | Retired | Balance 12/31/20 |
|---|----------------------|------------------|---------------------|----------------------|
| Governmental Activities | | | | |
| Direct Borrowings and Direct Placements | \$ 662,819 | \$ - | \$ 92,639 | \$ 570,180 |
| Other Notes and Bonds | 7,414,500 | - | 870,500 | 6,544,000 |
| Total Notes and Bonds | <u>8,077,319</u> | <u>-</u> | <u>963,139</u> | <u>7,114,180</u> |
| Compensated Absences | <u>247,795</u> | <u>66,815</u> | <u>-</u> | <u>314,610</u> |
| Total Governmental Long-Term Debt | <u>\$ 8,325,114</u> | <u>\$ 66,815</u> | <u>\$ 963,139</u> | <u>\$ 7,428,790</u> |
| | | | | |
| | Balance 1/1/20 | Issued | Retired | Balance 12/31/20 |
| Business-Type Activities | | | | |
| Direct Borrowings and Direct Placements | \$ 6,254,739 | \$ 28,942 | \$ 452,721 | \$ 5,830,960 |
| Other Bonds and Notes | 8,097,500 | - | 935,500 | 7,162,000 |
| Total Notes and Bonds | <u>14,352,239</u> | <u>28,942</u> | <u>1,388,221</u> | <u>12,992,960</u> |
| Compensated Absences | <u>60,872</u> | <u>-</u> | <u>770</u> | <u>60,102</u> |
| Total Business-Type Long-Term Debt | <u>\$ 14,413,111</u> | <u>\$ 28,942</u> | <u>\$ 1,388,991</u> | <u>\$ 13,053,062</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.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

D. LONG-TERM OBLIGATIONS (Continued)

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, 2020 was \$21,851,365. Total general obligation debt outstanding at year-end was \$7,662,631.

The following is a list of long-term obligations at December 31, 2020:

| | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance 12/31/20 | Amounts Due within One Year |
|--|------------------|-------------------|-------------------|--------------------------|---------------------|-----------------------------------|
| Governmental Activities | | | | | | |
| Direct Borrowings and Direct Placements | | | | | | |
| 2017 State Trust Fund Loan | 9/19/2017 | 3/15/2027 | 3.50% | \$ 717,920 | \$ 517,631 | \$ 66,543 |
| 2018 Bank Note | 10/19/2018 | 10/19/2023 | 2.297% | \$ 100,000 | 50,000 | 25,000 |
| WPPI Note | 10/1/2011 | 10/1/2021 | 0.000% | \$ 33,994 | 2,549 | 2,549 |
| Total Direct Borrowings and Direct Placements | | | | | <u>\$ 570,180</u> | <u>\$ 94,092</u> |
| Other Notes and Bonds | | | | | | |
| General Obligation Debt | | | | | | |
| 2013 General Obligation Notes | 1/24/2013 | 4/1/2022 | 0.4%-1.6% | \$ 260,000 | \$ 155,000 | \$ 85,000 |
| 2015 General Obligation Notes | 5/28/2015 | 10/1/2025 | .5%-2.2% | \$ 390,000 | 80,000 | 20,000 |
| 2018 General Obligation Notes | 5/30/2018 | 4/1/2028 | 1.9%-2.85% | \$ 4,180,000 | 3,450,000 | 390,000 |
| 2019 General Obligation Notes | 6/1/2019 | 4/1/2029 | 3.0%-4.0% | \$ 790,000 | 685,000 | 85,000 |
| Total General Obligation Notes | | | | | <u>4,370,000</u> | <u>580,000</u> |
| 2012 Taxable General Obligation Bond | 5/24/2012 | 10/1/2027 | 1.25%-3.90% | \$ 460,000 | 230,000 | 30,000 |
| 2017 General Obligation Refunding Bonds | 8/30/2017 | 4/1/2027 | 2.00-3.00% | \$ 1,855,000 | 1,420,000 | 175,000 |
| Total General Obligation Bonds | | | | | <u>1,650,000</u> | <u>205,000</u> |
| Total General Obligation Debt | | | | | <u>6,020,000</u> | <u>785,000</u> |
| Stormwater Revenue Bonds | 5/30/2018 | 5/1/2028 | 3.875% | \$ 655,000 | 524,000 | 65,500 |
| Total Other Notes and Bonds | | | | | <u>\$ 6,544,000</u> | <u>\$ 850,500</u> |
| Total Governmental Long-Term Debt | | | | | <u>\$ 7,114,180</u> | <u>\$ 944,592</u> |

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

| Years | Governmental Activities | | | | | |
|-----------|--|------------------|---------------------|-------------------|---------------------|-------------------|
| | Bonds and Notes from direct borrowings and placements | | Bonds and Notes | | Total | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2021 | \$ 94,092 | \$ 18,988 | \$ 850,500 | \$ 161,501 | \$ 944,592 | \$ 180,489 |
| 2022 | 93,872 | 16,077 | 875,500 | 140,590 | 969,372 | 156,667 |
| 2023 | 71,282 | 13,378 | 830,500 | 118,960 | 901,782 | 132,338 |
| 2024 | 73,748 | 10,913 | 825,500 | 97,175 | 899,248 | 108,088 |
| 2025 | 76,359 | 8,302 | 850,500 | 75,062 | 926,859 | 83,364 |
| 2026-2029 | 160,827 | 8,492 | 2,311,500 | 90,967 | 2,472,327 | 99,459 |
| | <u>\$ 570,180</u> | <u>\$ 76,150</u> | <u>\$ 6,544,000</u> | <u>\$ 684,254</u> | <u>\$ 7,114,180</u> | <u>\$ 760,404</u> |

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

D. LONG-TERM OBLIGATIONS (Continued)

| Business-Type Activities | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance 12/31/20 | Amounts Due within One Year |
|---|------------------|-------------------|-------------------|--------------------------|---------------------|-----------------------------------|
| Electric and Water | | | | | | |
| General Obligation Debt | | | | | | |
| 2013 General Obligation Notes | 1/24/2013 | 4/1/2022 | 0.4%-1.6% | \$ 1,390,000 | \$ 290,000 | \$ 160,000 |
| 2015 General Obligation Notes | 5/28/2015 | 10/1/2025 | 0.5%-2.2% | \$ 330,000 | 175,000 | 35,000 |
| Total Electric and Water General Obligation Debt | | | | | 465,000 | 195,000 |
| Mortgage Revenue Bonds | | | | | | |
| 2014 Revenue Bonds | 7/2/2014 | 5/1/2025 | 0.7-3.1% | \$ 3,165,000 | 1,705,000 | 325,000 |
| 2016 Revenue Bonds | 7/21/2016 | 5/1/2036 | 0.9-3.15% | \$ 3,239,999 | 2,580,000 | 205,000 |
| 2019 Revenue Bonds | 6/6/2019 | 5/1/2029 | 3% | \$ 3,240,000 | 1,475,000 | 100,000 |
| Total Electric and Water Mortgage Revenue Bonds | | | | | 5,760,000 | 630,000 |
| Total Electric and Water Other Bonds and Notes | | | | | 6,225,000 | 825,000 |
| Sewer Utility | | | | | | |
| Other Notes and Bonds | | | | | | |
| General Obligation Debt | | | | | | |
| 2015 General Obligation Notes | 5/28/2015 | 10/1/2025 | 0.5%-2.2% | \$ 240,000 | 175,000 | 35,000 |
| 2019 General Obligation Notes | 6/1/2019 | 4/1/2029 | 3.0%-4.0% | \$ 480,000 | 435,000 | 45,000 |
| Total Sewer General Obligation Debt | | | | | 610,000 | 80,000 |
| Mortgage Revenue Bonds | | | | | | |
| 2016 Revenue Bonds | 7/29/2016 | 5/1/2026 | 1.970% | \$ 185,000 | 111,000 | 18,500 |
| 2018 Revenue Bonds | 5/30/2018 | 5/1/2028 | 3.875% | \$ 270,000 | 216,000 | 27,000 |
| Total Sewer Mortgage Revenue Bonds | | | | | 327,000 | 45,500 |
| Total Sewer Other Bonds and Notes | | | | | 937,000 | 125,500 |
| Total Business-Type Other Notes and Bonds | | | | | \$ 7,162,000 | \$ 950,500 |
| Direct Borrowings and Direct Placements | | | | | | |
| WPPI Loan - Electric | 11/30/2015 | 11/28/2025 | 0% | \$ 304,406 | \$ 152,203 | \$ 30,441 |
| 2005 Clean Water Fund Debt | 7/27/2005 | 5/1/2025 | 2.365% | \$ 1,602,737 | 473,411 | 90,308 |
| 2009 Clean Water Fund Debt | 11/25/2009 | 5/1/2029 | 2.668% | \$ 3,248,127 | 1,744,262 | 174,030 |
| 2018 Clean Water Fund Debt | 6/27/2018 | 5/1/2038 | 1.870% | \$ 3,994,925 | 3,461,084 | 163,509 |
| Total Direct Borrowings and Direct Placements | | | | | \$ 5,830,960 | \$ 458,288 |
| Total Business-Type Activities Long-Term Debt | | | | | \$12,992,960 | \$ 1,408,788 |

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

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 | | | | | |
|-----------|---|-------------------|---------------------|-------------------|----------------------|---------------------|
| | Bonds and Notes from direct borrowings and placements | | Bonds and Notes | | Total | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2021 | \$ 458,288 | \$ 117,537 | \$ 950,500 | \$ 170,155 | \$ 1,408,788 | \$ 575,825 |
| 2022 | 468,126 | 107,584 | 955,500 | 149,630 | 1,423,626 | 575,710 |
| 2023 | 478,193 | 97,397 | 885,500 | 128,032 | 1,363,693 | 575,590 |
| 2024 | 488,498 | 86,971 | 905,500 | 105,316 | 1,393,998 | 575,469 |
| 2025 | 499,046 | 76,298 | 925,500 | 81,100 | 1,424,546 | 575,344 |
| 2026-2030 | 1,757,496 | 246,201 | 2,079,500 | 177,115 | 3,836,996 | 2,003,697 |
| 2031-2035 | 1,021,448 | 110,156 | 380,000 | 41,885 | 1,401,448 | 1,131,604 |
| 2036-2038 | 659,865 | 18,664 | 80,000 | 1,260 | 739,865 | 678,529 |
| | <u>\$ 5,830,960</u> | <u>\$ 860,808</u> | <u>\$ 7,162,000</u> | <u>\$ 854,493</u> | <u>\$ 12,992,960</u> | <u>\$ 6,691,768</u> |

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, 2020

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, 2021.

The utilities are covered under the following insurance policies at December 31, 2020:

| Type | Coverage |
|------------------------|---------------|
| Valuation Policy | |
| Buildings and Contents | \$ 15,187,899 |
| Contractors Equipment | 1,185,038 |
| Property in the Open | 7,514,462 |
| Water Supply | 2,860,198 |
| Water Treatment | 6,358,281 |

Debt Coverage – Electric/Water, Sewer, and Storm-Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation and capital (defined net earnings) must exceed 1.25 or 1.10 times the annual debt service of the bonds. The coverage requirement was met for both electric and water and sewer as follows:

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

D. LONG-TERM OBLIGATIONS (Continued)

| | Electric and Water | Sewer | Storm |
|--|-------------------------------|-------------------|-------------------|
| Maximum annual debt service electric and water | \$ 833,826 | \$ - | \$ - |
| Maximum annual debt service Sewer | | 600,762 | - |
| Maximum annual debt service Storm | | - | 84,536 |
| Total debt service | 833,826 | 600,762 | 84,536 |
| Ratio | 125% | 110% | 110% |
| Net Revenues required | <u>\$ 1,042,283</u> | <u>\$ 660,838</u> | <u>\$ 92,990</u> |
| REVENUES | | | |
| Charges for Services | \$ 8,600,606 | \$ 1,384,278 | \$ 241,038 |
| Other Operating Revenues | 30,886 | 22,230 | 879 |
| Total Operating Revenues | <u>8,631,492</u> | <u>1,406,508</u> | <u>241,917</u> |
| OPERATING EXPENSES | | | |
| Operation and Maintenance | 7,055,137 | 545,724 | 81,290 |
| Total expenses for coverage ratio calculation | <u>7,055,137</u> | <u>545,724</u> | <u>81,290</u> |
| Net from operations for coverage ratio calculation | 1,576,355 | 860,784 | 160,627 |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Interest and Investment Revenue | 52,830 | 14,199 | 1,942 |
| Miscellaneous Non-Operating Revenue (Expense) | 14,681 | 40,510 | - |
| Capital Contributions and Impact Fees Received | 301,718 | 52,200 | - |
| Net Revenues per bond ordinance | <u>\$ 1,949,901</u> | <u>\$ 967,693</u> | <u>\$ 167,784</u> |
| Net Revenues Above (Below) Required Amount | <u>\$ 907,618</u> | <u>\$ 306,855</u> | <u>\$ 74,794</u> |

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

D. LONG-TERM OBLIGATIONS (Continued)

Number of Customers

The Water/Electric, Sewer, and Storm utilities had the following number of customers and billed volumes for 2020:

| | Customers | Sales (000 gals) |
|-----------------------|-----------|---------------------|
| Water | | |
| Residential | 2,214 | 91,752 |
| Commercial | 191 | 13,194 |
| Industrial | 9 | 2,717 |
| Public Authority | 18 | 2,965 |
| Multifamily | 9 | 3,131 |
| | 2,441 | 113,759 |
| Electric | Customers | |
| Residential | 3,980 | |
| Commercial/Industrial | 702 | |
| Lighting Service | 39 | |
| | 4,721 | |
| Sewer | Customers | Sales (000 gals) |
| Residential | 2,152 | 89,399 |
| Commercial | 180 | 15,207 |
| Industrial | 9 | 2,778 |
| Public Authority | 10 | 1,915 |
| | 2,351 | 109,299 |
| Storm | Customers | |
| Residential | 2,096 | |
| Non-Residential | 243 | |
| | 2,339 | |

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

E. DEFERRED INFLOWS OF RESOURCES

At the end of the 2020, the various components of deferred inflows of resources reported in the governmental and proprietary funds were as follows:

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|---|---------------------|---------------------|---------------------|
| Governmental Funds | | | |
| Property taxes receivable | \$ - | \$ 3,774,108 | \$ 3,774,108 |
| Special assessments not yet due | 166,874 | - | 166,874 |
| Total Deferred Inflows of Resources For Governmental Funds | <u>\$ 166,874</u> | <u>\$ 3,774,108</u> | \$ 3,940,982 |
| less special assessments accrued for government-wide statements | | | (166,874) |
| plus WRS pension and OPEB inflows accrued for government-wide statements | | | 1,218,548 |
| Deferred Inflows of Resources-government wide statements | | | <u>\$ 4,992,656</u> |
| | | | |
| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
| Proprietary Funds | | | |
| Wind turbine power | \$ 49,500 | \$ - | \$ 49,500 |
| Construction advances | 292,547 | - | 292,547 |
| Regulatory credit | 85,113 | - | 85,113 |
| ATC advance | 26,942 | - | 26,942 |
| WRS pension inflows | 607,299 | - | 607,299 |
| OPEB inflows | 12,228 | - | 12,228 |
| Other deferred inflows | 22,170 | - | 22,170 |
| Total Deferred Inflows of Resources for Proprietary Funds | <u>\$ 1,095,799</u> | <u>\$ -</u> | <u>\$ 1,095,799</u> |

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

F. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Net position reported on the government-wide statement of net position at December 31, 2020 includes the following:

| | Governmental | Water and Light | Sewer | Total Business-type |
|----------------------------------|---------------------|----------------------|---------------------|------------------------|
| Capital assets | \$ 11,967,996 | \$ 18,442,032 | \$ 15,014,066 | \$ 33,456,098 |
| less current portion LT debt | (944,592) | (855,441) | (553,347) | (1,408,788) |
| less LT debt | (6,169,589) | (5,521,761) | (6,062,409) | (11,584,170) |
| less deferred regulatory credit | - | (85,113) | - | (85,113) |
| plus bond reserve | - | 356,403 | - | 356,403 |
| Net investment in capital assets | <u>\$ 4,853,815</u> | <u>\$ 12,336,120</u> | <u>\$ 8,398,310</u> | <u>\$ 20,734,430</u> |

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

| | Non- spendable | Restricted | Committed | Assigned | Unassigned |
|-------------------------------------|---------------------------|-------------------|------------------|-----------------|-------------------|
| General Fund: | | | | | |
| Advances (net of deferred interest) | \$ 449,254 | \$ - | \$ - | \$ - | \$ - |
| Revolving loan | - | 77,695 | - | - | - |
| Building improvement grant | - | 9,000 | - | - | - |
| Prepaid expenses | 46,665 | - | - | - | - |
| Delinquent personal property taxes | 28,009 | - | - | - | - |
| Unassigned | - | - | - | - | 1,639,134 |
| Total General Fund | <u>523,928</u> | <u>86,695</u> | <u>-</u> | <u>-</u> | <u>1,639,134</u> |
| Debt Service Fund: | | | | | |
| Debt service | - | - | - | 45,590 | - |
| Total Debt Service Fund | <u>-</u> | <u>-</u> | <u>-</u> | <u>45,590</u> | <u>-</u> |
| Capital Projects Fund: | | | | | |
| Capital outlay | - | - | - | 149,921 | - |
| Total Capital Projects Fund | <u>-</u> | <u>-</u> | <u>-</u> | <u>149,921</u> | <u>-</u> |
| TIF 5: | | | | | |
| Unassigned (Deficit) | - | - | - | - | (1,486,316) |

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

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

| Non-Major Governmental Funds: | Non- spendable | Restricted | Committed | Assigned | Unassigned |
|---|---------------------------|-----------------------|-------------------------|-----------------------|-----------------------|
| EMS | 6,743 | - | 235,086 | - | - |
| Library | 555 | - | 360,068 | - | - |
| Cemetery | 1,456 | - | 92,680 | - | - |
| Stormwater | 735 | - | 335,614 | - | - |
| Tourism Commission Fund | - | 53,732 | - | - | - |
| Revolving Loan Fund | - | - | 423,386 | - | - |
| TIF 6 | - | 78,808 | - | - | - |
| TIF 7 | - | 45,785 | - | - | - |
| TIF 8 | - | 35,896 | - | - | - |
| TIF 9 | - | - | - | - | (16,661) |
| Total Non-Major Governmental Funds | 9,489 | 214,221 | 1,446,834 | - | (16,661) |
| Grand Total | \$ 533,417 | \$ 300,916 | \$ 1,446,834 | \$ 195,511 | \$ 136,157 |

The TIF deficits are anticipated to be recovered through future tax increments. The capital outlay fund is anticipated to be spent for 2020 projects.

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 issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

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.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

A. EMPLOYEE RETIREMENT PLAN (Continued)

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

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:

| <u>Year</u> | <u>Core Fund Adjustment</u> | <u>Variable Fund Adjustment</u> |
|-------------|-----------------------------|---------------------------------|
| 2010 | (1.3%) | 22% |
| 2011 | (1.2) | 11 |
| 2012 | (7.0) | (7) |
| 2013 | (9.6) | 9 |
| 2014 | 4.7 | 25 |
| 2015 | 2.9 | 2 |
| 2016 | 0.5 | (5) |
| 2017 | 2.0 | 4 |
| 2018 | 2.4 | 17 |
| 2019 | 0.0 | (10) |

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

A. EMPLOYEE RETIREMENT PLAN (Continued)

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. Starting in January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. 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 \$195,248 in contributions from the employer.

Contribution rates as of December 31, 2019 are:

| Employee Category | Employee | Employer |
|---|-----------------|-----------------|
| General (including Teachers, Executives and Elected Officials) | 6.75% | 6.75% |
| Protective with Social Security | 6.75% | 11.65% |
| Protective without Social Security | 6.75% | 16.25% |

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

At December 31, 2020, the City reported a liability (asset) of (\$596,159) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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 liability (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, 2019, the City's proportion was 0.01848869%, which was an increase of 0.00061234% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$224,374.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

A. EMPLOYEE RETIREMENT PLAN (Continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 1,131,647 | \$ (566,313) |
| Changes of assumptions | 46,455 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (1,218,761) |
| Changes in proportion and difference between Employer contributions and proportionate share of contributions | 2,050 | (1,473) |
| Employer contributions subsequent to the measurement date | 208,517 | - |
| Total | \$ 1,388,669 | \$ (1,786,547) |

\$208,517 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended December 31: | Net Deferred Outflows (Inflows) of Resources |
|------------------------------------|---|
| 2021 | \$ (180,051) |
| 2022 | \$ (134,037) |
| 2023 | \$ 20,988 |
| 2024 | \$ (313,295) |
| 2025 | \$ - |

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

A. EMPLOYEE RETIREMENT PLAN (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--------------------------------|
| Actuarial Valuation Date: | December 31, 2018 |
| Measurement Date of Net Pension Liability (Asset): | December 31, 2019 |
| Actuarial Cost Method: | Entry Age Normal |
| Asset Valuation Method: | Fair Value |
| Long-Term Expected Rate of Return: | 7.0% |
| Discount Rate: | 7.0% |
| Salary Increases: | |
| Inflation | 3.0% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table |
| Post-Retirement Adjustments* | 1.9% |

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 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 geometric real rates of return for each major asset class are summarized in the following table:

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

A. EMPLOYEE RETIREMENT PLAN (Continued)

| Asset Allocation Targets and Expected Returns | | | |
|--|---------------------------|--|---|
| As of December 31, 2019 | | | |
| <u>Core Fund Asset Class</u> | <u>Asset Allocation %</u> | <u>Long-Term Expected Nominal Rate of Return %</u> | <u>Long-Term Expected Real Rate of Return %</u> |
| Global Equities | 49 | 8.0 | 5.1 |
| Fixed Income | 24.5 | 4.9 | 2.1 |
| Inflation Sensitive Assets | 15.5 | 4.0 | 1.2 |
| Real Estate | 9 | 6.3 | 3.5 |
| Private Equity/Debt | 8 | 10.6 | 7.6 |
| Multi-Asset | 4 | 6.9 | 4.0 |
| Total Core Fund | 110 | 7.5 | 4.6 |
| <u>Variable Fund Asset Class</u> | | | |
| U.S. Equities | 70 | 7.5 | 4.6 |
| International Equities | 30 | 8.2 | 5.3 |
| Total Variable Fund | 100 | 7.8 | 4.9 |
| 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 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

A. EMPLOYEE RETIREMENT PLAN (Continued)

| | 1% Decrease to Discount Rate (6.00%) | Current Discount Rate (7.00%) | 1% Increase to Discount Rate (8.00%) |
|---|---|--|---|
| City's proportionate share of the net pension liability (asset) | \$ 1,535,217 | \$ (596,159) | \$ (2,189,609) |

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

B. OTHER POSTEMPLOYMENT BENEFITS

Multiple-Employer Life Insurance Plan

Plan Description. The Local Retiree Life Insurance Fund (LRLIF) is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>

Benefits Provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2020 are:

| Coverage Type | Employer Contribution |
|------------------------------|------------------------------|
| 25% Post Retirement Coverage | 20% of employee contribution |

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

B. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

| Life Insurance Employee Contribution Rates* For the year ended December 31, 2018 | | |
|---|--------------|---------------------|
| Attained Age | Basic | Supplemental |
| Under 30 | \$0.05 | \$0.05 |
| 30-34 | 0.06 | 0.06 |
| 35-39 | 0.07 | 0.07 |
| 40-44 | 0.08 | 0.08 |
| 45-49 | 0.12 | 0.12 |
| 50-54 | 0.22 | 0.22 |
| 55-59 | 0.39 | 0.39 |
| 60-64 | 0.49 | 0.49 |
| 65-69 | 0.57 | 0.57 |
| *Disabled members under age 70 receive a waiver-of-premium benefit. | | |

During the reporting period, the LRLIF recognized \$741 in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2020, the LRLIF Employer reported a liability (asset) of \$174,667 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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 OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.04101900%, which was a decrease of 0.000385% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized OPEB expense of \$18,893.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

B. OTHER POSTEMPLOYMENT BENEFITS (Continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ (7,824) |
| Changes of assumptions | 64,436 | (19,212) |
| Net differences between projected and actual earnings on OPEB plan investments | 3,296 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 3,720 | (2,355) |
| Employer contributions subsequent to the measurement date | 4,913 | - |
| Totals | \$ 76,365 | \$ (29,391) |

\$4,913 reported as deferred outflows related to OPEB resulting from the City employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended December 31: | Net Outflows (Inflows) of Resources |
|-------------------------|--|
| 2021 | \$ 7,354 |
| 2022 | \$ 7,354 |
| 2023 | \$ 6,999 |
| 2024 | \$ 6,633 |
| 2025 | \$ 5,138 |
| Thereafter | \$ 8,583 |
| Total | \$ 42,061 |

Actuarial Assumptions. The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--------------------------------|
| Actuarial Valuation Date: | January 1, 2019 |
| Measurement Date of Net OPEB Liability (Asset) | December 31, 2019 |
| Actuarial Cost Method: | Entry Age Normal |
| 20 Year Tax-Exempt Municipal Bond Yield: | 2.74% |
| Long-Term Expected Rate of Return: | 4.25% |
| Discount Rate: | 2.87% |
| Salary Increases | |
| Inflation: | 3.00% |
| Seniority/Merit: | 0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table |

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

B. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

Long-term Expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2019

| <u>Asset Class</u> | <u>Index</u> | <u>Target</u> <u>Allocation</u> | <u>Long-Term</u> <u>Expected</u> <u>Geometric Real</u> <u>Rate of Return</u> |
|-----------------------------------|----------------------|------------------------------------|---|
| US Credit Bonds | Barclays Credit | 45% | 2.12% |
| US Long Credit Bonds | Barclays Long Credit | 5% | 2.90% |
| US Mortgages | Barclays MBS | 50% | 1.53% |
| Inflation | | | 2.20% |
| Long-Term Expected Rate of Return | | | 4.25% |

Single Discount Rate. A single discount rate of 2.87% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

B. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate. The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

| | 1% Decrease to Discount Rate (1.87%) | Current Discount Rate (2.87%) | 1% Increase to Discount Rate (3.87%) |
|--|---|--|---|
| City's proportionate share of the net OPEB liability (asset) | \$ 241,186 | \$ 174,667 | \$ 124,059 |

Single Employer Health Insurance Plan

Plan Description. The City operates a single-employer retiree benefit plan that provides postemployment health insurance benefits to eligible employees and their spouses. There are 40 active and 1 retired members in the plan. Benefits and eligibility are established and amended by the governing body. The plan does not issue stand-alone financial statements.

Benefits. Upon retirement, those retirees eligible for the Wisconsin Retirement System may choose to remain on the City's group medical plan indefinitely provided that they self-pay the full premiums. This is typically done with the use of accumulated sick and vacation pay.

Funding Policy. The City will fund the OPEB on a pay-as-you-go basis.

Employees Covered by Benefit Terms. At December 31, 2019, 38 active employees were eligible for the benefit terms, while one retiree was eligible.

Total OPEB Liability.

The City's total OPEB liability of \$230,164 was measured at December 31, 2019, and was determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation: | 2.5 percent |
| Salary increases: | 3.0 percent, average, including inflation |
| Discount rate | 2.75 percent |
| Healthcare cost trend rates | Actual first year increase, then 6.50% decreasing by 0.50% down to 6.00%, then by 0.10% per year down to 5.0%, and level thereafter |
| Retirees' share of benefit-related costs | Retirees are responsible for the full (100%) amount of premiums |

The discount rate is based on the Bond Buyer GO 20-Year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

B. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Mortality rates were based on the Wisconsin 2018 Mortality Table.

The actuarial assumptions used in the December 31, 2019 valuation were based on a study conducted in 2018 using the Wisconsin Retirement System (WRS) experience from 2015-2017.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|-------------------------|
| Balance at 12/31/2018 | \$ 225,074 |
| Changes for the year: | |
| Service cost | 19,623 |
| Interest | 9,348 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | (43,640) |
| Changes in assumptions or other inputs | 22,137 |
| Benefit payments | (2,378) |
| Net Changes | 5,090 |
| Balance at 12/31/2019 | \$ 230,164 |

There were no changes of benefit terms nor in assumptions.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75 percent) or 1-percentage-point higher (3.75 percent) than the current discount rate:

| | | 1% Decrease 1.75% | Current Discount Rate 2.75% | 1% Increase 3.75% |
|----------------------|------------|----------------------|-----------------------------------|----------------------|
| Total OPEB Liability | 12/31/2019 | \$ 247,150 | \$ 230,164 | \$ 214,367 |

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

B. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following represents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (actual first year increase, then 5.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (actual first year increase, then 7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

| | | 1% Decrease (Actual first year increase, then 5.5% decreasing to 4.0%) | Healthcare Cost Trend Rates (Actual first year increase, then 6.5% decreasing to 5.0%) | 1% Increase (Actual first year increase, then 7.5% decreasing to 6.0%) |
|----------------------|------------|--|---|--|
| Total OPEB Liability | 12/31/2019 | \$ 206,619 | \$ 230,164 | \$ 258,097 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended December 31, 2019, the City recognized OPEB expense of \$26,059.

\$2,378 is reported as deferred outflows related to OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2020. There are no other amounts reported as deferred outflows of resources or deferred inflows of resources related to OPEB that will be recognized in OPEB expense in future years.

C. 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.

D. 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, 2020, the balance was \$103,034.

CITY OF EVANSVILLE
Notes to Financial Statements
December 31, 2020

E. PURCHASED POWER CONTRACT

The Evansville Water and Light has a long-term contract and purchases its power from WPPI, Wisconsin Public Power Incorporated. Purchased power expenses were \$5,150,028.

F. EVANSVILLE FIRE DISTRICT

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

For 2020, the City contributed \$254,779 to the District for dues. The City’s portion of the District’s 2021 budget is \$256,984. The District issues separate financial statements.

The City had a residual non-equity interest of approximately 58% in the District in 2020.

G. EVANSVILLE MEDICAL EMERGENCY SERVICES

The City of Evansville provides emergency medical services to the City and portions of the Towns of Union, Brooklyn, Porter and Magnolia. The contract with the participating townships requires a payment of \$20 per capita. For 2020, the City received payments from the townships in the amount of \$64,701.

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

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 87, *Leases*. When this become effective, application of this standard may restate portions of these financial statements.

I. COMMITMENTS AND SUBSEQUENT EVENTS

In 2021, the City approved the following borrowings:

- \$759,000 General Obligation Bonds for Sewerage Project
- \$2,070,000 Water and Electric System Revenue Bonds,
- \$1,225,000 Sewerage System Revenue Bonds,
- \$2,450,000 General Obligations Promissory Notes
- \$795,000 General Obligation Sewerage Bonds

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, 2020

| | Budgeted Amounts | | Actual Amounts, Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|------------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 1,561,109 | \$ 1,561,109 | \$ 1,561,109 | \$ - |
| Other Taxes | 3,300 | 3,300 | 4,358 | 1,058 |
| Intergovernmental | 733,382 | 733,382 | 837,940 | 104,558 |
| License and Permits | 270,265 | 270,265 | 233,460 | (36,805) |
| Fines, Forfeits and Penalties | 75,500 | 75,500 | 60,552 | (14,948) |
| Public Charges for Services | 453,579 | 453,579 | 385,363 | (68,216) |
| Intergovernmental Charges for Services | - | - | - | - |
| Interest Income | 46,600 | 46,600 | 18,318 | (28,282) |
| Miscellaneous Income | 49,128 | 49,128 | 49,004 | (124) |
| Total Revenues | <u>3,192,863</u> | <u>3,192,863</u> | <u>3,150,104</u> | <u>(42,759)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 389,313 | 389,313 | 380,282 | 9,031 |
| Public Safety | 1,807,375 | 1,807,375 | 1,795,644 | 11,731 |
| Public Works | 977,226 | 977,226 | 957,999 | 19,227 |
| Health and Human Services | 38,760 | 38,760 | 37,610 | 1,150 |
| Culture, Recreation and Education | 308,429 | 308,429 | 169,559 | 138,870 |
| Conservation and Development | 110,010 | 110,010 | 109,313 | 697 |
| Total Expenditures | <u>3,631,113</u> | <u>3,631,113</u> | <u>3,450,407</u> | <u>180,706</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(438,250)</u> | <u>(438,250)</u> | <u>(300,303)</u> | <u>137,947</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In (including tax equivalent) | <u>438,250</u> | <u>438,250</u> | <u>453,887</u> | <u>15,637</u> |
| Total Other Financing Sources and Uses | <u>438,250</u> | <u>438,250</u> | <u>453,887</u> | <u>15,637</u> |
| Net Change in Fund Balances | - | - | 153,584 | 153,584 |
| Fund Balances - Beginning | <u>2,096,173</u> | <u>2,096,173</u> | <u>2,096,173</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 2,096,173</u> | <u>\$ 2,096,173</u> | <u>\$ 2,249,757</u> | <u>\$ 153,584</u> |

See accompanying notes to the required supplementary information.

**CITY OF EVANSVILLE
WISCONSIN RETIREMENT SYSTEM
December 31, 2020**

**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 | Collective 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) |
|----------------------------|---|---|---------------------------------|---|--|
| 2019 | 0.01848869% | \$ (596,159) | \$ 2,572,717 | (23.17%) | 102.96% |
| 2018 | 0.01787635% | 635,984 | 2,478,433 | 25.66% | 96.45% |
| 2017 | -0.01711788% | (508,250) | 2,302,788 | (22.07%) | 102.93% |
| 2016 | 0.01675753% | 138,122 | 2,145,280 | 6.44% | 99.12% |
| 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 |
|----------------------------|--|---|--|-----------------------------|---|
| 2020 | \$ 208,517 | \$ (208,517) | \$ - | \$ 2,573,306 | 8.10% |
| 2019 | 192,927 | (192,927) | - | 2,572,717 | 7.50% |
| 2018 | 194,559 | (194,559) | - | 2,478,433 | 7.85% |
| 2017 | 183,611 | (183,611) | - | 2,302,788 | 7.97% |
| 2016 | 163,344 | (163,344) | - | 2,145,280 | 7.61% |
| 2015 | 169,557 | (169,557) | - | 2,099,883 | 8.07% |

See accompanying notes to the required supplementary information

**CITY OF EVANSVILLE
LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
December 31, 2020**

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

| Year ended December 31, | Proportion of the net OPEB liability (asset) | Proportionate share of the net OPEB liability (asset) | Covered- employee payroll | Collective share of the net OPEB liability (asset) as a percentage of its covered- employee payroll | Plan fiduciary net position as a percentage of the total OPEB liability (asset) |
|----------------------------|--|--|---------------------------------|---|---|
| 2019 | 0.04101900% | \$ 174,667 | \$ 2,212,000 | 7.90% | 37.58% |
| 2018 | 0.04140400% | 106,836 | 2,358,390 | 4.53% | 48.69% |
| 2017 | 0.04210500% | 126,676 | 1,770,636 | 7.15% | 44.81% |

See accompanying notes to the required supplementary information

CITY OF EVANSVILLE
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
December 31, 2020

| | 2019 | 2018 | 2017 |
|---|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 19,623 | \$ 21,069 | \$ 21,069 |
| Interest | 9,348 | 7,575 | 6,735 |
| Changes in benefit terms | - | - | - |
| Differences between expected and actual experience | (43,640) | - | - |
| Changes of assumptions or other inputs | 22,137 | (7,620) | - |
| Benefit payments | (2,378) | (3,679) | (3,926) |
| Net change in total OPEB | 5,090 | 17,345 | 23,878 |
| Total OPEB Liability - Beginning | 225,074 | 207,729 | 183,851 |
| Total OPEB Liability - Ending | <u>\$ 230,164</u> | <u>\$ 225,074</u> | <u>\$ 207,729</u> |
| Covered Employee Payroll | \$ 2,253,478 | \$ 2,349,378 | \$ 2,349,378 |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | 10.21% | 9.58% | 8.84% |

See accompanying notes to the required supplementary information

CITY OF EVANSVILLE
Notes to Required Supplementary Information
December 31, 2020

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 assigned 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, the City departmental expenditures were less than budget.

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 5 preceding years.

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

Changes of assumptions. No significant change in assumptions were noted from the prior year.

D. LOCAL RETIREE LIFE INSURANCE SCHEDULES

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 7 preceding years.

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

Changes of assumptions Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section in Note IV B for additional details.

CITY OF EVANSVILLE
Notes to Required Supplementary Information
December 31, 2020

E. CITY NET OPEB LIABILITY SCHEDULES – HEALTH PLAN

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 7 preceding years.

Changes of benefit terms. There were no changes of benefit terms during the year.

Changes of assumptions. Actuarial assumptions based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

Assets. There were no assets accumulated in a trust that meet the criteria in governmental accounting standards to pay related benefits.

OTHER SUPPLEMENTARY INFORMATION

City of Evansville, Wisconsin

Combining Governmental Balance Sheet
Non-Major Funds
December 31, 2020

| | Special Revenue Funds | | | | | | Capital Projects Funds | | | | Non-Major Funds |
|--|-----------------------|-------------------|-------------------|--------------------|-------------------|-------------------|------------------------|------------------|------------------|------------------|---------------------|
| | EMS | Library | Cemetery | Tourism Commission | Revolving Loan | Stormwater | TIF 6 | TIF 7 | TIF 8 | TIF 9 | |
| ASSETS | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 232,319 | \$ 456,520 | \$ 123,429 | \$ 53,732 | \$ 423,386 | \$ 345,037 | \$ 101,841 | \$ 60,415 | \$ 53,491 | \$ 31,130 | \$ 1,881,300 |
| Receivables: | | | | | | | | | | | |
| Taxes | 72,556 | 206,439 | 61,303 | - | - | - | 94,647 | 35,022 | 42,149 | 30,983 | 543,099 |
| Accounts | 49,092 | - | - | - | - | - | - | - | - | - | 49,092 |
| Prepaid Expenses | 6,743 | 555 | 1,456 | - | - | 735 | - | - | - | - | 9,489 |
| Total Assets | <u>\$ 360,710</u> | <u>\$ 663,514</u> | <u>\$ 186,188</u> | <u>\$ 53,732</u> | <u>\$ 423,386</u> | <u>\$ 345,772</u> | <u>\$ 196,488</u> | <u>\$ 95,437</u> | <u>\$ 95,640</u> | <u>\$ 62,113</u> | <u>\$ 2,482,980</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts Payable | \$ 7,949 | \$ 1,379 | \$ 888 | \$ - | \$ - | \$ 7,347 | \$ - | \$ - | \$ - | \$ - | \$ 17,563 |
| Accrued Liabilities | 8,069 | 8,841 | 4,254 | - | - | 2,076 | - | - | - | - | 23,240 |
| Due to Other Funds | - | - | - | - | - | - | - | - | - | 34,839 | 34,839 |
| Total Liabilities | <u>16,018</u> | <u>10,220</u> | <u>5,142</u> | <u>-</u> | <u>-</u> | <u>9,423</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>34,839</u> | <u>75,642</u> |
| Deferred Inflows of Resources | <u>102,863</u> | <u>292,671</u> | <u>86,910</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>117,680</u> | <u>49,652</u> | <u>59,744</u> | <u>43,935</u> | <u>753,455</u> |
| Fund Balance: | | | | | | | | | | | |
| Nonspendable | 6,743 | 555 | 1,456 | - | - | 735 | - | - | - | - | 9,489 |
| Restricted | - | - | - | 53,732 | - | - | 78,808 | 45,785 | 35,896 | - | 214,221 |
| Committed | 235,086 | 360,068 | 92,680 | - | 423,386 | 335,614 | - | - | - | - | 1,446,834 |
| Unassigned | - | - | - | - | - | - | - | - | - | (16,661) | (16,661) |
| Total Fund Balance (Deficit) | <u>241,829</u> | <u>360,623</u> | <u>94,136</u> | <u>53,732</u> | <u>423,386</u> | <u>336,349</u> | <u>78,808</u> | <u>45,785</u> | <u>35,896</u> | <u>(16,661)</u> | <u>1,653,883</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 360,710</u> | <u>\$ 663,514</u> | <u>\$ 186,188</u> | <u>\$ 53,732</u> | <u>\$ 423,386</u> | <u>\$ 345,772</u> | <u>\$ 196,488</u> | <u>\$ 95,437</u> | <u>\$ 95,640</u> | <u>\$ 62,113</u> | <u>\$ 2,482,980</u> |

City of Evansville, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2020

| | Special Revenue Funds | | | | | Capital Projects Fund | | | | Non-Major Funds | |
|---|-----------------------|-------------------|------------------|-----------------------|-------------------|-----------------------|------------------|------------------|------------------|--------------------|---------------------|
| | EMS | Library | Cemetery | Tourism Commission | Revolving Loan | Stormwater | TIF 6 | TIF 7 | TIF 8 | | TIF 9 |
| REVENUES | | | | | | | | | | | |
| Property Taxes | \$ 102,863 | \$ 283,991 | \$ 89,236 | \$ - | \$ - | \$ - | \$ 110,980 | \$ 35,561 | \$ 53,764 | \$ - | \$ 676,395 |
| Other Taxes | - | - | - | 8,516 | - | - | - | - | - | 7,222 | 15,738 |
| Intergovernmental | 70,459 | 70,873 | - | - | - | - | 9,351 | 42,263 | 1,685 | - | 194,631 |
| Public Charges for Services | 204,574 | 15,926 | 38,675 | - | 831 | 241,037 | - | - | - | - | 501,043 |
| Interest Income | 1,378 | 1,334 | 779 | 306 | 2,446 | 1,941 | 284 | 90 | 192 | 108 | 8,858 |
| Miscellaneous Income | 1,816 | 130,359 | 2,083 | - | - | 878 | 20,461 | 1,500 | - | - | 157,097 |
| Total Revenues | <u>381,090</u> | <u>502,483</u> | <u>130,773</u> | <u>8,822</u> | <u>3,277</u> | <u>243,856</u> | <u>141,076</u> | <u>79,414</u> | <u>55,641</u> | <u>7,330</u> | <u>1,553,762</u> |
| EXPENDITURES | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| General Government | - | - | - | - | - | - | 150 | - | - | - | 150 |
| Public Safety | 306,301 | - | - | - | - | - | - | - | - | - | 306,301 |
| Public Works | - | - | - | - | - | 81,290 | - | - | - | - | 81,290 |
| Health and Human Services | - | - | 111,903 | - | - | - | - | - | - | - | 111,903 |
| Culture, Recreation and Education | - | 381,557 | - | - | - | - | - | - | - | - | 381,557 |
| Conservation and Development | - | - | - | 9,539 | 1,329 | - | 40,786 | - | 250 | 150 | 52,054 |
| Capital Outlay | - | - | - | - | - | 77,127 | 625 | 545 | 150 | 7,722 | 86,169 |
| Debt Service: | | | | | | | | | | | |
| Principal Repayment | 25,000 | - | - | - | - | 105,500 | - | - | - | - | 130,500 |
| Interest Expense | 1,455 | - | - | - | - | 23,714 | - | - | - | - | 25,169 |
| Total Expenditures | <u>332,756</u> | <u>381,557</u> | <u>111,903</u> | <u>9,539</u> | <u>1,329</u> | <u>287,631</u> | <u>41,561</u> | <u>545</u> | <u>400</u> | <u>7,872</u> | <u>1,175,093</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>48,334</u> | <u>120,926</u> | <u>18,870</u> | <u>(717)</u> | <u>1,948</u> | <u>(43,775)</u> | <u>99,515</u> | <u>78,869</u> | <u>55,241</u> | <u>(542)</u> | <u>378,669</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | |
| Transfers In | - | - | - | - | - | 5,215 | - | - | - | - | 5,215 |
| Transfers Out | (29,471) | - | (83) | - | - | - | (74,598) | (70,150) | (59,291) | - | (233,593) |
| Total Other Financing Sources and Uses | <u>(29,471)</u> | <u>-</u> | <u>(83)</u> | <u>-</u> | <u>-</u> | <u>5,215</u> | <u>(74,598)</u> | <u>(70,150)</u> | <u>(59,291)</u> | <u>-</u> | <u>(228,378)</u> |
| Net Change in Fund Balances | 18,863 | 120,926 | 18,787 | (717) | 1,948 | (38,560) | 24,917 | 8,719 | (4,050) | (542) | 150,291 |
| Fund Balances (Deficit)- Beginning | 222,966 | 239,697 | 75,349 | 54,449 | 421,438 | 374,909 | 53,891 | 37,066 | 39,946 | (16,119) | 1,503,592 |
| Fund Balances (Deficit) - Ending | <u>\$ 241,829</u> | <u>\$ 360,623</u> | <u>\$ 94,136</u> | <u>\$ 53,732</u> | <u>\$ 423,386</u> | <u>\$ 336,349</u> | <u>\$ 78,808</u> | <u>\$ 45,785</u> | <u>\$ 35,896</u> | <u>\$ (16,661)</u> | <u>\$ 1,653,883</u> |