

**CITY OF REEDSBURG**

Reedsburg, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2014

# CITY OF REEDSBURG

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**INDEPENDENT AUDITORS' REPORT**

To the City Council  
City of Reedsburg  
Reedsburg, Wisconsin

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Reedsburg, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Reedsburg'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.

***Auditors' 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 from 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 auditors' 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 City of Reedsburg'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 City of Reedsburg'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.

To the City Council  
City of Reedsburg

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Reedsburg, Wisconsin, as of December 31, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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 and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

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

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
July 30, 2015

# CITY OF REEDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2014

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Our discussion and analysis of the City of Reedsburg's financial performance provides an overview of the city's financial activities for the fiscal year that ended on December 31, 2014. Please read it in conjunction with the financial statements following this section.

The intent is to provide a quick summary of salient points and highlights so that readers gain an appreciation of the city as a complex financial organization providing valuable services to the public since incorporation as a village in 1848. This unit of government continues to evolve in response to citizen desires, economic conditions and decisions of the elected and appointed officials charged with governing the community.

The report presents information on Governmental Activities and Business-type Activities. The Governmental Activities include the basic operations at city hall, public works, parks and recreation, library, public safety, community development and related debt service and capital outlay expenses and revenue. Business-type Activities are the utilities of the city: water, electricity, sewer, storm water, and communications.

The City had new management in 2012 with an emphasis on conservative fiscal management. New budgeting methodology was put into place to reduce reliance on debt and increase funding for reconstruction and equipment replacement. The Capital Projects fund and Equipment Replacement fund are now at full levy and self-sustaining. The driving factor for the tax levy remains the debt load, which peaked in 2013, but will steadily decline until the City is debt free in 2023. The tax rate is projected to follow the same pattern, having peaked in 2013 and now starting to drop along with decreasing debt service.

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### FINANCIAL HIGHLIGHTS

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- > The city's combined net position increased \$3,183,940 in 2014 to an ending balance of \$76,225,729.
- > The city's governmental activities net position increased by \$1,300,798 to \$27,613,227.
- > The business-type activities net position increased by \$1,883,142 to \$48,612,502.
- > The city's unassigned general fund balance was \$1,672,387, 27% of general fund expenditures.
- > The Utility Commission had operating income of \$2,483,977 and an increase in net position of \$1,235,780
- > The sewer fund had an operating income of \$1,006,502 and an increase in net position of \$700,829
- > The city's total debt outstanding decreased from \$45,185,304 to \$44,253,509, with the governmental activities decreasing by \$1,370,000, and the business-type activities increasing by \$438,205.

# CITY OF REEDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2014

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### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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This annual report consists of these elements:

- > Management's discussion and analysis
- > Basic financial statements
  - Government wide financial statements
  - Fund financial statements
  - Notes to the financial statements
- > Required supplementary information
- > Combining statements for non-major governmental funds

The basic financial statements include two kinds of statements that present different views of the city. The first two statements are government-wide financial statements that provide both long and short-term information about the city's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the city government and report the city's operation in more detail than the government-wide statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds. The non-major funds are added together and presented in a single column in the basic financial statements.

#### ***GOVERNMENT-WIDE STATEMENTS***

Government-wide statements report information about the city as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all government assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when the cash is received or paid.

The two government-wide statements report the city's net position and how they have changed. Net position – the difference between the city's assets and liabilities – is one way to measure the city's financial health, or position.

Over time, increases or decreases in the city's net assets are an indicator whether its financial health is improving or deteriorating, respectively. This section will become more significant in future years with data trends crossing multiple accounting periods.

To assess the overall health of the city you need to consider additional non-financial factors such as changes in the city property tax base, economy and rate of growth.

The government-wide financial statements of the city are divided into two categories:

Governmental activities – The city's basic services are included here, such as police, fire, public works, parks, community development, solid waste, property assessment, finance and administration. Property taxes and state aid finance most of these activities. Fees for programs, licenses and permits are becoming more important as a source of revenue.

# CITY OF REEDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2014

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### **OVERVIEW OF THE FINANCIAL STATEMENTS** (cont.)

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#### ***GOVERNMENT-WIDE STATEMENTS*** (cont.)

Business-type activities – The Reedsburg Utility Commission charges user fees to cover the cost of providing water, electric and communication services. User fees are also used to finance the operations of the sewer and stormwater utility operated by the Public Works Department.

#### ***FUND FINANCIAL STATEMENTS***

The fund financial statements provide detailed information about the city's significant funds. Funds are accounting devices that the city uses to keep track of specific sources of funding and spending for particular purposes.

The city has three kinds of funds:

Governmental funds – Most of the city's basic services are included in governmental funds that focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, governmental funds statements tell how general government services like public safety and public works are financed in the short term as well as what future spending remains. Because this information does not encompass the additional long-term focus of government-wide statements, additional information is provided at the bottom of the governmental funds statement explaining the differences between them.

Proprietary funds – Services for which the city charges customers user and other types of fees are reported in proprietary funds. These include sewer, water, electricity, stormwater, and communication utilities. Proprietary fund statements offer short and long-term financial information about activities that the city operates like a business.

Fiduciary funds – The city is a trustee, or fiduciary, for the collection of all property taxes within the city for all taxing districts, including the School District of Reedsburg, Madison Area Technical College District (MATC), State of Wisconsin, and Sauk County. All the city's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the city's government-wide financial statements because these assets cannot be used to finance operations. The city also is the trustee of the Nishan Community Aid for the Poor fund.

## CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2014

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

#### **NET POSITION**

Net position of the governmental activities total \$27,613,227 in 2014. The business-type activities have net position totaling \$48,612,502. Table A-1 describes the net position of the city.

**City of Reedsburg Net Position  
Table A-1**

	Governmental Activities		Business-type Activities		Totals	
	2013	2014	2013	2014	2013	2014
<b>Assets and Liabilities</b>						
Current and other assets	\$14,017,965	\$14,220,812	\$15,530,415	\$17,305,660	\$29,548,380	\$31,526,472
Capital assets	29,107,005	28,847,151	70,974,126	70,862,121	100,081,131	99,709,272
<b>Total Assets</b>	<b>43,124,970</b>	<b>43,067,963</b>	<b>86,504,541</b>	<b>88,167,781</b>	<b>129,629,511</b>	<b>131,235,744</b>
Long-term liabilities	10,101,439	8,738,733	36,046,499	36,474,699	46,147,938	45,213,432
Other liabilities	517,981	278,740	3,728,682	3,080,580	4,246,663	3,359,320
<b>Total Liabilities</b>	<b>10,619,420</b>	<b>9,017,473</b>	<b>39,775,181</b>	<b>39,555,279</b>	<b>50,394,601</b>	<b>48,572,752</b>
Deferred Inflows	6,193,121	6,437,263	-	-	6,193,121	6,437,263
<b>Net Position</b>						
Net investment in capital assets	21,322,950	21,549,623	35,851,494	35,346,393	56,174,444	56,896,016
Restricted	3,515,998	3,402,059	2,666,003	2,825,577	6,182,001	6,227,636
Unrestricted	1,473,481	2,661,545	8,211,863	10,440,532	9,685,344	13,102,077
<b>Total Net Assets</b>	<b>\$26,312,429</b>	<b>\$27,613,227</b>	<b>\$46,729,360</b>	<b>\$48,612,502</b>	<b>\$73,041,789</b>	<b>\$76,225,729</b>

#### **CHANGES IN NET POSITION**

The city's 2014 revenues total \$44,543,175 and expenses total \$41,359,235 resulting in an increase of net position of \$3,183,940. Table A-2 and the narrative that follows consider the operations of the governmental and business-type activities.

**CITY OF REEDSBURG**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2014

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)**

**CHANGES IN NET POSITION (cont.)**

**Changes in Net Position – Table A-2**

	Governmental Activities		Business-type Activities		Totals	
	2013	2014	2013	2014	2013	2014
<b>Revenue</b>						
Charges for services	\$1,158,289	\$1,101,339	\$33,270,103	\$34,709,018	\$34,428,392	\$35,810,357
Operating grants and contributions	1,171,160	1,021,469	-	-	1,171,160	1,021,469
Capital grants and contributions	35,316	54,809	1,844,213	234,378	1,879,529	289,187
Taxes	5,732,940	6,058,154	-	-	5,732,940	6,058,154
Intergovernmental revenues	912,264	945,799	-	-	912,264	945,799
Investment income	67,094	73,572	222,996	186,858	290,090	260,430
Miscellaneous	160,973	121,456	85,421	36,323	246,394	157,779
<b>Total Revenues</b>	<b>9,238,036</b>	<b>9,376,598</b>	<b>35,422,733</b>	<b>35,166,577</b>	<b>44,660,769</b>	<b>44,543,175</b>
<b>Expenses</b>						
General government	1,214,927	1,275,085	-	-	1,214,927	1,275,085
Public safety	3,102,111	3,139,495	-	-	3,102,111	3,139,495
Public works	2,455,861	2,385,842	-	-	2,455,861	2,385,842
Health and human services	21,101	21,156	-	-	21,101	21,156
Culture, education, and recreation	1,406,697	1,477,641	-	-	1,406,697	1,477,641
Conservation and development	420,707	338,774	-	-	420,707	338,774
Interest and fiscal charges	533,779	241,788	-	-	533,779	241,788
Water	-	-	1,221,990	1,282,530	1,221,990	1,282,530
Electric	-	-	23,065,388	23,541,321	23,065,388	23,541,321
Communications	-	-	4,381,684	4,730,133	4,381,684	4,730,133
Sewer	-	-	2,211,779	2,397,744	2,211,779	2,397,744
Stormwater	-	-	576,141	527,726	576,141	527,726
<b>Total Expenses</b>	<b>9,155,183</b>	<b>8,879,781</b>	<b>31,456,982</b>	<b>32,479,454</b>	<b>40,612,165</b>	<b>41,359,235</b>
Transfers	812,967	803,981	(812,967)	(803,981)	-	-
<b>Change in Net Position</b>	<b>895,820</b>	<b>1,300,798</b>	<b>3,152,784</b>	<b>1,883,142</b>	<b>4,048,604</b>	<b>3,183,940</b>
<b>Net Position – Beginning</b>	<b>25,416,609</b>	<b>26,312,429</b>	<b>43,576,576</b>	<b>46,729,360</b>	<b>68,993,185</b>	<b>73,041,789</b>
<b>Net Position – Ending</b>	<b>\$26,312,429</b>	<b>\$27,613,227</b>	<b>\$46,729,360</b>	<b>\$48,612,502</b>	<b>\$73,041,789</b>	<b>\$76,225,729</b>

# CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2014

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

### **GOVERNMENTAL ACTIVITIES**

Revenues for city governmental activities total \$9,376,598. Taxes accounted for 65%, operating grants and contributions accounted for 11%, charges for services accounted for 12%, and intergovernmental revenues accounted for 10%, making up most of the city's revenues. Governmental activities expenses total \$8,879,781. Public safety accounted for 35% of the expenses, public works accounted for 27%, culture, recreation, and education accounted for 17%, and general government accounted for 14%.

Table A-3 presents the total costs of each of the city's activities as well as each activity's net cost. Net cost is the total cost less fees generated by the activities and direct intergovernmental aid. The net cost shows the financial burden placed on city taxpayers or indirect revenue sources by each of these activities.

The cost of all governmental activities during 2014 was \$8,879,781. However, the amount paid through the city property tax and other taxes was only \$6,058,154. Some of the costs were paid by:

- > Direct beneficiaries of programs, permits and licenses - \$1,101,339
- > Operating grants and contributions - \$1,021,469
- > Capital grants and contributions - \$54,809
- > Intergovernmental aid - \$945,799
- > The net cost of services is 75% of the total expenses

**Net Cost of Governmental Activities – Table A-3**

	Total Cost of Services		Net Cost of Services	
	2013	2014	2013	2014
General government	\$1,214,927	\$1,275,085	\$1,015,273	\$1,090,597
Public safety	3,102,111	3,139,495	2,660,911	2,697,453
Public works	2,455,861	2,385,842	1,344,791	1,308,690
Health and social services	21,101	21,156	21,101	21,156
Culture, education and recreation	1,406,697	1,477,641	994,029	1,063,003
Conservation and development	420,707	338,774	248,606	286,425
Interest and fiscal charges	533,779	241,788	505,707	234,840
<b>Total Governmental Activities</b>	<b>\$9,155,183</b>	<b>\$8,879,781</b>	<b>\$6,790,418</b>	<b>\$6,702,164</b>

## CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2014

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

#### ***BUSINESS-TYPE ACTIVITIES***

Operating revenue of the city's business-type activities totals \$34,709,018 with an operating margin of 10%. Other revenue sources include investment income, capital grants and contributions, and impact or connection fees. Net position grew by \$1,883,142.

#### Changes in Net Position in Business-type Activity – Table A-4

	Water		Electric		Sewer		Communications		Stormwater		Totals	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
<b>Revenue</b>												
Charges for services	\$ 1,388,126	\$1,391,340	\$ 23,877,243	\$24,562,491	\$ 2,562,003	\$3,063,325	\$ 4,830,133	\$5,057,605	\$ 473,015	\$474,259	\$32,130,520	\$34,549,020
Other revenue	54,769	75,581	68,809	66,176	-	-	16,003	18,241	-	-	139,581	159,998
<b>Total</b>	<b>1,442,895</b>	<b>1,466,921</b>	<b>23,946,052</b>	<b>24,628,667</b>	<b>2,562,003</b>	<b>3,063,325</b>	<b>4,846,136</b>	<b>5,075,846</b>	<b>473,015</b>	<b>474,259</b>	<b>32,270,101</b>	<b>34,709,018</b>
<b>Oper. Expenses</b>	<b>(1,195,341)</b>	<b>(1,212,005)</b>	<b>(22,839,573)</b>	<b>(23,449,671)</b>	<b>(1,906,801)</b>	<b>(2,056,823)</b>	<b>(3,849,925)</b>	<b>(4,025,781)</b>	<b>(576,141)</b>	<b>(527,726)</b>	<b>(30,367,781)</b>	<b>(31,272,006)</b>
Operating Income											2,902,322	3,437,012
Investment income											222,996	186,858
Other Non-Operating Items											(1,003,780)	(1,171,125)
Contributions and Transfers											1,031,246	(569,603)
Change in net position											3,152,784	1,883,142
Net Position – Beginning of Year											43,576,576	46,729,360
Net Position – End of Year											<u>\$46,729,360</u>	<u>\$48,612,502</u>

# CITY OF REEDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2014

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### **FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS**

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The city's General Fund had a net increase in fund balance in 2014 of \$247,661. The ending General Fund balance was \$5,856,043. Of this total, \$2,751,115 was nonspendable because it was in nonspendable form, or because legal or contractual requirements require them to be maintained intact. \$528,840 was restricted for a loan receivable. The amount of \$903,701 was assigned to budget carryovers, and PILOT reserves. The General Fund had unassigned fund balance of \$1,672,387 at year end.

The City has a policy of maintaining unassigned fund balance at 25% of general fund expenditures. The \$1,672,387 represents 27% of the General Fund expenses budgeted.

The net position of the enterprise funds increased \$1,883,142 as shown in Table A-4. The sewer net position increased because of operating income. The storm sewer net position decreased because of operating loss for 2014. The net position of the other enterprise funds is expanded on in the utility commission analysis.

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### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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A detailed budget is adopted by the City Council on an annual basis following a public hearing. Actual revenues and other financing sources exceeded the budget by \$144,053 and actual expenditures were under budget by \$103,606. Revenue recorded for grants and other aids accounted for the increase in revenues. Personnel turnover accounted for wages and benefits to be under budget for the majority of expenses under budget.

## CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2014

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### **CAPITAL ASSETS**

The city had capital assets of \$99,709,272 at the end of 2014. See Table A-5.

Additions of \$7,606,120 minus deletions, adjustments, and depreciation represent a net decrease in capital assets of \$371,859 in 2014. Additional information about capital assets can be found in Note III.D of the Financial Statements.

**Capital Assets – Net of Accumulated Depreciation – Table A-5**

	Governmental Activities		Business-type Activities		Totals	
	2013	2014	2013	2014	2013	2014
Land	\$ 6,696,144	\$6,728,542	\$ 279,932	\$279,932	\$ 6,976,076	\$7,008,474
Land – right of way	808,570	834,070	-	-	808,570	834,070
CWIP	46,863	-	2,139,883	327,994	2,186,746	327,994
Buildings	3,997,771	3,951,955	-	-	3,997,771	3,951,955
Equipment	4,457,993	4,424,914	-	-	4,457,993	4,424,914
Infrastructure	13,036,985	12,858,028	-	-	13,036,985	12,858,028
Intangibles	62,679	49,642	-	-	62,679	49,642
Electric	-	-	13,931,690	13,634,220	13,931,690	13,634,220
Water	-	-	9,451,634	9,717,661	9,451,634	9,717,661
Communications	-	-	21,409,776	22,453,762	21,409,776	22,453,762
Sewer	-	-	19,764,275	20,512,082	19,764,275	20,512,082
Stormwater	-	-	3,996,936	3,936,470	3,996,936	3,936,470
<b>Totals</b>	<b>\$29,107,005</b>	<b>\$28,847,151</b>	<b>\$70,974,126</b>	<b>\$70,862,121</b>	<b>\$100,081,131</b>	<b>\$99,709,272</b>

#### **LONG-TERM DEBT**

At the year end, the city had \$44,253,509 in outstanding general obligation bonds, revenue bonds, and capital leases. This is an decrease of \$931,795 or 2.06% from the prior year. See Table A-6. The detailed notes on long-term obligations begin on page 42.

**CITY OF REEDSBURG**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2014

**CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)**

*LONG-TERM DEBT* (cont.)

**Long-Term Debt – Table A-6**

	Governmental Activities		Business-type Activities		Totals	
	2013	2014	2013	2014	2013	2014
Debt outstanding	\$9,540,000	\$8,170,000	\$35,645,304	\$36,083,509	\$45,185,304	\$44,253,509

The city has the power to incur general obligation debt specified by state statute in an aggregate amount, not to exceed 5% of the equalized value of taxable property in the city. Our legal debt capacity was \$25,970,215 at the end of 2014. The city is currently at 53% of our capacity with \$13,655,000 of outstanding general obligation debt. We have additional capacity of \$12,315,215.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

*ECONOMIC FACTORS*

The City of Reedsburg TIF districts continue to struggle, due to a decrease in valuation of manufacturing property during the recession. The City has taken steps to declare two of the TIF districts as distressed to allow those districts to be extended and to share TIF increment from other districts. When analyzed together and with continued growth, the TIF districts as a whole are still projected to recoup all of the TIF expenditures from projected increments. Two significant construction projects have occurred in TIF #3 and TIF #8 for a combined valuation increase of six million dollars when complete.

The growth rate for the City over the past few years has slowed due to the overall national economic downturn in the housing market. The devaluation that caused the equalized value of the community to drop over the past few years has stopped and started to rebound this year. Additional construction will also help increase the equalized value of the community next year.

The City refinanced half their outstanding general obligation debt with interest savings of \$1.1 million dollars over a ten year period, in 2013. The debt restructuring allowed the City to more aggressively pay off principal balances to make the City general obligation debt free in 2023. The tax rate over the next decade will continue to decrease as the debt payments are scheduled to step down every few years to allow for continued tax cuts and absorption to expense increases. The growing borrowing capacity will also allow the City to consider refinancing higher rate revenue debt with general obligation debt to help reduce total debt load of the City faster.

# CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2014

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## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (cont.)**

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### **2014 BUDGET**

The city's budget, adopted on November 24, 2014, made appropriations of \$6,099,213 for the General fund. Property taxes of \$2,942,181 were levied to support these funds. The Sewer Fund and Solid Waste Fund budgets were adopted on November 24, 2014. The Water, Electric and Communication Utility budgets were adopted by the City Council on January 26, 2015.

The combined net tax rate for all jurisdictions for the past five years was:

2010 for 2011	\$23.35
2011 for 2012	\$23.49
2012 for 2013	\$23.90
2013 for 2014	\$24.12
2014 for 2015	\$23.71

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## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the city's finances. It is intended to demonstrate the city's accountability for the money it receives. If you have any questions about this report or need additional information, please contact City Administrator/Clerk/Treasurer Ken Witt.

City of Reedsburg  
134 S. Locust Street  
PO Box 490  
Reedsburg, WI 53959  
Phone: 608 524 6404  
Fax: 608 524 8458  
Email: [cityhall@ci.reedsburg.wi.us](mailto:cityhall@ci.reedsburg.wi.us)  
Website: [www.reedsburgwi.gov](http://www.reedsburgwi.gov)

# CITY OF REEDSBURG

## STATEMENT OF NET POSITION As of December 31, 2014

	Governmental Activities	Business-type Activities	Totals	Component Units
<b>ASSETS</b>				
Cash and investments	\$ 3,569,709	\$ 7,885,097	\$ 11,454,806	\$ 2,625,766
Receivables (net)				
Taxes receivable	6,471,961	-	6,471,961	-
Delinquent personal property taxes	1,794	-	1,794	-
Accounts	130,421	3,153,171	3,283,592	-
Accrued interest	-	25,030	25,030	3,564
Special assessments	9,770	4,000	13,770	-
Loans	2,696,293	-	2,696,293	70,000
Internal balances	803,981	(803,981)	-	-
Capital lease receivable from primary government	-	-	-	515,000
Due from other governments	41,573	-	41,573	-
Due from component units	26,727	-	26,727	-
Inventories and prepaid items	194,568	1,087,778	1,282,346	-
Other assets	-	2,346,914	2,346,914	-
Restricted assets				
Cash and investments	73,500	3,607,651	3,681,151	-
Investment in mutual insurance company	200,515	-	200,515	-
Capital Assets				
Land and other nondepreciable assets	12,638,160	279,932	12,918,092	-
Construction in progress	-	327,994	327,994	-
Other capital assets, net of depreciation	<u>16,208,991</u>	<u>70,254,195</u>	<u>86,463,186</u>	<u>-</u>
Total Assets	<u>43,067,963</u>	<u>88,167,781</u>	<u>131,235,744</u>	<u>3,214,330</u>
<b>LIABILITIES</b>				
Accounts payable	131,019	2,613,650	2,744,669	-
Accrued liabilities	126,879	347,987	474,866	3,564
Due to primary government	-	-	-	22,809
Deposits	20,842	-	20,842	-
Unearned revenue	-	118,943	118,943	-
Noncurrent Liabilities				
Due within one year	1,423,431	1,950,938	3,374,369	85,000
Due in more than one year	<u>7,315,302</u>	<u>34,523,761</u>	<u>41,839,063</u>	<u>430,000</u>
Total Liabilities	<u>9,017,473</u>	<u>39,555,279</u>	<u>48,572,752</u>	<u>541,373</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	<u>6,437,263</u>	-	<u>6,437,263</u>	-
Total Deferred Inflows of Resources	<u>6,437,263</u>	-	<u>6,437,263</u>	-
<b>NET POSITION</b>				
Net investment in capital assets	21,549,623	35,346,393	56,896,016	-
Restricted	3,402,059	2,825,577	6,227,636	2,602,957
Unrestricted	<u>2,661,545</u>	<u>10,440,532</u>	<u>13,102,077</u>	<u>70,000</u>
<b>TOTAL NET POSITION</b>	<u>\$ 27,613,227</u>	<u>\$ 48,612,502</u>	<u>\$ 76,225,729</u>	<u>\$ 2,672,957</u>

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 1,275,085	\$ 184,488	\$ -	\$ -
Public safety	3,139,495	372,138	50,841	19,063
Public works	2,385,842	400,233	641,173	35,746
Health and human services	21,156	-	-	-
Culture, recreation and education	1,477,641	144,250	270,388	-
Conservation and development	338,774	230	52,119	-
Interest and fiscal charges	241,788	-	6,948	-
Total Governmental Activities	<u>8,879,781</u>	<u>1,101,339</u>	<u>1,021,469</u>	<u>54,809</u>
Business-type Activities				
Water	1,282,530	1,466,921	-	4,863
Electric	23,541,321	24,628,667	-	117,553
Communications	4,730,133	5,075,846	-	78,492
Sewer	2,397,744	3,063,325	-	33,470
Stormwater	527,726	474,259	-	-
Total Business-type Activities	<u>32,479,454</u>	<u>34,709,018</u>	<u>-</u>	<u>234,378</u>
Total Primary Government	<u>\$ 41,359,235</u>	<u>\$ 35,810,357</u>	<u>\$ 1,021,469</u>	<u>\$ 289,187</u>
<b>Component Units</b>				
Herbert H Webb Trust	\$ 70,454	\$ -	\$ -	\$ -
Community Development Authority	45,620	-	-	-
Total Component Units	<u>\$ 116,074</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**General Revenues**

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Public gifts and grants

Gain on sale of assets

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

**Change in net position**

NET POSITION - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Totals	Component Units
\$ (1,090,597)	\$ -	\$ (1,090,597)	\$ -
(2,697,453)	-	(2,697,453)	-
(1,308,690)	-	(1,308,690)	-
(21,156)	-	(21,156)	-
(1,063,003)	-	(1,063,003)	-
(286,425)	-	(286,425)	-
<u>(234,840)</u>	<u>-</u>	<u>(234,840)</u>	<u>-</u>
<u>(6,702,164)</u>	<u>-</u>	<u>(6,702,164)</u>	<u>-</u>
-	189,254	189,254	-
-	1,204,899	1,204,899	-
-	424,205	424,205	-
-	699,051	699,051	-
-	<u>(53,467)</u>	<u>(53,467)</u>	<u>-</u>
-	<u>2,463,942</u>	<u>2,463,942</u>	<u>-</u>
<u>(6,702,164)</u>	<u>2,463,942</u>	<u>(4,238,222)</u>	<u>-</u>
-	-	-	(70,454)
-	-	-	<u>(45,620)</u>
-	-	-	<u>(116,074)</u>
4,034,654	-	4,034,654	-
1,241,003	-	1,241,003	-
489,282	-	489,282	-
293,215	-	293,215	-
945,799	-	945,799	-
73,572	186,858	260,430	208,046
45,167	-	45,167	-
4,748	-	4,748	-
<u>71,541</u>	<u>36,323</u>	<u>107,864</u>	<u>-</u>
<u>7,198,981</u>	<u>223,181</u>	<u>7,422,162</u>	<u>208,046</u>
<u>803,981</u>	<u>(803,981)</u>	<u>-</u>	<u>-</u>
<u>8,002,962</u>	<u>(580,800)</u>	<u>7,422,162</u>	<u>208,046</u>
1,300,798	1,883,142	3,183,940	91,972
<u>26,312,429</u>	<u>46,729,360</u>	<u>73,041,789</u>	<u>2,580,985</u>
<u>\$ 27,613,227</u>	<u>\$ 48,612,502</u>	<u>\$ 76,225,729</u>	<u>\$ 2,672,957</u>

See accompanying notes to financial statements.

**CITY OF REEDSBURG**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2014

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 1,739,639	\$ 1,830,070	\$ 3,569,709
Receivables			
Taxes	2,983,529	3,488,432	6,471,961
Delinquent personal property taxes	1,794	-	1,794
Accounts	105,956	24,465	130,421
Special assessments	4,000	5,770	9,770
Loans	528,840	2,167,453	2,696,293
Due from other funds	864,541	-	864,541
Prepaid items	194,568	-	194,568
Advances to other funds	2,778,742	-	2,778,742
Due from component unit	-	26,727	26,727
Due from other governments	-	41,573	41,573
Restricted cash and investments	-	73,500	73,500
Investment in mutual insurance company	<u>200,515</u>	<u>-</u>	<u>200,515</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 9,402,124</b></u>	<u><b>\$ 7,657,990</b></u>	<u><b>\$ 17,060,114</b></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 86,351	\$ 44,668	\$ 131,019
Accrued liabilities	86,395	3,296	89,691
Deposits	-	20,842	20,842
Due to other funds	-	60,560	60,560
Advances from other funds	-	<u>2,778,742</u>	<u>2,778,742</u>
Total Liabilities	<u>172,746</u>	<u>2,908,108</u>	<u>3,080,854</u>
Deferred Inflows of Resources			
Unearned revenues	2,948,831	3,488,432	6,437,263
Unavailable revenues	<u>424,504</u>	<u>5,770</u>	<u>430,274</u>
Total Deferred Inflows of Resources	<u>3,373,335</u>	<u>3,494,202</u>	<u>6,867,537</u>
Fund Balances (Deficit)			
Nonspendable	2,751,115	-	2,751,115
Restricted	528,840	2,873,219	3,402,059
Committed	-	141,600	141,600
Assigned	903,701	495,705	1,399,406
Unassigned (deficit)	<u>1,672,387</u>	<u>(2,254,844)</u>	<u>(582,457)</u>
Total Fund Balances (Deficit)	<u>5,856,043</u>	<u>1,255,680</u>	<u>7,111,723</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><b>\$ 9,402,124</b></u>	<u><b>\$ 7,657,990</b></u>	<u><b>\$ 17,060,114</b></u>

See accompanying notes to financial statements.

## CITY OF REEDSBURG

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2014

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Total Fund Balances - Governmental Funds \$ 7,111,723

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.

Land	12,638,160
Other capital assets	16,208,991

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.

430,274

Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.

Bonds and notes payable	(7,655,000)
Compensated absences	(523,205)
Accrued interest	(37,188)
Unamortized premium on debt	(45,528)
Capital leases	<u>(515,000)</u>

**NET POSITION OF GOVERNMENTAL ACTIVITIES**

**\$ 27,613,227**

## CITY OF REEDSBURG

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2014

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>REVENUES</b>			
Taxes	\$ 3,117,558	\$ 2,940,596	\$ 6,058,154
Intergovernmental	1,468,776	451,921	1,920,697
Licenses and permits	185,616	-	185,616
Fines, forfeitures and penalties	206,223	-	206,223
Public charges for services	152,635	405,556	558,191
Intergovernmental charges for services	77,458	-	77,458
Special assessments	-	62,365	62,365
Investment income	9,417	17,146	26,563
Miscellaneous	<u>102,451</u>	<u>158,600</u>	<u>261,051</u>
Total Revenues	<u>5,320,134</u>	<u>4,036,184</u>	<u>9,356,318</u>
<b>EXPENDITURES</b>			
Current			
General government	1,124,151	-	1,124,151
Public safety	2,819,913	55,859	2,875,772
Health and human services	21,156	-	21,156
Public works	1,128,303	567,567	1,695,870
Culture, recreation and education	561,732	778,530	1,340,262
Conservation and development	182,903	191,583	374,486
Capital Outlay	-	930,514	930,514
Debt Service			
Principal	-	1,370,000	1,370,000
Interest and fiscal charges	-	<u>270,637</u>	<u>270,637</u>
Total Expenditures	<u>5,838,158</u>	<u>4,164,690</u>	<u>10,002,848</u>
Excess (deficiency) of revenues over expenditures	<u>(518,024)</u>	<u>(128,506)</u>	<u>(646,530)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Property sales	11,490	-	11,490
Transfers in	803,981	644,908	1,448,889
Transfers out	<u>(49,786)</u>	<u>(595,122)</u>	<u>(644,908)</u>
Total Other Financing Sources (Uses)	<u>765,685</u>	<u>49,786</u>	<u>815,471</u>
<b>Net Change in Fund Balances</b>	247,661	(78,720)	168,941
FUND BALANCES - Beginning of Year	<u>5,608,382</u>	<u>1,334,400</u>	<u>6,942,782</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 5,856,043</u>	<u>\$ 1,255,680</u>	<u>\$ 7,111,723</u>

See accompanying notes to financial statements.

## CITY OF REEDSBURG

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

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Net change in fund balances - total governmental funds	\$	168,941
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		930,514
Some items are reported as capital outlay were not capitalized		(42,224)
Some items are reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		135,165
Depreciation is reported in the government-wide financial statements		(1,247,986)
Net book value of assets retired		(35,323)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		2,995
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repaid		1,370,000

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(10,133)
Accrued interest		26,010
Amortization of debt premium		2,839

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>1,300,798</u></b>
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# CITY OF REEDSBURG

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2014

	Business-type Activities - Enterprise Funds			Totals
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 5,928,356	\$ 1,623,703	\$ 333,038	\$ 7,885,097
Accounts receivable (net)	2,468,005	159,449	198	2,627,652
Other accounts receivable	525,519	-	-	525,519
Accrued interest	25,030	-	-	25,030
Due from other funds	-	225,917	5,092	231,009
Prepaid items	61,149	-	-	61,149
Inventories	1,026,629	-	-	1,026,629
Restricted Assets				
Cash and investments	259,669	-	-	259,669
Total Current Assets	<u>10,294,357</u>	<u>2,009,069</u>	<u>338,328</u>	<u>12,641,754</u>
Noncurrent Assets				
Restricted Assets				
Cash and investments	1,233,877	2,114,105	-	3,347,982
Capital Assets				
Property and equipment	71,929,485	29,789,861	6,064,688	107,784,034
Construction work in progress	327,994	-	-	327,994
Less: Accumulated depreciation	(25,871,597)	(9,250,092)	(2,128,218)	(37,249,907)
Other Assets				
Organization costs	167,867	-	-	167,867
Accumulated amortization of organization costs	(54,539)	-	-	(54,539)
Private parking lighting (net of accumulated depreciation)	95,420	-	-	95,420
Investment in ATC	2,138,166	-	-	2,138,166
Special assessments	-	4,000	-	4,000
Total Noncurrent Assets	<u>49,966,673</u>	<u>22,657,874</u>	<u>3,936,470</u>	<u>76,561,017</u>
Total Assets	<u>60,261,030</u>	<u>24,666,943</u>	<u>4,274,798</u>	<u>89,202,771</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	Totals
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 2,311,923	\$ 300,703	\$ 1,024	\$ 2,613,650
Accrued liabilities	193,038	13,986	422	207,446
Accrued interest	60,430	-	-	60,430
Due to other funds	1,034,990	-	-	1,034,990
Notes payable	16,123	-	-	16,123
Compensated absences (current portion)	84,861	-	-	84,861
Other liabilities	5,547	-	-	5,547
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds payable	922,665	927,289	-	1,849,954
Accrued interest payable	17,439	57,125	-	74,564
Total Current Liabilities	<u>4,647,016</u>	<u>1,299,103</u>	<u>1,446</u>	<u>5,947,565</u>
Noncurrent Liabilities				
Long-Term Debt				
Revenue bonds payable	15,673,204	12,560,351	-	28,233,555
General obligation debt payable	6,000,000	-	-	6,000,000
Notes payable	123,606	-	-	123,606
Compensated absences	166,600	-	-	166,600
Unearned revenues	118,943	-	-	118,943
Total Noncurrent Liabilities	<u>22,082,353</u>	<u>12,560,351</u>	<u>-</u>	<u>34,642,704</u>
Total Liabilities	<u>26,729,369</u>	<u>13,859,454</u>	<u>1,446</u>	<u>40,590,269</u>
<b>NET POSITION</b>				
Net investment in capital assets	24,357,794	7,052,129	3,936,470	35,346,393
Restricted for				
Debt service	242,230	618,194	-	860,424
Equipment replacement	392,219	1,438,786	-	1,831,005
Impact fees	134,148	-	-	134,148
Unrestricted	<u>8,405,270</u>	<u>1,698,380</u>	<u>336,882</u>	<u>10,440,532</u>
<b>TOTAL NET POSITION</b>	<u>\$ 33,531,661</u>	<u>\$ 10,807,489</u>	<u>\$ 4,273,352</u>	<u>\$ 48,612,502</u>

See accompanying notes to financial statements.

## CITY OF REEDSBURG

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			Totals
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	
<b>OPERATING REVENUES</b>				
Public charges for services	\$ 31,171,434	\$ 3,063,325	\$ 474,259	\$ 34,709,018
<b>Total Operating Revenues</b>	<u>31,171,434</u>	<u>3,063,325</u>	<u>474,259</u>	<u>34,709,018</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	26,326,220	1,240,395	398,078	27,964,693
Depreciation	2,356,201	816,428	129,648	3,302,277
Amortization expense	5,036	-	-	5,036
<b>Total Operating Expenses</b>	<u>28,687,457</u>	<u>2,056,823</u>	<u>527,726</u>	<u>31,272,006</u>
Operating Income (Loss)	<u>2,483,977</u>	<u>1,006,502</u>	<u>(53,467)</u>	<u>3,437,012</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	185,080	1,778	-	186,858
Interest and amortization expense	(866,527)	(340,921)	-	(1,207,448)
Miscellaneous	36,323	-	-	36,323
<b>Total Nonoperating Revenues     (Expenses)</b>	<u>(645,124)</u>	<u>(339,143)</u>	<u>-</u>	<u>(984,267)</u>
Income (Loss) Before Contributions and Transfers	<u>1,838,853</u>	<u>667,359</u>	<u>(53,467)</u>	<u>2,452,745</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	200,908	33,470	-	234,378
Transfers out	(803,981)	-	-	(803,981)
<b>Total Contributions and Transfers</b>	<u>(603,073)</u>	<u>33,470</u>	<u>-</u>	<u>(569,603)</u>
<b>Change in Net Position</b>	1,235,780	700,829	(53,467)	1,883,142
NET POSITION - Beginning of Year	<u>32,295,881</u>	<u>10,106,660</u>	<u>4,326,819</u>	<u>46,729,360</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 33,531,661</u>	<u>\$ 10,807,489</u>	<u>\$ 4,273,352</u>	<u>\$ 48,612,502</u>

See accompanying notes to financial statements.

**CITY OF REEDSBURG**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 30,928,819	\$ 2,974,997	\$ 474,225	\$ 34,378,041
Received from other funds for services	491,237	-	-	491,237
Paid to suppliers for goods and services	(24,700,726)	(932,267)	(220,600)	(25,853,593)
Paid to employees for services	(1,814,048)	(287,889)	(179,961)	(2,281,898)
Net Cash Flows From Operating Activities	<u>4,905,282</u>	<u>1,754,841</u>	<u>73,664</u>	<u>6,733,787</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investments sold and matured	638,447	-	-	638,447
Investment income	152,567	1,778	-	154,345
Investment in ATC	(72,196)	-	-	(72,196)
Investments purchased	(707,510)	-	-	(707,510)
Net Cash Flows From Investing Activities	<u>11,308</u>	<u>1,778</u>	<u>-</u>	<u>13,086</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to municipality for tax equivalent	(812,967)	-	-	(812,967)
Net Cash Flows From Noncapital Financing Activities	<u>(812,967)</u>	<u>-</u>	<u>-</u>	<u>(812,967)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt issued	895,000	1,300,872	-	2,195,872
Debt retired	(886,100)	(887,690)	-	(1,773,790)
Interest paid	(826,629)	(338,454)	-	(1,165,083)
Debt issuance costs	(33,638)	-	-	(33,638)
Acquisition and construction of capital assets	(2,126,705)	(1,540,778)	(69,182)	(3,736,665)
Capital contributions received	<u>557,912</u>	<u>33,470</u>	<u>-</u>	<u>591,382</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(2,420,160)</u>	<u>(1,432,580)</u>	<u>(69,182)</u>	<u>(3,921,922)</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,683,463	324,039	4,482	2,011,984
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>5,030,929</u>	<u>3,413,769</u>	<u>328,556</u>	<u>8,773,254</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 6,714,392</u>	<u>\$ 3,737,808</u>	<u>\$ 333,038</u>	<u>\$ 10,785,238</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 2,483,977	\$ 1,006,502	\$ (53,467)	\$ 3,437,012
Nonoperating revenue	49,487	-	-	49,487
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	2,356,201	816,428	129,648	3,302,277
Depreciation charged to other funds	64,166	-	-	64,166
Amortization	5,036	-	-	5,036
Changes in assets and liabilities				
Accounts receivable	3,638	(81,762)	-	(78,124)
Due from other funds	-	(6,566)	(34)	(6,600)
Prepaid items	33,830	5,658	-	39,488
Inventories	83,128	-	-	83,128
Accounts payable	(33,454)	14,868	(162)	(18,748)
Accrued liabilities	(57,987)	-	-	(57,987)
Due to other funds	5,369	-	-	5,369
Compensated absences	6,118	-	-	6,118
Other current liabilities	(93,362)	(287)	(2,321)	(95,970)
Unearned revenues	(865)	-	-	(865)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 4,905,282</b>	<b>\$ 1,754,841</b>	<b>\$ 73,664</b>	<b>\$ 6,733,787</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>				
Cash and investments - statement of net position	\$ 5,928,356	\$ 1,623,703	\$ 333,038	\$ 7,885,097
Restricted cash and investments - current	259,669	-	-	259,669
Restricted cash and investments - noncurrent	1,233,877	2,114,105	-	3,347,982
Total Cash and Investments	7,421,902	3,737,808	333,038	11,492,748
Less: Noncash equivalents	(707,510)	-	-	(707,510)
<b>CASH AND CASH EQUIVALENTS</b>	<b>\$ 6,714,392</b>	<b>\$ 3,737,808</b>	<b>\$ 333,038</b>	<b>\$ 10,785,238</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
ATC dividends reinvested	\$ 43,898	\$ -	\$ -	
Deferred special assessments forgiven	\$ 32,398	\$ -	\$ -	

See accompanying notes to financial statements.

**CITY OF REEDSBURG**

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 As of December 31, 2014

	Agency Fund	Private- Purpose Trust Fund
	Tax Collection Fund	Nishan Community Aid for the Poor
<b>ASSETS</b>		
Cash and investments	\$ 5,115,736	\$ 35,030
Property taxes receivable	3,017,261	-
Total Assets	8,132,997	35,030
<b>LIABILITIES</b>		
Due to other taxing units	8,132,997	-
Total Liabilities	8,132,997	-
<b>NET POSITION</b>		
Held in trust for private trust activities	-	35,030
<b>TOTAL NET POSITION</b>	\$ -	\$ 35,030

**CITY OF REEDSBURG**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended December 31, 2014

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	Nishan Community Aid for the Poor
<b>ADDITIONS</b>	
Investment income	\$ 74
Total Additions	<u>74</u>
<b>DEDUCTIONS</b>	
Health and human services	<u>44</u>
Total Deductions	<u>44</u>
<b>Change in Net Position</b>	30
NET POSITION - Beginning of Year	<u>35,000</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 35,030</u></u>

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## STATEMENT OF NET POSITION COMPONENT UNITS December 31, 2014

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	Community Development Authority	Herbert H. Webb Trust	Totals
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 2,625,766	\$ 2,625,766
Accrued interest receivable	3,564	-	3,564
Loans receivable	70,000	-	70,000
Capital lease receivable from primary government	515,000	-	515,000
Total Assets	<u>588,564</u>	<u>2,625,766</u>	<u>3,214,330</u>
<b>LIABILITIES</b>			
Accrued liabilities	3,564	-	3,564
Due to primary government	-	22,809	22,809
Lease revenue bonds	515,000	-	515,000
Total Liabilities	<u>518,564</u>	<u>22,809</u>	<u>541,373</u>
<b>NET POSITION</b>			
Restricted for Trust Purposes	-	2,602,957	2,602,957
Unrestricted	<u>70,000</u>	<u>-</u>	<u>70,000</u>
<b>TOTAL NET POSITION</b>	<u>\$ 70,000</u>	<u>\$ 2,602,957</u>	<u>\$ 2,672,957</u>

See accompanying notes to financial statements.

## CITY OF REEDSBURG

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION COMPONENT UNITS

For the Year Ended December 31, 2014

	Community Development Authority	Herbert H. Webb Trust	Totals
<b>OPERATING EXPENSES</b>			
Operation and maintenance	\$ -	\$ 70,454	\$ 70,454
Total Operating Expenses	-	70,454	70,454
Operating Loss	-	(70,454)	(70,454)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	45,620	162,426	208,046
Interest expense	(45,620)	-	(45,620)
Total Nonoperating Revenues (Expenses)	-	162,426	162,426
Change in net position	-	91,972	91,972
NET POSITION - Beginning of Year	70,000	2,510,985	2,580,985
<b>NET POSITION - END OF YEAR</b>	\$ 70,000	\$ 2,602,957	\$ 2,672,957

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the City of Reedsburg, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### ***A. REPORTING ENTITY***

This report includes all of the funds of the city. The reporting entity for the city consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

### **A. REPORTING ENTITY (cont.)**

#### ***Discretely Presented Component Units***

##### *Community Development Authority of the City of Reedsburg*

The government-wide financial statements include the Community Development Authority of the City of Reedsburg ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the CDA, and also create a potential financial benefit to or burden on the city. See Note III.J. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2014. The CDA does not issue separate financial statements.

##### *Herbert H. Webb Trust*

The government-wide financial statements include the Herbert H. Webb – Reedsburg Trust (trust) as a component unit. The trust is a legally separate tax exempt component unit of the City of Reedsburg. The trust was established to support the City of Reedsburg for public purposes. Although the city does not control the timing or amount of receipts from the trust, the resources of the trust can only be used by or for the benefit of the city. Therefore, the trust is considered to be a component unit of the city and is discretely presented in the financial statements. The information presented is for the fiscal year ended December 31, 2014. The trust does not issue separate financial statements.

### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

#### ***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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 include 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 as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements***

Financial statements of the city are organized into 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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor 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/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The city reports the following major governmental fund:

General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

The city reports the following major enterprise funds:

Utility Commission Fund - accounts for operations of the water, electric, and communications systems  
Sewer Utility - accounts for operations of the sewer system

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

#### ***Fund Financial Statements (cont.)***

The city reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Taxi Grant Fund	Park Fund
Dog Park	DARE Fund
Webb Endowment Fund	Nishan Park Concession Stand Fund
Room Tax Fund	CDBG Fund
EDA Fund	HCRI Fund
Home Loan Fund	Sidewalk Repair Fund
Solid Waste Fund	Mannigal Endowment Fund
Library - County Funding	Library - Investment
Teen Court	Rescue Fund

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

General Debt Service

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Tax Incremental Financing (TIF) District No. 3	Tax Incremental Financing (TIF) District No. 4
Tax Incremental Financing (TIF) District No. 5	Tax Incremental Financing (TIF) District No. 6
Tax Incremental Financing (TIF) District No. 7	Tax Incremental Financing (TIF) District No. 8
Capital Equipment Fund	General Capital Projects Fund

Enterprise Fund - used to account for and report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Stormwater - accounts for operations of the stormwater system.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

In addition, the city reports the following fund types:

Private-Purpose Trust Fund - used to account for and report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments.

Nishan Community Aid for the Poor

Agency Fund - used to account for and report assets held by the city in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***

##### ***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 liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded 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 utility commission, sewer utility, and stormwater utility and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

##### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. 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 60 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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

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

##### ***Fund Financial Statements (cont.)***

Property taxes are recorded in the year levied as receivables and deferred inflows. 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 the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

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.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

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 fund's principal ongoing operations. The principal operating revenues of the water and electric, sewer, and communications utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. 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 nonoperating revenues and expenses.

##### ***All Financial Statements***

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

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

### ***D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

#### ***1. Deposits and Investments***

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.

Investment of city funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

Investment of most trust funds including cemetery perpetual care funds, is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The city has not adopted an investment policy.

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. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### *D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)*

##### *1. Deposits and Investments (cont.)*

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2014, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

##### *2. Receivables*

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

Property tax calendar - 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale - 2014 delinquent real estate taxes	October 2017

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the electric, water, and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant. Delinquent communications bills are not placed on the tax roll. An allowance for uncollectible accounts has been established to account for all delinquent communications billings over 120 days past due. The allowance is adjusted on an annual basis.

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 governmental-wide financial statements as internal balances.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### ***D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***2. Receivables (cont.)***

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The city has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has been reduced by an allowance for uncollectible accounts of \$174,468.

It is the city's policy to record revenue when the initial loan is made from the federal and state grant funds. The net amount of the loan receivable balance is included in restricted fund balance. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

##### ***3. Inventories and Prepaid Items***

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

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

##### ***4. Restricted Assets***

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

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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### *D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)*

#### **5. Capital Assets**

##### ***Government-Wide Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

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. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is 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 and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	30 Years
Land Improvements	30 Years
Machinery and Equipment	3-15 Years
Intangibles	5-50 Years
Infrastructure	18-77 Years
Intangibles	20-50 Years

##### ***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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### ***D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### **6. Other Assets**

The electric utility is a member of American Transmission Company (ATC). ATC was formed by approximately 25 utilities to plan, construct, maintain, monitor, and own electric transmission facilities in Wisconsin. The utility owns less than 1/2 of 1% of ATC. The asset is valued at original cost plus additional contributions and reinvested dividends.

The electric utility has established a health insurance account to cover claims for employees under the \$35,000 reinsurance policy and also to pay out large claims that will be reimbursed rather than using operating cash flows.

As part of a settlement agreement with a vendor, the electric utility obtained customer rights from the prior service provider to serve additional customers. These costs are reported as organization costs and are being amortized over 33 years.

The electric utility has non-utility property consisting of private parking lighting which is depreciated over 20 years.

#### **7. Compensated Absences**

Under terms of employment, 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 and proprietary 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, and are payable with expendable resources.

#### **8. Long-Term Obligations/Conduit 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 bonds 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.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### *D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)*

#### **8. Long-Term Obligations/Conduit Debt (cont.)**

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$4,264,738, made up of three issues.

#### **9. Deferred Inflows of Resources**

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future 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 (excluding unspent debt proceeds) 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 positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources as they are needed.

##### ***Fund Statements***

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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### *D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)*

#### **10. Equity Classifications (cont.)**

##### ***Fund Statements (cont.)***

- b. Restricted - Consists of fund balances 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. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action resolution of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) Council, committee, or management identification 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The city considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the city would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note III. H. for further information.

Fiduciary fund equity is classified as held in trust for community aid on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the city believes it is in compliance with all significant restrictions. Net position of \$35,030 was available for the year ended December 31, 2014.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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### ***D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### **11. Basis for Existing Rates - Proprietary Fund**

##### ***Electric***

Current electric rates were approved by the Public Service Commission of Wisconsin on June 1, 2011.

##### ***Water***

Current water rates were approved by the Public Service Commission of Wisconsin on May 27, 2010.

##### ***Sewer***

Current rates were approved and made effective by the city council on June 27, 2013.

##### ***Communications***

Current communications rates were approved by the utility commission with periodic changes. The utility approved new cable TV rates on December 16, 2013 that were effective February 20, 2014. Current telephone rates were approved by the utility commission effective in June 2003. Current residential and commercial internet rates were approved by the utility commission effective in December, 2013.

##### ***Stormwater***

Current rates were approved by the city council and were effective in March 2009.

#### **12. Capital Contributions - Enterprise Funds**

Capital contributions represent the amount received from customers, the city, or external parties for construction and the value of property (plant) contributed to the utilities. These amounts are not subject to repayment.

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

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### ***A. BUDGETARY INFORMATION***

A budget has been adopted for the general fund, certain special revenue funds, the general debt service fund, and capital projects funds. A budget has not been formally adopted for other special revenue funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### **NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

#### ***B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS***

Funds	Budgeted Expenditures	Actual Expenditures and Other Financing Uses	Excess Expenditures and Other Financing Uses Over Budget
General Capital Projects	\$ 500,000	\$ 592,435	\$ 92,435
Sidewalk Repair	5,000	14,842	9,842
Webb Endowment Fund	35,000	89,908	54,908
Solid Waste Fund	375,500	381,172	5,672
Capital Equipment Fund	324,500	338,079	13,579
TIF District No. 3	40,226	40,236	10
TIF District No. 4	212,514	349,524	137,010
TIF District No. 5	45,434	70,433	24,999
TIF District No. 6	160,789	193,303	32,514
TIF District No. 8	150	1,150	1,000

The city controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the city's year-end budget to actual report.

#### ***C. DEFICIT BALANCES***

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2014, the following individual funds held a deficit balance:

Fund	Amount	Reason
General Debt Service	\$ 88,384	Unfunded debt payments
Taxi Grant Fund	12,938	Unfunded program costs
Tax Incremental District No. 3	1,450,416	Costs exceeding increment
Tax Incremental District No. 6	618,291	Costs exceeding increment
Tax Incremental District No. 8	18,953	Costs exceeding increment
Capital Equipment Fund	65,862	Unfunded capital outlay

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Other fund deficits are anticipated to be funded with future contributions, general tax revenues, long-term borrowing, or transfers from the general fund.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### **NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

#### ***D. LIMITATIONS ON THE CITY'S TAX LEVY***

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

### **NOTE III - DETAILED NOTES ON ALL FUNDS**

#### ***A. DEPOSITS AND INVESTMENTS***

The city's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 14,916,461	\$ 14,341,432	Custodial credit risk
Mutual funds	73,500	73,500	Credit risk, interest rate risk
LGIP	5,296,262	5,296,262	Credit risk
Petty cash	500	-	N/A
Total Deposits and Investments	<b>\$ 20,286,723</b>	<b>\$ 19,711,194</b>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 11,454,806		
Restricted cash and investments	3,681,151		
Per statement of net position - fiduciary funds			
Tax collection fund	5,115,736		
Private-Purpose Trust Fund	35,030		
Total Deposits and Investments	<b>\$ 20,286,723</b>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### A. DEPOSITS AND INVESTMENTS (cont.)

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The city maintains collateral agreements with its banks. At December 31, 2014, the banks had pledged various government securities in the amount of \$9,370,182 to secure the city's deposits.

#### ***Custodial Credit Risk***

##### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the city's deposits may not be returned to the city.

As of December 31, 2014, \$1,042,122 of the city's total bank balances were exposed to custodial credit risk because deposits exceeded insurance and collateralization agreements.

#### ***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2014, the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poors</u>
Mutual funds	AAAm

The city also held investments in the following external pool which is not rated:

Local Government Investment Pool

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2014, the city's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Mutual funds	<u>\$ 73,500</u>	51

See Note I.D.1. for further information on deposit and investment policies.

**B. RECEIVABLES**

Receivables as of year end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Utility Commission	Sewer Utility	Nonmajor and Other Funds	Totals
Receivables					
Gross receivables	\$ 3,624,119	\$ 3,059,554	\$ 159,449	\$ 5,928,888	\$ 12,772,010
Less: Allowance for uncollectibles	<u>-</u>	<u>(41,000)</u>	<u>-</u>	<u>(174,468)</u>	<u>(215,468)</u>
Net Total Receivables	<u>\$ 3,624,119</u>	<u>\$ 3,018,554</u>	<u>\$ 159,449</u>	<u>\$ 5,754,420</u>	<u>\$ 12,556,542</u>
Amounts not expected to be collected within one year	<u>\$ 534,634</u>	<u>\$ 41,000</u>	<u>\$ 4,000</u>	<u>\$ 2,347,691</u>	<u>\$ 2,927,325</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**B. RECEIVABLES (cont.)**

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 6,437,263	\$ -
Special assessments not yet due	-	5,770
Interfund interest - TIF advances	-	424,504
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 6,437,263</u>	 <u>\$ 430,274</u>

For economic development loans, the city is limited by the Wisconsin Department of Administration to the amount of program income from economic development loans that it may retain and loan to other businesses and the amount of time for which funds may be held without use. Program income includes the principal and interest received from economic development loans repayments.

At December 31, 2014, the city has not exceeded the maximum amount that it may retain or time established. However, it has recognized a liability for the estimated amount that should be remitted to the state.

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***Long-Term Debt Accounts***

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

***Equipment Replacement Account***

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**C. RESTRICTED ASSETS (cont.)**

**General Debt Service - Reserve Account**

Lease Revenue Bond - Used to report resources set aside to pay on CDA leases payable.

**Impact Fee Account**

The utility commission has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the property owner.

Following is a list of restricted assets at December 31, 2014:

	Governmental Activities	Business-type Activities
Redemption account	\$ -	\$ 259,669
Reserve account	73,500	707,510
Depreciation account	-	1,067,538
Replacement account	-	1,438,786
Impact fee account	-	134,148
Total	\$ 73,500	\$ 3,607,651

**D. CAPITAL ASSETS**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 6,696,144	\$ 32,398	\$ -	\$ 6,728,542
Land for right of way	808,570	25,500	-	834,070
Road infrastructure not being depreciated	4,991,248	95,800	11,500	5,075,548
Construction work in progress	46,863	-	46,863	-
Total Capital Assets Not Being Depreciated/Amortized	12,542,825	153,698	58,363	12,638,160

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Capital assets being depreciated/amortized				
Buildings	\$ 10,357,251	\$ 154,850	\$ -	\$ 10,512,101
Intangibles	95,272	-	-	95,272
Equipment and furniture	9,392,001	474,371	281,479	9,584,893
Infrastructure	17,614,717	287,399	33,900	17,868,216
Total Capital Assets Being Depreciated/Amortized	37,459,241	916,620	315,379	38,060,482
Total Capital Assets	50,002,066	1,070,318	373,742	50,698,642
Less: Accumulated depreciation/amortization for				
Buildings	(6,359,480)	(200,666)	-	(6,560,146)
Intangibles	(32,593)	(13,037)	-	(45,630)
Equipment and furniture	(4,934,008)	(472,127)	246,156	(5,159,979)
Infrastructure	(9,568,980)	(562,156)	45,400	(10,085,736)
Total Accumulated Depreciation/Amortization	(20,895,061)	(1,247,986)	291,556	(21,851,491)
Net Capital Assets Being Depreciated/Amortized	16,564,180	(331,366)	23,823	16,208,991
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 29,107,005	\$ (177,668)	\$ 82,186	\$ 28,847,151

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 77,648
Public safety	233,796
Public works	714,804
Culture, recreation, and education	221,738
Total Governmental Activities Depreciation/Amortization Expense	\$ 1,247,986

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciation				
Land	\$ 279,932	\$ -	\$ -	\$ 279,932
Construction in progress	<u>2,139,883</u>	<u>1,460,659</u>	<u>3,272,548</u>	<u>327,994</u>
Total Capital Assets Not Being Depreciation	<u>2,419,815</u>	<u>1,460,659</u>	<u>3,272,548</u>	<u>607,926</u>
Capital assets being depreciated				
Electric system	27,429,805	684,195	179,289	27,934,711
Water system	13,152,447	592,813	16,235	13,729,025
Communications system	27,850,324	2,164,718	1,537	30,013,505
Sewer system	28,322,107	1,564,235	124,168	29,762,174
Stormwater system	<u>5,995,506</u>	<u>69,182</u>	<u>-</u>	<u>6,064,688</u>
Total Capital Assets Being Depreciated	<u>102,750,189</u>	<u>5,075,143</u>	<u>321,229</u>	<u>107,504,103</u>
Total Capital Assets	<u>105,170,004</u>	<u>6,535,802</u>	<u>3,593,777</u>	<u>108,112,029</u>
Less: Accumulated depreciation for				
Electric system	(13,498,115)	(994,711)	192,335	(14,300,491)
Water system	(3,700,813)	(334,406)	23,855	(4,011,364)
Communications system	(6,440,548)	(1,119,511)	316	(7,559,743)
Sewer system	(8,557,832)	(816,428)	124,168	(9,250,092)
Stormwater system	<u>(1,998,570)</u>	<u>(129,648)</u>	<u>-</u>	<u>(2,128,218)</u>
Total Accumulated Depreciation	<u>(34,195,878)</u>	<u>(3,394,704)</u>	<u>340,674</u>	<u>(37,249,908)</u>
Net Capital Assets Being Depreciated	<u>68,554,311</u>	<u>1,680,439</u>	<u>(19,445)</u>	<u>70,254,195</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 70,974,126</u>	<u>\$ 3,141,098</u>	<u>\$ 3,253,103</u>	<u>\$ 70,862,121</u>

Depreciation expense was charged to functions as follows:

<b>Business-type Activities</b>	
Electric	\$ 939,476
Water	300,252
Communications	1,116,473
Sewer	816,428
Storm	<u>129,648</u>
Total Business-type Activities Depreciation Expense	<u>\$ 3,302,277</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

***D. CAPITAL ASSETS*** (cont.)

Depreciation expense does not agree to the increases in accumulated depreciation due to joint metering, salvage, and cost of removal.

***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS***

***Interfund Receivables/Payables***

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General fund	Utility commission	\$ 803,981
General fund	Nonmajor governmental funds	60,560
Sewer	Utility commission	225,917
Stormwater fund	Utility commission	<u>5,092</u>
Total - Fund Financial Statements		1,095,550
Less: Fund eliminations		<u>(291,569)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 803,981</u></u>

All amounts are due within one year.

The principal purpose of these interfunds 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) payments between funds are made.

***Advances***

The general fund is advancing funds to TIF Districts No. 3, No. 6, and No. 8. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. The general fund previously charged TIF No. 3, No. 6, and No. 8 interest on the advance based on the average outstanding advance balance during the year at a rate of 5%, however, no interest is charged currently. \$424,504 of interest is included in the TIF No. 3, No. 6, and No. 8 advances and is recorded as unavailable revenue in the general fund until it is collected. No repayment schedules have been established.

The general fund is also advancing funds to the taxi and general debt service funds. No interest is being charged on these advances and no repayment schedules have been established.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)***

***Advances (cont.)***

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General fund	Taxi fund	\$ 23,421	\$ 23,421
General fund	General debt service fund	142,521	142,521
General fund	TIF District No. 3	1,451,416	1,451,416
General fund	TIF District No. 6	897,431	897,431
General fund	TIF District No. 8	<u>263,953</u>	263,953
Total - Fund Financial Statements		2,778,742	
Less: Fund eliminations		<u>(2,778,742)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Position		<u><u>\$ -</u></u>	

***Transfers***

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Utility commission	\$ 803,981	Tax equivalent Debt service payments,
Nonmajor governmental funds	Nonmajor governmental funds	595,122	increment sharing and library transfer
Nonmajor governmental funds	General fund	<u>49,786</u>	Pay back negative cash and close funds
Total - Fund Financial Statements		1,448,889	Transfer capital assets
Less: Fund eliminations		<u>(644,908)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 803,981</u></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 REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 8,955,000	\$ -	\$ 1,300,000	\$ 7,655,000	\$ 1,220,000
(Discounts)/Premiums	<u>48,367</u>	<u>-</u>	<u>2,839</u>	<u>45,528</u>	<u>-</u>
Sub-totals	<u>9,003,367</u>	<u>-</u>	<u>1,302,839</u>	<u>7,700,528</u>	<u>1,220,000</u>
Other Liabilities					
Vested compensated absences	504,592	129,622	111,009	523,205	118,431
Capital leases	585,000	-	70,000	515,000	85,000
Retiree health insurance	<u>8,480</u>	<u>-</u>	<u>8,480</u>	<u>-</u>	<u>-</u>
Total Other Liabilities	<u>1,098,072</u>	<u>129,622</u>	<u>189,489</u>	<u>1,038,205</u>	<u>203,431</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 10,101,439</u>	<u>\$ 129,622</u>	<u>\$ 1,492,328</u>	<u>\$ 8,738,733</u>	<u>\$ 1,423,431</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 6,000,000	\$ -	\$ -	\$ 6,000,000	\$ -
Revenue bonds	29,645,304	2,195,872	1,757,667	30,083,509	1,849,954
Notes payable	<u>155,852</u>	<u>-</u>	<u>16,123</u>	<u>139,729</u>	<u>16,123</u>
Sub-totals	<u>35,801,156</u>	<u>2,195,872</u>	<u>1,773,790</u>	<u>36,223,238</u>	<u>1,866,077</u>
Other Liabilities					
Vested compensated absences	<u>245,343</u>	<u>31,991</u>	<u>25,873</u>	<u>251,461</u>	<u>84,861</u>
Total Other Liabilities	<u>245,343</u>	<u>31,991</u>	<u>25,873</u>	<u>251,461</u>	<u>84,861</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 36,046,499</u>	<u>\$ 2,227,863</u>	<u>\$ 1,799,663</u>	<u>\$ 36,474,699</u>	<u>\$ 1,950,938</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2014, was \$25,970,215. Total general obligation debt outstanding at year end was \$13,655,000.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**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.

**Governmental Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2014</u>
General obligation refunding bonds	6/15/2004	12/1/2015	4.00 - 4.30%	\$ 2,090,000	\$ 955,000
General obligation refunding bonds	2/15/2006	12/1/2021	3.50 - 5.00	2,825,000	2,065,000
General obligation refunding bonds	5/20/2013	3/1/2020	0.45 - 1.70	1,835,000	1,560,000
General obligation refunding bonds	5/5/2013	3/1/2023	1.20 - 1.80	3,225,000	<u>3,075,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 7,655,000</u>

**Business-type Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2014</u>
General obligation refunding bonds	11/1/2009	12/1/2019	3.80%	\$ 6,000,000	<u>\$ 6,000,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 6,000,000</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2015	\$ 1,220,000	\$ 195,435	\$ -	\$ 228,000
2016	1,140,000	148,055	-	228,000
2017	905,000	124,560	-	228,000
2018	925,000	101,400	-	228,000
2019	930,000	78,765	6,000,000	228,000
2020-2023	<u>2,535,000</u>	<u>109,260</u>	-	-
Totals	<u>\$ 7,655,000</u>	<u>\$ 757,475</u>	<u>\$ 6,000,000</u>	<u>\$ 1,140,000</u>

**Revenue Debt**

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water, electric, communication and sewer utilities.

Revenue debt payable at December 31, 2014, consists of the following:

**Business-type Activities Revenue Debt**

Sewer Utility	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
Revenue bonds	5/1/2005	5/1/2025	2.565%	\$ 11,292,318	\$ 7,220,650
Revenue bonds	5/1/2006	5/1/2025	2.365	2,981,335	1,912,235
Revenue bonds	3/23/2011	5/1/2030	2.499	1,860,236	1,629,602
Revenue bonds	5/23/2013	5/1/2033	2.630	2,818,041	<u>2,725,153</u> (1)
Total Sewer Utility					<u>13,487,640</u>

All sewer utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid was \$1,226,144. Total sewer gross revenues as defined were \$3,065,103. Annual principal and interest payments are expected to require 29% of sewer revenues.

(1) - During 2013 the utility was authorized to issue \$3,310,182 of sewer system Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2014. The repayment schedule is for the amount issued.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

**Business-type Activities Revenue Debt (cont.)**

<u>Water Utility</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2014</u>
Safe Drinking Water Loan	12/27/2010	5/1/2029	2.68%	\$ 368,363	\$ 323,405
Revenue bonds	9/29/2011	5/1/2020	1.00 - 3.00	995,000	685,000
Main Replacements and SCADA Improvements	7/7/2014	5/1/2029	1.70 - 3.75	895,000	<u>895,000</u>
Total Water Utility					<u>1,903,405</u>

All water utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest was \$148,376. Total customer gross revenues as defined were \$1,466,921. Annual principal and interest payments are expected to require 10% of gross revenues on average.

<u>Electric Utility</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2014</u>
Revenue refunding bonds	11/15/2011	12/1/2020	0.75 - 3.10%	\$ 1,470,000	\$ 1,015,000
Revenue bonds	2/21/2013	12/1/2023	0.65 - 2.70	940,000	800,000
Revenue bonds	10/24/2013	12/1/2022	0.80 - 3.50	2,145,000	<u>1,935,000</u>
Total Electric Utility					<u>3,750,000</u>

All electric utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid was \$534,979. Total customer gross revenues were \$24,628,667. Annual principal and interest payments are expected to require 2% of gross revenues on average.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

**Business-type Activities Revenue Debt (cont.)**

<u>Communications Utility</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2014</u>
Revenue refunding bonds	2/15/2012	11/11/2020	4.25%	\$ 9,762,653	\$ 9,047,354
Revenue refunding bonds	3/15/2012	3/1/2022	4.25	2,030,000	<u>1,895,110</u>
				Total Communications Utility	<u>10,942,464</u>
				Total Business-type Activities - Revenue Debt	<u>\$ 30,083,509</u>

All electric, water and communications utility revenues are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid was \$785,059. Total customer gross revenues as defined were \$31,171,434. Annual principal and interest payments are expected to require 5% of gross revenues on average.

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,849,954	\$ 940,150
2016	1,911,687	886,719
2017	1,962,167	836,096
2018	2,017,681	783,366
2019	2,079,508	727,008
2020-2024	16,686,870	1,405,668
2025-2029	2,763,410	249,053
2030-2033	<u>812,232</u>	<u>38,339</u>
Totals	<u>\$ 30,083,509</u>	<u>\$ 5,866,399</u>

**Capital Leases**

Refer to Note III. G.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### *F. LONG-TERM OBLIGATIONS* (cont.)

##### ***Other Debt Information***

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

##### ***Bond Covenant Disclosures***

###### ***Insurance***

The sewer utility is covered under the self-insurance policy of the city. See Note IV.B. for further information on actual coverage and risk of loss.

###### ***Debt Coverage - Sewer Utility***

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.1 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2014 as follows:

Operating revenues	\$ 3,063,325
Investment income	1,778
Less: Operation and maintenance expenses	<u>(1,240,395)</u>
Net Defined Earnings	<u>\$ 1,824,708</u>
Minimum Required Earnings per Resolution:	
Highest annual debt service 2005 CWF bonds	\$ 754,312
Highest annual debt service 2006 CWF bonds	197,643
Highest annual debt service 2011 CWF bonds	123,765
Highest annual debt service 2013 CWF bonds	<u>182,551</u>
Subtotal	<u>1,258,271</u>
Coverage factor	<u>1.10</u>
Minimum Required Earnings	<u>\$ 1,384,098</u>
Actual Debt Coverage	<u>1.45</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**G. LEASE DISCLOSURES**

**Lessee - Capital Leases**

In 2004 the city acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$1,960,000, which are included in capital assets in the governmental activities. The future lease payments as of December 31, 2014, are as follows:

Years	Governmental Activities		
	Principal	Interest	Totals
2015	\$ 85,000	\$ 39,283	\$ 124,283
2016	90,000	32,085	122,085
2017	100,000	24,222	124,222
2018	110,000	15,480	125,480
2019	130,000	5,444	135,444
Totals	<u>\$ 515,000</u>	<u>\$ 116,514</u>	<u>\$ 631,514</u>

**H. NET POSITION/FUND BALANCES**

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

**Governmental Activities**

Net Investment in Capital Assets	
Capital assets, net of accumulated depreciation	\$ 28,847,151
Less: Long-term debt outstanding	(8,170,000)
Plus: Unspent capital related debt proceeds	73,000
Plus: Noncapital debt proceeds	845,000
Less: Unamortized debt premium	(45,528)
Total Net Investment in Capital Assets	<u>21,549,623</u>
Restricted	
Trust purposes	71,324
Housing and economic development	2,694,045
TIF projects	60,508
Park development	143,209
Room tax	22,912
Library	410,061
Total Restricted	<u>3,402,059</u>
Unrestricted	<u>2,661,545</u>
Total Governmental Activities Net Position	<u>\$ 27,613,227</u>

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### H. NET POSITION/FUND BALANCES (cont.)

##### Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2014, include the following:

	General	Nonmajor Funds	Totals
<b>Fund Balances</b>			
<b>Nonspendable:</b>			
Investment in mutual insurance company	\$ 200,515	\$ -	\$ 200,515
Advances	2,354,238	-	2,354,238
Prepaid items	194,568	-	194,568
Delinquent personal property taxes	1,794	-	1,794
<b>Restricted for:</b>			
Recreational and playground purposes	-	22,297	22,297
Loans	528,840	2,165,205	2,694,045
Library	-	410,061	410,061
Capital projects - TIF	-	60,508	60,508
Park improvements	-	143,209	143,209
Public purposes	-	49,027	49,027
General city expenditures	-	22,912	22,912
<b>Committed to:</b>			
Fire protection	-	47,252	47,252
Drug education	-	2,022	2,022
Park improvements	-	8,516	8,516
Sidewalk repairs	-	12,976	12,976
Solid waste and recycling activities	-	70,834	70,834
<b>Assigned to:</b>			
Capital projects	-	495,705	495,705
PILOT	803,701	-	803,701
CVMIC self-insurance retention	100,000	-	100,000
<b>Unassigned (deficit):</b>	<b>1,672,387</b>	<b>(2,254,844)</b>	<b>(582,457)</b>
<b>Total Fund Balances (Deficit)</b>	<b>\$ 5,856,043</b>	<b>\$ 1,255,680</b>	<b>\$ 7,111,723</b>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**H. NET POSITION/FUND BALANCES (cont.)**

***Business-type Activities***

Net Investment in Capital Assets	
Capital assets, net of accumulated depreciation	\$ 70,862,121
Less: Long-term debt outstanding	(36,223,238)
Plus: Unspent capital related debt proceeds	<u>707,510</u>
Total Net Investment in Capital Assets	<u>35,346,393</u>
Restricted	
Impact fees	134,148
Debt service	860,424
Equipment replacement	<u>1,831,005</u>
Total Restricted	<u>2,825,577</u>
Unrestricted	<u>10,440,532</u>
Total Business-type Activities Net Position	<u><u>\$ 48,612,502</u></u>

**I. SEGMENT INFORMATION**

The Reedsburg Utility Commission issued revenue bonds to finance its water, electric, and communications activities, which are combined and presented as the Reedsburg Utility Commission, a major enterprise fund. Summary financial information for each activity is presented below.

**CONDENSED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION**

	Water Utility	Electric Utility	Communications Utility
Charges for services	\$ 1,391,340	\$ 24,562,491	\$ 5,057,605
Other operating revenues	75,581	66,176	18,241
Depreciation expense	(300,252)	(939,476)	(1,116,473)
Other operating expenses	<u>(911,753)</u>	<u>(22,510,195)</u>	<u>(2,909,308)</u>
Operating Income	<u>254,916</u>	<u>1,178,996</u>	<u>1,050,065</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**I. SEGMENT INFORMATION (cont.)**

**CONDENSED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION (cont.)**

	<u>Water Utility</u>	<u>Electric Utility</u>	<u>Communications Utility</u>
Nonoperating Revenues (Expenses)			
Investment earnings	\$ -	\$ 184,826	\$ 254
Income from non-utility operations	-	23,571	12,753
Interest and amortization expense	(70,525)	(91,650)	(704,352)
Capital contributions	4,863	117,553	78,492
Payment in lieu of taxes	<u>(250,611)</u>	<u>(553,370)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(316,273)</u>	<u>(319,070)</u>	<u>(612,853)</u>
<b>Change in Net Position</b>	<u>\$ (61,357)</u>	<u>\$ 859,926</u>	<u>\$ 437,212</u>

**J. COMPONENT UNITS**

**COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF REEDSBURG**

This report contains the Community Development Authority of the City of Reedsburg (CDA), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The CDA follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Cash and Cash Equivalents

For purposes of the statement of cash flows, the component unit considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**J. COMPONENT UNIT (cont.)**

**COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF REEDSBURG (cont.)**

c. Long-Term Obligations

The CDA has issued Community Development Lease Revenue Bonds for the purpose of providing financing for the City of Reedsburg's Tax Increment Financing District Nos. 3, 4 and 6. All of the debt proceeds were used for the purpose of financing TID Nos. 3, 4, and 6 projects.

The CDA is leasing improved property to the city. The lease payments are in the same amount as the CDA's debt payments on the 2000 Series A lease revenue bonds. Upon final payment of the bonds, title to the leased property will transfer to the city.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
2000 Series A	\$ 585,000	\$ -	\$ 70,000	\$ 515,000	\$ 85,000
Totals	<u>\$ 585,000</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 515,000</u>	<u>\$ 85,000</u>

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 85,000	\$ 39,282	\$ 124,282
2016	90,000	32,085	122,085
2017	100,000	24,223	124,223
2018	110,000	15,480	125,480
2019	<u>130,000</u>	<u>10,888</u>	<u>140,888</u>
Totals	<u>\$ 515,000</u>	<u>\$ 121,958</u>	<u>\$ 636,958</u>

**HERBERT H. WEBB TRUST**

This report contains the Herbert H. Webb Trust (trust), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The trust follows the full accrual basis of accounting and the flow of economic resources measurement focus.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### J. COMPONENT UNIT (cont.)

##### HERBERT H. WEBB TRUST (cont.)

###### b. Deposits and Investments

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Mutual funds - equity and bond funds	<u>\$ 2,625,766</u>	<u>\$ 2,625,766</u>	Credit risk, interest rate risk

#### **Credit Risk and Interest Rate Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. Information regarding these risks is not available since the investment funds are held by a trustee.

See Note I.D.1. for further information on deposit and investment policies.

###### c. Cash and Cash Equivalents

For purposes of the statement of cash flows, the component unit considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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### NOTE IV - OTHER INFORMATION

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#### A. EMPLOYEES' RETIREMENT SYSTEM

All eligible city employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, and Executives and Elected Officials. Required contributions for protective employees are the same 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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE IV - OTHER INFORMATION (cont.)

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#### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

Contribution rates for December 31, 2014 were:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for city employees covered by the WRS for the year ended December 31, 2014 was \$4,957,262; the employer's total payroll was \$5,288,096. The total required contribution for the year ended December 31, 2014 was \$695,454 or 14.0% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended 2013 and 2012 were \$675,360 and \$604,744, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 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.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2014 there was no pension related debt for the city.

#### **B. RISK MANAGEMENT**

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

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## **NOTE IV - OTHER INFORMATION (cont.)**

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### ***B. RISK MANAGEMENT (cont.)***

#### ***Public Entity Risk Pool***

##### **Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC)**

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC, and has numerous cities and villages as members.

CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC that was established under Section 66.30 of the Wisconsin Statutes governing intergovernmental cooperation commissions.

CVMIC insures the municipalities up to \$5,000,000 per occurrence above the self-insured retention amount selected by each individual city or village. CVMIC also provides excess insurance of \$5,000,000 over the CVMIC layer through a group purchase program paid proportionately by members for a total limit of \$10,000,000 per occurrence. Members pay premiums based on their self-insured retention amount, claims experience and population.

Management of CVMIC and WMIC consists of a board of directors and officers elected by the membership from each class of participants based on population. The board of directors hires the company executive director who in turn hires the management staff of CVMIC. The city does not exercise any control over the activities of CVMIC and WMIC beyond the election of the officer and board.

Financial statements of CVMIC can be obtained directly from CVMIC's offices. The city's Mutual Member Participation Calculation of 2013 is calculated at 1.018%. This calculation is based on premiums, claims and self-insured retention of the city as compared to the entire membership. The city's participation portion of available funds would be distributed upon dissolution. WMIC is not required to have an audit. The city's initial investment in WMIC of \$200,515 has been reported in the general fund.

The city pays an annual premium to CVMIC for its general liability insurance as noted. The city's self-insured retention amount annually is \$37,500 per occurrence and \$150,00 in the aggregate. An actuarially determined estimate for outstanding losses and incurred but not reported losses is recorded in CVMIC's balance sheet in liability reserves related to the city is \$0.

### ***C. COMMITMENTS AND CONTINGENCIES***

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE IV - OTHER INFORMATION (cont.)

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#### *C. COMMITMENTS AND CONTINGENCIES (cont.)*

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

The city has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

#### *Long-Term Contracts - WPPI Energy*

The electric utility is one of 51 WPPI Energy member municipalities located throughout the State of Wisconsin. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the utility payable from any operating and maintenance fund established for that system.

In 2002, all WPPI Energy members ratified a 13 year extension to their original 35 year contracts. The new contract expires at midnight on December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$455 million as of December 31, 2014.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## **NOTE IV - OTHER INFORMATION (cont.)**

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### ***D. JOINT VENTURES***

The City of Reedsburg and the Town of Winfield, Town of Washington, Town of Reedsburg, Town of Westfield, Town of Seven Mile Creek, Town of Dellona, Town of LaValle, Town of North Freedom, Town of Excelsior, Village of Lime Ridge, Village of LaValle, and the Village of Loganville jointly operate the local ambulance service, which is called the Reedsburg Area Ambulance Service, Inc. The communities share in the annual operation of the district based on the ratio of populations.

The governing body is made up of citizens from each community. Local representatives are appointed by the mayor. The governing body has authority to adopt its own budget and control the financial affairs of the district. The city made a payment totaling \$65,086 to the district for 2014. The city believes that the district will continue to provide services in the future at similar rates. The city does not have an equity interest in the joint venture.

Financial information of the district is available directly from the district's office. The transactions of the district are not reflected in these financial statements.

### ***E. SUBSEQUENT EVENTS***

New TV rates were approved on January 16, 2015 which had an effective date of March 20, 2015.

The electric utility filed an application with the PSCW to increase electric rates on July 29, 2014. New rates were approved and were effective April 27, 2015 with an authorized rate of return of 5.25%.

The water utility filed an application with the PSCW to increase water rates on July 22, 2014. New rates were approved and were effective January 27, 2015 with an authorized rate of return of 5.75%.

### ***F. ECONOMIC DEPENDENCY***

#### *Utility Commission*

The electric utility has one customer who was responsible for 36% of operating revenues in 2014.

### ***G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF REEDSBURG

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
<b>TAXES</b>			
General property taxes	\$ 2,912,313	\$ 2,912,313	\$ -
Mobile home taxes	75,000	93,398	18,398
Room taxes	1,375	2,252	877
Payments in lieu of taxes	100,000	109,351	9,351
Interest on delinquent taxes	150	244	94
Total Taxes	<u>3,088,838</u>	<u>3,117,558</u>	<u>28,720</u>
<b>INTERGOVERNMENTAL REVENUES</b>			
State shared revenues	735,839	736,240	401
State expenditure restraint program	179,644	179,645	1
Fire insurance tax from state	20,000	22,983	2,983
State aid - exempt computers	14,000	18,634	4,634
State aid - law enforcement training	3,000	24,003	21,003
State aid - road allotment	425,949	425,857	(92)
State aid - connecting streets	48,941	48,688	(253)
Other state payments	-	4,250	4,250
State aid - aid to state facilities	5,000	4,392	(608)
County aid - airport	4,100	4,084	(16)
Total Intergovernmental Revenues	<u>1,436,473</u>	<u>1,468,776</u>	<u>32,303</u>
<b>LICENSES AND PERMITS</b>			
Liquor and malt beverage	13,000	14,590	1,590
Operators' license	3,000	2,680	(320)
Cigarette licenses	1,600	1,800	200
Amusement device licenses	550	560	10
Mobile home park licenses	550	550	-
Weights and measures licenses	6,000	5,671	(329)
Cable television franchise fees	96,000	124,130	28,130
Taxi cab	25	-	(25)
Bicycle licenses	60	95	35
Dog and cat licenses	7,000	7,814	814
Transient licenses	100	240	140
Building permits	18,000	16,822	(1,178)
Electrical permits	6,500	4,951	(1,549)
Plumbing permits	3,500	3,039	(461)
Zoning permits	2,000	2,269	269
State permit seals	150	300	150
Other permits	-	105	105
Total Licenses and Permits	<u>158,035</u>	<u>185,616</u>	<u>27,581</u>
<b>FINES AND FORFEITURES</b>			
Court penalties and costs	213,100	193,716	(19,384)
Parking violations	14,500	11,484	(3,016)
Other law and ordinance violations	750	1,023	273
Total Fines and Forfeitures	<u>228,350</u>	<u>206,223</u>	<u>(22,127)</u>

See independent auditors' report and accompanying notes to required supplementary information.

## CITY OF REEDSBURG

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance with Final Budget
<b>PUBLIC CHARGES FOR SERVICES</b>			
Special assessment search	\$ 3,500	\$ 4,450	\$ 950
Clerk and treasurer fees	1,000	1,105	105
License publication fees	750	850	100
Land use inquiries	4,000	5,639	1,639
Photocopies	1,000	1,453	453
Police fees	3,500	6,314	2,814
Temporary plate fees	-	1,119	1,119
Street maintenance	9,550	9,940	390
Weed and nuisance control	3,000	3,467	467
Parks	21,200	20,993	(207)
Other recreation programs	34,850	45,448	10,598
Adult volleyball fees	3,000	2,300	(700)
Adult basketball fees	1,500	1,500	-
Youth soccer program	100	1,530	1,430
Youth tennis program	750	535	(215)
Swimming pools	40,000	35,770	(4,230)
Registration fees	12,500	9,987	(2,513)
BID security deposits	-	230	230
Sale of materials	50	5	(45)
Total Public Charges for Services	<u>140,250</u>	<u>152,635</u>	<u>12,385</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>			
Local government services	<u>77,603</u>	<u>77,458</u>	<u>(145)</u>
<b>INVESTMENT INCOME</b>			
Investment income	4,000	8,286	4,286
Interest on city billings	1,250	1,131	(119)
Total Investment Income	<u>5,250</u>	<u>9,417</u>	<u>4,167</u>
<b>MISCELLANEOUS</b>			
Donations	14,000	59,779	45,779
Insurance recoveries	-	12,359	12,359
Workers compensation dividends	20,000	17,623	(2,377)
Rent	6,000	7,457	1,457
Other miscellaneous	-	5,233	5,233
Total Miscellaneous	<u>40,000</u>	<u>102,451</u>	<u>62,451</u>
<b>OTHER FINANCING SOURCES</b>			
Property sales	8,000	11,490	3,490
Transfers in	808,753	803,981	(4,772)
Total Other Financing Sources	<u>816,753</u>	<u>815,471</u>	<u>(1,282)</u>
 Total Revenues	 <u>5,991,552</u>	 <u>6,135,605</u>	 <u>144,053</u>

See independent auditors' report and accompanying notes to required supplementary information.

## CITY OF REEDSBURG

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
Council	\$ 25,252	\$ 25,279	\$ (27)
Municipal court	164,952	149,164	15,788
Legal	60,000	43,842	16,158
Mayor	6,921	6,073	848
Administrator	121,797	117,804	3,993
Legislative support	60,777	56,117	4,660
General administration	18,408	21,373	(2,965)
Elections	15,000	9,871	5,129
Financial management	244,617	219,034	25,583
Assessment of property	45,000	43,963	1,037
GIS/mapping	23,301	24,247	(946)
Buildings and plant	237,587	260,174	(22,587)
Property and liability insurance	137,800	133,141	4,659
Other general government	14,080	14,069	11
Total General Government	<u>1,175,492</u>	<u>1,124,151</u>	<u>51,341</u>
<b>PUBLIC SAFETY</b>			
Police	1,832,086	1,722,078	110,008
Fire protection	157,453	133,298	24,155
Hydrant rental	306,749	306,749	-
Ambulance	65,086	65,086	-
Building inspection	69,413	66,870	2,543
Emergency government	4,500	5,200	(700)
Emergency communication (911)	571,377	520,632	50,745
Total Public Safety	<u>3,006,664</u>	<u>2,819,913</u>	<u>186,751</u>
<b>HEALTH AND HUMAN SERVICES</b>			
Regulation and inspection	5,100	5,100	-
Animal control	150	56	94
Cemetery	16,000	16,000	-
Total Health and Human Services	<u>21,250</u>	<u>21,156</u>	<u>94</u>

See independent auditors' report and accompanying notes to required supplementary information.

## CITY OF REEDSBURG

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance with Final Budget
<b>PUBLIC WORKS</b>			
General public works	\$ 4,000	\$ 4,836	\$ (836)
Engineering	49,248	50,439	(1,191)
Machinery	96,769	98,605	(1,836)
Garages and sheds	150,669	158,476	(7,807)
Street maintenance	265,387	284,036	(18,649)
Curb and gutter	-	16	(16)
Tree and brush removal	9,250	17,406	(8,156)
Traffic control	59,518	50,536	8,982
Snow and ice control	193,920	197,676	(3,756)
Street lighting	195,000	182,029	12,971
Sidewalks	7,367	4,034	3,333
Storm sewer maintenance	-	349	(349)
Parking lot	1,666	1,666	-
Airport	74,467	76,967	(2,500)
Refuse and garbage collection	1,344	1,232	112
Total Public Works	<u>1,108,605</u>	<u>1,128,303</u>	<u>(19,698)</u>
<b>CULTURE, RECREATION, AND EDUCATION</b>			
Parks	286,302	292,198	(5,896)
Recreation	44,087	24,702	19,385
Recreation administration	55,495	38,087	17,408
Celebration and entertainment	16,500	20,898	(4,398)
Recreation facilities	37,820	37,625	195
Swimming pool	96,322	104,269	(7,947)
Art	-	43,953	(43,953)
Total Culture, Recreation, and Education	<u>536,526</u>	<u>561,732</u>	<u>(25,206)</u>
<b>CONSERVATION AND DEVELOPMENT</b>			
Tree planting	5,000	6,955	(1,955)
Nuisance control	4,000	3,000	1,000
Planning	48,013	46,512	1,501
Historic preservation	500	159	341
Economic development	30,500	91,219	(60,719)
Industrial development	30,000	21,703	8,297
Other conservation and development	25,000	13,355	11,645
Total Conservation and Development	<u>143,013</u>	<u>182,903</u>	<u>(39,890)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	-	49,786	(49,786)
Total Expenditures	<u>5,991,550</u>	<u>5,887,944</u>	<u>103,606</u>
<b>Net Change in Fund Balance</b>	2	247,661	247,659
FUND BALANCE - Beginning of Year	<u>5,608,382</u>	<u>5,608,382</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 5,608,384</u>	<u>\$ 5,856,043</u>	<u>\$ 247,659</u>

See independent auditors' report and accompanying notes to required supplementary information.

## CITY OF REEDSBURG

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2014

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#### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The city may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

**SUPPLEMENTARY INFORMATION**

**CITY OF REEDSBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2014

	Special Revenue Funds		
	Taxi Grant Fund	Park Fund	Dog Park
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 142,409	\$ -
Receivables			
Taxes	15,000	-	-
Accounts	-	800	-
Special assessments	-	-	-
Loans	-	-	-
Due from component units	-	-	-
Due from other governments	24,573	-	-
Restricted cash and investments	-	-	-
	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 39,573</b>	<b>\$ 143,209</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 14,090	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits	-	-	-
Due to other funds	-	-	-
Advances from other funds	23,421	-	-
Total Liabilities	37,511	-	-
Deferred Inflows of Resources			
Unearned revenues	15,000	-	-
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	15,000	-	-
Fund Balances (Deficit)			
Restricted	-	143,209	-
Committed	-	-	-
Assigned	-	-	-
Unassigned (deficit)	(12,938)	-	-
Total Fund Balances (deficit)	(12,938)	143,209	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 39,573</b>	<b>\$ 143,209</b>	<b>\$ -</b>

Special Revenue Funds

DARE Fund	Webb Endowment Fund	Nishan Park Concession Stand Fund	Room Tax Fund	CDBG Fund	EDA Fund	HCRI Fund
\$ 2,022	\$ 22,300	\$ 8,516	\$ 16,723	\$ 472,350	\$ 45,916	\$ 19,422
-	-	-	-	-	-	-
-	-	-	17,226	-	-	-
-	-	-	-	1,428,583	76,988	20,000
-	26,727	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,022</u>	<u>49,027</u>	<u>8,516</u>	<u>33,949</u>	<u>1,900,933</u>	<u>122,904</u>	<u>39,422</u>
\$ -	\$ -	\$ -	\$ 11,037	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	1,840	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	11,037	1,840	-	-
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**CITY OF REEDSBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2014

	Special Revenue Funds		
	Home Loan Fund	Sidewalk Repair Fund	Solid Waste Fund
<b>ASSETS</b>			
Cash and investments	\$ 22,044	\$ 12,976	\$ 71,488
Receivables			
Taxes	-	6,176	384,110
Accounts	-	-	44
Special assessments	-	5,770	-
Loans	81,742	-	-
Due from component units	-	-	-
Due from other governments	-	-	-
Restricted cash and investments	-	-	-
	<u>\$ 103,786</u>	<u>\$ 24,922</u>	<u>\$ 455,642</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 698
Accrued liabilities	-	-	-
Deposits	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>698</u>
Deferred Inflows of Resources			
Unearned revenues	-	6,176	384,110
Unavailable revenues	-	5,770	-
Total Deferred Inflows of Resources	<u>-</u>	<u>11,946</u>	<u>384,110</u>
Fund Balances (Deficit)			
Restricted	103,786	-	-
Committed	-	12,976	70,834
Assigned	-	-	-
Unassigned (deficit)	-	-	-
Total Fund Balances (deficit)	<u>103,786</u>	<u>12,976</u>	<u>70,834</u>
	<u>\$ 103,786</u>	<u>\$ 24,922</u>	<u>\$ 455,642</u>

Special Revenue Funds					Capital Projects Funds	
Mannigal Endowment Fund	Library - County Funding	Library - Investment	Teen Court	Rescue Fund	TIF District No. 3	TIF District No. 4
\$ 22,297	\$ 79,137	\$ 347,398	\$ -	\$ 40,857	\$ 1,000	\$ 374
-	387,028	-	-	-	94,143	335,019
-	-	-	-	6,395	-	-
-	-	-	-	-	-	36,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 22,297</u>	<u>\$ 466,165</u>	<u>\$ 347,398</u>	<u>\$ -</u>	<u>\$ 47,252</u>	<u>\$ 95,143</u>	<u>\$ 371,393</u>
\$ -	\$ 13,178	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,296	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,451,416	-
-	<u>16,474</u>	-	-	-	<u>1,451,416</u>	-
-	387,028	-	-	-	94,143	335,019
-	-	-	-	-	-	-
-	<u>387,028</u>	-	-	-	<u>94,143</u>	<u>335,019</u>
22,297	62,663	347,398	-	-	-	36,374
-	-	-	-	47,252	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(1,450,416)	-
<u>22,297</u>	<u>62,663</u>	<u>347,398</u>	<u>-</u>	<u>47,252</u>	<u>(1,450,416)</u>	<u>36,374</u>
<u>\$ 22,297</u>	<u>\$ 466,165</u>	<u>\$ 347,398</u>	<u>\$ -</u>	<u>\$ 47,252</u>	<u>\$ 95,143</u>	<u>\$ 371,393</u>

**CITY OF REEDSBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2014

	Capital Projects Funds		
	TIF District No. 5	TIF District No. 6	TIF District No. 7
<b>ASSETS</b>			
Cash and investments	\$ 13,037	\$ -	\$ 11,097
Receivables			
Taxes	74,832	-	16,399
Accounts	-	-	-
Special assessments	-	-	-
Loans	-	279,140	-
Due from component units	-	-	-
Due from other governments	-	-	-
Restricted cash and investments	-	-	-
	<u>\$ 87,869</u>	<u>\$ 279,140</u>	<u>\$ 27,496</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	897,431	-
Total Liabilities	<u>-</u>	<u>897,431</u>	<u>-</u>
Deferred Inflows of Resources			
Unearned revenues	74,832	-	16,399
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	<u>74,832</u>	<u>-</u>	<u>16,399</u>
Fund Balances (Deficit)			
Restricted	13,037	-	11,097
Committed	-	-	-
Assigned	-	-	-
Unassigned (deficit)	-	(618,291)	-
Total Fund Balances (deficit)	<u>13,037</u>	<u>(618,291)</u>	<u>11,097</u>
	<u>\$ 87,869</u>	<u>\$ 279,140</u>	<u>\$ 27,496</u>

Capital Projects Funds			Debt Service Fund	Total Nonmajor Governmental Funds
TIF District No. 8	Capital Equipment Fund	General Capital Projects Fund	General Debt Service	
\$ -	\$ -	\$ 478,705	\$ 2	\$ 1,830,070
-	300,000	600,000	1,275,725	3,488,432
-	-	-	-	24,465
-	-	-	-	5,770
245,000	-	-	-	2,167,453
-	-	-	-	26,727
-	-	17,000	-	41,573
-	-	-	73,500	73,500
<u>\$ 245,000</u>	<u>\$ 300,000</u>	<u>\$ 1,095,705</u>	<u>\$ 1,349,227</u>	<u>\$ 7,657,990</u>
\$ -	\$ 5,302	\$ -	\$ 363	\$ 44,668
-	-	-	-	3,296
-	-	-	19,002	20,842
-	60,560	-	-	60,560
263,953	-	-	142,521	2,778,742
<u>263,953</u>	<u>65,862</u>	<u>-</u>	<u>161,886</u>	<u>2,908,108</u>
-	300,000	600,000	1,275,725	3,488,432
-	-	-	-	5,770
-	<u>300,000</u>	<u>600,000</u>	<u>1,275,725</u>	<u>3,494,202</u>
-	-	-	-	2,873,219
-	-	-	-	141,600
-	-	495,705	-	495,705
(18,953)	(65,862)	-	(88,384)	(2,254,844)
<u>(18,953)</u>	<u>(65,862)</u>	<u>495,705</u>	<u>(88,384)</u>	<u>1,255,680</u>
<u>\$ 245,000</u>	<u>\$ 300,000</u>	<u>\$ 1,095,705</u>	<u>\$ 1,349,227</u>	<u>\$ 7,657,990</u>

## CITY OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2014

	Special Revenue Funds		
	Taxi Grant Fund	Park Fund	Dog Park
<b>REVENUES</b>			
Taxes	\$ 15,000	\$ -	\$ -
Intergovernmental	149,022	-	-
Public charges for services	-	800	-
Special assessments	-	-	-
Investment income	-	162	-
Miscellaneous	-	-	-
Total Revenues	164,022	962	-
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	-
Public works	171,553	-	-
Culture, recreation and education	-	20,770	-
Conservation and development	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	171,553	20,770	-
Excess (deficiency) of revenues over expenditures	(7,531)	(19,808)	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	49,063	441
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	49,063	441
<b>Net Change in Fund Balances</b>	(7,531)	29,255	441
FUND BALANCES (DEFICIT) - Beginning of Year	(5,407)	113,954	(441)
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ (12,938)	\$ 143,209	\$ -

Special Revenue Funds

DARE Fund	Webb Endowment Fund	Nishan Park Concession Stand Fund	Room Tax Fund	CDBG Fund	EDA Fund	HCRI Fund
\$ -	\$ -	\$ -	\$ 87,970	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	1,361	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	16,212	33	12
<u>3,855</u>	<u>47,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,855</u>	<u>47,009</u>	<u>1,361</u>	<u>87,970</u>	<u>16,212</u>	<u>33</u>	<u>12</u>
6,753	-	-	-	-	-	-
-	-	-	-	-	-	-
-	89,908	-	14,000	-	-	-
-	-	-	71,354	16,698	2,164	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,753</u>	<u>89,908</u>	<u>-</u>	<u>85,354</u>	<u>16,698</u>	<u>2,164</u>	<u>-</u>
<u>(2,898)</u>	<u>(42,899)</u>	<u>1,361</u>	<u>2,616</u>	<u>(486)</u>	<u>(2,131)</u>	<u>12</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(2,898)</u>	<u>(42,899)</u>	<u>1,361</u>	<u>2,616</u>	<u>(486)</u>	<u>(2,131)</u>	<u>12</u>
<u>4,920</u>	<u>91,926</u>	<u>7,155</u>	<u>20,296</u>	<u>1,899,579</u>	<u>125,035</u>	<u>39,410</u>
<u>\$ 2,022</u>	<u>\$ 49,027</u>	<u>\$ 8,516</u>	<u>\$ 22,912</u>	<u>\$ 1,899,093</u>	<u>\$ 122,904</u>	<u>\$ 39,422</u>

## CITY OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2014

	Special Revenue Funds		
	Home Loan Fund	Sidewalk Repair Fund	Solid Waste Fund
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	10,527
Public charges for services	-	-	379,369
Special assessments	-	10,246	-
Investment income	13	265	-
Miscellaneous	-	-	-
Total Revenues	13	10,511	389,896
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	-
Public works	-	14,842	381,172
Culture, recreation and education	-	-	-
Conservation and development	1,064	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	1,064	14,842	381,172
Excess (deficiency) of revenues over expenditures	(1,051)	(4,331)	8,724
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
<b>Net Change in Fund Balances</b>	(1,051)	(4,331)	8,724
FUND BALANCES (DEFICIT) - Beginning of Year	104,837	17,307	62,110
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 103,786	\$ 12,976	\$ 70,834

Special Revenue Funds					Capital Projects Funds	
Mannigal Endowment Fund	Library - County Funding	Library - Investment	Teen Court	Rescue Fund	TIF District No. 3	TIF District No. 4
\$ -	\$ 379,440	\$ -	\$ -	\$ -	\$ 56,264	\$ 333,882
-	246,723	-	-	-	53	1,270
-	24,026	-	-	-	-	-
-	-	-	-	-	51,047	1,072
75	-	369	-	-	-	-
-	12,172	1,053	-	65,034	-	1,360
<u>75</u>	<u>662,361</u>	<u>1,422</u>	<u>-</u>	<u>65,034</u>	<u>107,364</u>	<u>337,584</u>
-	-	-	-	49,106	-	-
-	-	-	-	-	-	-
-	653,774	78	-	-	-	-
-	-	-	-	-	4,581	16,581
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>653,774</u>	<u>78</u>	<u>-</u>	<u>49,106</u>	<u>4,581</u>	<u>16,581</u>
<u>75</u>	<u>8,587</u>	<u>1,344</u>	<u>-</u>	<u>15,928</u>	<u>102,783</u>	<u>321,003</u>
-	19,689	-	282	-	-	-
-	-	(19,689)	-	-	(35,655)	(332,943)
-	19,689	(19,689)	282	-	(35,655)	(332,943)
75	28,276	(18,345)	282	15,928	67,128	(11,940)
<u>22,222</u>	<u>34,387</u>	<u>365,743</u>	<u>(282)</u>	<u>31,324</u>	<u>(1,517,544)</u>	<u>48,314</u>
<u>\$ 22,297</u>	<u>\$ 62,663</u>	<u>\$ 347,398</u>	<u>\$ -</u>	<u>\$ 47,252</u>	<u>\$ (1,450,416)</u>	<u>\$ 36,374</u>

## CITY OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2014

	Capital Projects Funds		
	TIF District No. 5	TIF District No. 6	TIF District No. 7
<b>REVENUES</b>			
Taxes	\$ 68,384	\$ 16,949	\$ 13,803
Intergovernmental	155	1,121	-
Public charges for services	-	-	-
Special assessments	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Total Revenues	68,539	18,070	13,803
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	-
Public works	-	-	-
Culture, recreation and education	-	-	-
Conservation and development	149	77,691	151
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	149	77,691	151
Excess (deficiency) of revenues over expenditures	68,390	(59,621)	13,652
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	150,000	-
Transfers out	(70,284)	(115,612)	(20,939)
Total Other Financing Sources (Uses)	(70,284)	34,388	(20,939)
<b>Net Change in Fund Balances</b>	(1,894)	(25,233)	(7,287)
FUND BALANCES (DEFICIT) - Beginning of Year	14,931	(593,058)	18,384
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 13,037	\$ (618,291)	\$ 11,097

Capital Projects Funds			Debt Service Fund	Total Nonmajor Governmental Funds
TIF District No. 8	Capital Equipment Fund	General Capital Projects Fund	General Debt Service	
\$ -	\$ 300,000	\$ 427,901	\$ 1,241,003	\$ 2,940,596
39	19,063	17,000	6,948	451,921
-	-	-	-	405,556
-	-	-	-	62,365
-	-	-	5	17,146
-	28,117	-	-	158,600
<u>39</u>	<u>347,180</u>	<u>444,901</u>	<u>1,247,956</u>	<u>4,036,184</u>
-	-	-	-	55,859
-	-	-	-	567,567
-	-	-	-	778,530
1,150	-	-	-	191,583
-	338,079	592,435	-	930,514
-	-	-	1,370,000	1,370,000
-	-	-	270,637	270,637
<u>1,150</u>	<u>338,079</u>	<u>592,435</u>	<u>1,640,637</u>	<u>4,164,690</u>
<u>(1,111)</u>	<u>9,101</u>	<u>(147,534)</u>	<u>(392,681)</u>	<u>(128,506)</u>
-	-	-	425,433	644,908
-	-	-	-	(595,122)
-	-	-	425,433	49,786
(1,111)	9,101	(147,534)	32,752	(78,720)
<u>(17,842)</u>	<u>(74,963)</u>	<u>643,239</u>	<u>(121,136)</u>	<u>1,334,400</u>
<u>\$ (18,953)</u>	<u>\$ (65,862)</u>	<u>\$ 495,705</u>	<u>\$ (88,384)</u>	<u>\$ 1,255,680</u>

## CITY OF REEDSBURG

### STATEMENT OF CASH FLOWS COMPONENT UNITS For the Year Ended December 31, 2014

	<u>Community Development Authority</u>	<u>Herbert H Webb Trust</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Paid to primary government	\$ -	\$ (43,092)	\$ (43,092)
Paid to suppliers for goods and services	-	(27,362)	(27,362)
Net Cash Flows From Operating Activities	<u>-</u>	<u>(70,454)</u>	<u>(70,454)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>45,620</u>	<u>62,301</u>	<u>107,921</u>
Net Cash Flows From Investing Activities	<u>45,620</u>	<u>62,301</u>	<u>107,921</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital lease payment received	70,000	-	70,000
Principal paid on lease revenue bonds	(70,000)	-	(70,000)
Interest paid on lease revenue bonds	<u>(45,620)</u>	<u>-</u>	<u>(45,620)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(45,620)</u>	<u>-</u>	<u>(45,620)</u>
<b>Net Change in Cash and Cash Equivalents</b>	-	(8,153)	(8,153)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>	<u>48,332</u>	<u>48,332</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 40,179</u>	<u>\$ 40,179</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ -	\$ (70,454)	\$ (70,454)
Changes in assets and liabilities			
Accounts receivable	475	-	475
Accounts payable	<u>(475)</u>	<u>-</u>	<u>(475)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ -</u>	<u>\$ (70,454)</u>	<u>\$ (70,454)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and investments - statement of net position	<u>\$ -</u>	<u>\$ 2,625,766</u>	<u>\$ 2,625,766</u>
Total Cash and Investments	-	2,625,766	2,625,766
Less: Noncash equivalents	<u>-</u>	<u>(2,585,587)</u>	<u>(2,585,587)</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ -</u>	<u>\$ 40,179</u>	<u>\$ 40,179</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Unrealized gain on investments	<u>\$ -</u>	<u>\$ 100,125</u>	