

**CITY OF REEDSBURG**

Reedsburg, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

# CITY OF REEDSBURG

## TABLE OF CONTENTS As of and for the Year Ended December 31, 2015

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	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Required Supplementary Information	
Management's Discussion and Analysis	iii - xiii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Net Position - Proprietary Funds	8 - 9
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	10
Statement of Cash Flows - Proprietary Funds	11 - 12
Statement of Fiduciary Net Position - Fiduciary Funds	13
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	14
Statement of Net Position - Component Units	15
Statement of Revenues, Expenses and Changes in Net Position - Component Units	16
Index to Notes to Financial Statements	17
Notes to Financial Statements	18 - 62
Required Supplementary Information	
General Fund	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	63 - 66
Schedule of Proportionate Share of the Net Pension Asset - Wisconsin Retirement System	67
Schedule of Employer Contributions - Wisconsin Retirement System	67
Notes to Required Supplementary Information	68

# CITY OF REEDSBURG

## TABLE OF CONTENTS (cont.) As of and for the Year Ended December 31, 2015

---

	<u>Page(s)</u>
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	69 - 74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	75 - 80
Statement of Cash Flows - Component Units	81

**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, 2015, 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, 2015 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.

### **Emphasis of Matter**

As discussed in Note I, the City of Reedsburg adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the the required supplementary 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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.



Madison, Wisconsin  
June 30, 2016

# CITY OF REEDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2015

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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, 2015. 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.

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### **FINANCIAL HIGHLIGHTS**

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- > The city's combined net position increased \$4,448,871 in 2015 to an ending balance of \$82,575,534.
- > The city's governmental activities net position increased by \$2,273,304 to \$30,999,684.
- > The business-type activities net position increased by \$2,175,567 to \$51,575,850.
- > The city's unassigned general fund balance was \$1,029,993, 17% of general fund expenditures.
- > The Utility Commission had operating income of \$2,701,427 and an increase in net position of \$1,292,870.
- > The sewer fund had an operating income of \$1,130,479 and an increase in net position of \$799,408.
- > The city's total debt outstanding decreased from \$44,393,238 to \$41,112,705, with the governmental activities decreasing by \$1,735,000, and the business-type activities decreasing by \$1,545,533.

# CITY OF REEDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2015

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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, deferred outflows of resources, liabilities and deferred inflows of resources. 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/deferred outflows and liabilities/deferred inflows – is one way to measure the city's financial health, or position.

Over time, increases or decreases in the city's net position is 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, 2015

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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, 2015

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

### NET POSITION

Net position of the governmental activities total \$30,999,684 in 2015. The business-type activities have net position totaling \$51,575,850. Table A-1 describes the net position of the city.

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

	Governmental Activities		Business-type Activities		Totals	
	2014	2015	2014	2015	2014	2015
<b>Assets and Liabilities</b>						
Current and other assets	\$14,220,812	\$14,894,885	\$17,305,660	\$19,906,256	\$31,526,472	\$34,801,141
Capital assets	28,847,151	29,354,070	70,862,121	68,807,934	99,709,272	98,162,004
<b>Total Assets</b>	<b>43,067,963</b>	<b>44,248,955</b>	<b>88,167,781</b>	<b>88,714,190</b>	<b>131,235,744</b>	<b>132,963,145</b>
Deferred Outflows	-	568,793	-	402,535	-	971,328
Long-term liabilities	8,738,733	7,023,676	36,474,699	34,918,231	45,213,432	41,941,907
Other liabilities	278,740	281,551	3,080,580	2,615,767	3,359,320	2,897,318
<b>Total Liabilities</b>	<b>9,017,473</b>	<b>7,305,227</b>	<b>39,555,279</b>	<b>37,533,998</b>	<b>48,572,752</b>	<b>44,839,225</b>
Deferred Inflows	6,437,263	6,512,837	-	6,877	6,437,263	6,519,714
<b>Net Position</b>						
Net investment in capital assets	21,549,623	23,137,718	35,346,393	34,838,237	56,896,016	57,975,955
Restricted	3,402,059	3,896,507	2,825,577	2,680,898	6,227,636	6,577,405
Unrestricted	2,661,545	3,965,459	10,440,532	14,056,715	13,102,077	18,022,174
<b>Total Net Assets</b>	<b>\$27,613,227</b>	<b>\$30,999,684</b>	<b>\$48,612,502</b>	<b>\$51,575,850</b>	<b>\$76,225,729</b>	<b>\$82,575,534</b>

### CHANGES IN NET POSITION

The city's 2015 revenues total \$45,924,745 and expenses total \$41,475,874 resulting in an increase of net position of \$4,448,871. Table A-2 and the narrative that follows consider the operations of the governmental and business-type activities. Note that the 2014 column has not been restated for the implementation of GASB No. 68 since the information is not available.

## CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2015

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

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

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

	Governmental Activities		Business-type Activities		Totals	
	2014	2015	2014	2015	2014	2015
<b>Revenue</b>						
Charges for services	\$1,101,339	\$1,286,225	\$34,709,018	\$35,126,018	\$35,810,357	\$36,412,243
Operating grants and contributions	1,021,469	1,093,372	-	-	1,021,469	1,093,372
Capital grants and contributions	54,809	696,319	234,378	50,210	289,187	746,529
Taxes	6,058,154	6,293,589	-	-	6,058,154	6,293,589
Intergovernmental revenues	945,799	972,046	-	-	945,799	972,046
Investment income	73,572	75,720	186,858	203,209	260,430	278,929
Miscellaneous	121,456	98,038	36,323	29,999	157,779	128,037
<b>Total Revenues</b>	<b>9,376,598</b>	<b>10,515,309</b>	<b>35,166,577</b>	<b>35,409,436</b>	<b>44,543,175</b>	<b>45,924,745</b>
<b>Expenses</b>						
General government	1,275,085	1,356,994	-	-	1,275,085	1,356,944
Public safety	3,139,495	3,133,171	-	-	3,139,495	3,133,171
Public works	2,385,842	2,483,496	-	-	2,385,842	2,483,496
Health and human services	21,156	21,100	-	-	21,156	21,100
Culture, education, and recreation	1,477,641	1,401,306	-	-	1,477,641	1,401,306
Conservation and development	338,774	458,334	-	-	338,774	458,334
Interest and fiscal charges	241,788	169,888	-	-	241,788	169,888
Water	-	-	1,282,530	1,217,203	1,282,530	1,217,203
Electric	-	-	23,541,321	23,294,377	23,541,321	23,294,377
Communications	-	-	4,730,133	5,028,192	4,730,133	5,028,192
Sewer	-	-	2,397,744	2,516,490	2,397,744	2,516,490
Stormwater	-	-	527,726	395,323	527,726	395,323
<b>Total Expenses</b>	<b>8,879,781</b>	<b>9,024,289</b>	<b>32,479,454</b>	<b>32,451,585</b>	<b>41,359,235</b>	<b>41,475,874</b>
Transfers	803,981	782,284	(803,981)	(782,284)	-	-
<b>Change in Net Position</b>	<b>1,300,798</b>	<b>2,273,304</b>	<b>1,883,142</b>	<b>2,175,567</b>	<b>3,183,940</b>	<b>4,448,871</b>
<b>Net Position – Beginning (as restated)</b>	<b>26,312,429</b>	<b>28,726,380</b>	<b>46,729,360</b>	<b>49,400,283</b>	<b>73,041,789</b>	<b>78,126,663</b>
<b>Net Position – Ending</b>	<b>\$27,613,227</b>	<b>\$30,999,684</b>	<b>\$48,612,502</b>	<b>\$51,575,850</b>	<b>\$76,225,729</b>	<b>\$82,575,534</b>

# CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2015

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

### GOVERNMENTAL ACTIVITIES

Revenues for city governmental activities total \$10,515,309. Taxes accounted for 60%, operating grants and contributions accounted for 10%, charges for services accounted for 12%, and intergovernmental revenues accounted for 9%, making up most of the city's revenues. Governmental activities expenses total \$9,024,289. Public safety accounted for 35% of the expenses, public works accounted for 28%, culture, recreation, and education accounted for 16%, and general government accounted for 15%.

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 2015 was \$9,024,289. However, the amount paid through the city property tax and other taxes was only \$6,293,589. Some of the costs were paid by:

- > Direct beneficiaries of programs, permits and licenses - \$1,286,225
- > Operating grants and contributions - \$1,093,372
- > Capital grants and contributions - \$696,319
- > Intergovernmental aid - \$972,046
- > The net cost of services is 66% of the total expenses

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

	Total Cost of Services		Net Cost of Services	
	2014	2015	2014	2015
General government	\$1,275,085	\$1,356,994	\$1,090,597	\$1,181,549
Public safety	3,139,495	3,133,171	2,697,453	2,518,653
Public works	2,385,842	2,483,496	1,308,690	707,738
Health and social services	21,156	21,100	21,156	21,100
Culture, education and recreation	1,477,641	1,401,306	1,063,003	975,634
Conservation and development	338,774	458,334	286,425	373,811
Interest and fiscal charges	241,788	1,699,888	234,840	169,888
<b>Total Governmental Activities</b>	<b>\$8,879,781</b>	<b>\$9,024,289</b>	<b>\$6,702,164</b>	<b>\$5,948,373</b>

## CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2015

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

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

Operating revenue of the city's business-type activities totals \$35,126,018 with an operating margin of 11%. Other revenue sources include investment income, capital grants and contributions, and impact or connection fees. Net position grew by \$2,175,567.

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

	Water		Electric		Sewer		Communications		Stormwater		Totals	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
<b>Revenue</b>												
Charges for services	\$1,391,340	\$1,514,641	\$24,562,491	\$24,550,820	\$3,063,325	\$3,313,070	\$5,057,605	\$5,089,427	474,259	\$478,612	\$34,549,020	\$34,946,570
Other revenue	75,581	81,111	66,176	82,084	-	-	18,241	16,253	-	-	159,998	179,448
<b>Total</b>	<b>1,466,921</b>	<b>1,595,752</b>	<b>24,628,667</b>	<b>24,632,904</b>	<b>3,063,325</b>	<b>3,313,070</b>	<b>5,075,846</b>	<b>5,105,680</b>	<b>474,259</b>	<b>478,612</b>	<b>34,709,018</b>	<b>35,126,018</b>
<b>Oper. Expenses</b>	<b>(1,212,005)</b>	<b>(1,102,735)</b>	<b>(23,449,671)</b>	<b>(23,205,355)</b>	<b>(2,056,823)</b>	<b>(2,182,591)</b>	<b>(4,025,781)</b>	<b>(4,324,819)</b>	<b>(527,726)</b>	<b>(395,323)</b>	<b>(31,272,006)</b>	<b>(31,210,823)</b>
Operating Income											3,437,012	3,915,195
Investment income											186,858	203,209
Other Non-Operating Items											(1,171,125)	(1,210,763)
Contributions and Transfers											(569,603)	(732,074)
Change in net position											1,883,142	2,175,567
Net Position – Beginning of Year (as restated)											46,729,360	49,400,283
Net Position – End of Year											<u>\$48,612,502</u>	<u>\$51,575,850</u>

# CITY OF REEDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2015

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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 2015 of \$56,166. The ending General Fund balance was \$5,912,209. Of this total, \$3,559,232 was nonspendable because it was in nonspendable form, or because legal or contractual requirements require them to be maintained intact. \$440,700 was restricted for a loan receivable. The amount of \$882,284 was assigned for self-insurance and PILOT reserves. The General Fund had unassigned fund balance of \$1,029,993 at year end.

The City has a policy of maintaining unassigned fund balance at 25% of general fund expenditures. The \$1,029,993 represents 17% of the General Fund expenses budgeted.

The net position of the enterprise funds increased \$2,175,567 as shown in Table A-4. The sewer and storm sewer net positions increased because of operating income. The net position of the other enterprise funds is discussed further 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 \$29,133 and actual expenditures and other financing uses were under budget by \$27,033. Revenue recorded for mobile home taxes and insurance recoveries accounted for the increase in revenues. Expenditures that were lower than budget included financial management, police, and snow and ice control.

## CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2015

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### **CAPITAL ASSETS**

The city had capital assets of \$98,162,004 at the end of 2015. See Table A-5.

Additions of \$3,785,468 minus deletions, adjustments, and depreciation represent a net decrease in capital assets of \$1,547,268 in 2015. 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	
	2014	2015	2014	2015	2014	2015
Land	\$6,728,542	\$6,828,542	\$279,932	\$384,006	\$7,008,474	\$7,212,548
Land – right of way	834,070	834,070	-	-	834,070	834,070
CWIP	-	729,159	327,994	266,497	327,994	995,656
Buildings	3,951,955	3,854,454	-	-	3,951,955	3,854,454
Equipment	4,424,914	4,347,848	-	-	4,424,914	4,347,848
Infrastructure	12,858,028	12,723,392	-	-	12,858,028	12,723,392
Intangibles	49,642	36,605	-	-	49,642	36,605
Electric	-	-	13,634,220	13,201,632	13,634,220	13,201,632
Water	-	-	9,717,661	9,577,699	9,717,661	9,577,699
Communications	-	-	22,453,762	21,674,615	22,453,762	21,674,615
Sewer	-	-	20,512,082	19,787,872	20,512,082	19,787,872
Stormwater	-	-	3,936,470	3,915,613	3,936,470	3,915,613
<b>Totals</b>	<b>\$28,847,151</b>	<b>\$29,354,070</b>	<b>\$70,862,121</b>	<b>\$68,807,934</b>	<b>\$99,709,272</b>	<b>\$98,162,004</b>

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

At the year end, the city had \$41,112,705 in outstanding general obligation bonds, revenue bonds, and notes payable. This is a decrease of \$3,280,533 or 7.4% from the prior year. See Table A-6. The detailed notes on long-term obligations begin on page 41.

# CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2015

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## CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

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### *LONG-TERM DEBT* (cont.)

#### Long-Term Debt – Table A-6

	Governmental Activities		Business-type Activities		Totals	
	2014	2015	2014	2015	2014	2015
Debt outstanding	\$8,170,000	\$6,435,000	\$36,223,238	\$34,677,705	\$44,393,238	\$41,112,705

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. Legal debt capacity was \$27,210,490 at the end of 2015. The city is currently at 75% of our capacity with \$20,435,000 of outstanding general obligation debt. We have additional capacity of \$6,775,490.

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

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### *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. 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.

# CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2015

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

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### **2016 BUDGET**

The city's budget, adopted on November 23, 2015, made appropriations of \$6,129,704 for the General fund. Property taxes of \$2,984,426 were levied to support these funds. The Sewer Fund and Solid Waste Fund budgets were adopted on November 23, 2015. The Water, Electric and Communication Utility budgets were adopted by the City Council on January 26, 2016.

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

2011 for 2012	\$23.49
2012 for 2013	\$23.90
2013 for 2014	\$24.12
2014 for 2015	\$23.71
2015 for 2016	\$23.50

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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 the City staff.

City of Reedsburg  
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Website: [www.reedsburgwi.gov](http://www.reedsburgwi.gov)

# CITY OF REEDSBURG

## STATEMENT OF NET POSITION As of December 31, 2015

	Governmental Activities	Business-type Activities	Totals	Component Units
<b>ASSETS</b>				
Cash and investments	\$ 3,744,597	\$ 9,947,219	\$ 13,691,816	\$ 2,562,089
Receivables (net)				
Taxes receivable	6,526,589	-	6,526,589	-
Delinquent personal property taxes	1,601	-	1,601	-
Accounts	99,160	3,745,735	3,844,895	-
Accrued interest	-	13,900	13,900	-
Special assessments	6,574	4,000	10,574	-
Loans	2,699,175	-	2,699,175	70,000
Internal balances	782,284	(782,284)	-	-
Due from other governments	47,609	-	47,609	-
Due from component units	26,237	-	26,237	-
Inventories and prepaid items	198,823	1,047,324	1,246,147	-
Other assets	-	2,440,496	2,440,496	-
Restricted assets				
Cash and investments	-	3,092,335	3,092,335	-
Net pension asset	561,721	397,531	959,252	-
Investment in mutual insurance company	200,515	-	200,515	-
Property held for resale	-	-	-	69,785
Capital Assets				
Land and other nondepreciable assets	12,817,764	384,006	13,201,770	-
Construction in progress	729,159	266,497	995,656	-
Other capital assets, net of depreciation	<u>15,807,147</u>	<u>68,157,431</u>	<u>83,964,578</u>	-
Total Assets	<u>44,248,955</u>	<u>88,714,190</u>	<u>132,963,145</u>	<u>2,701,874</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	<u>568,793</u>	<u>402,535</u>	<u>971,328</u>	-
<b>LIABILITIES</b>				
Accounts payable	88,629	2,022,345	2,110,974	-
Accrued liabilities	141,979	460,632	602,611	-
Due to primary government	-	-	-	26,237
Due to other governmental units	24,761	-	24,761	-
Deposits	26,182	-	26,182	-
Unearned revenue	-	132,790	132,790	-
Noncurrent Liabilities				
Due within one year	1,252,399	1,938,520	3,190,919	-
Due in more than one year	<u>5,771,277</u>	<u>32,979,711</u>	<u>38,750,988</u>	-
Total Liabilities	<u>7,305,227</u>	<u>37,533,998</u>	<u>44,839,225</u>	<u>26,237</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	6,503,120	-	6,503,120	-
Pension related amounts	<u>9,717</u>	<u>6,877</u>	<u>16,594</u>	-
Total Deferred Inflows of Resources	<u>6,512,837</u>	<u>6,877</u>	<u>6,519,714</u>	-
<b>NET POSITION</b>				
Net investment in capital assets	23,137,718	34,838,237	57,975,955	-
Restricted	3,896,507	2,680,898	6,577,405	2,524,913
Unrestricted	<u>3,965,459</u>	<u>14,056,715</u>	<u>18,022,174</u>	<u>150,724</u>
<b>TOTAL NET POSITION</b>	<u>\$ 30,999,684</u>	<u>\$ 51,575,850</u>	<u>\$ 82,575,534</u>	<u>\$ 2,675,637</u>

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 1,356,994	\$ 175,445	\$ -	\$ -
Public safety	3,133,171	571,526	42,992	-
Public works	2,483,496	404,357	703,730	667,671
Health and human services	21,100	-	-	-
Culture, recreation and education	1,401,306	134,132	291,540	-
Conservation and development	458,334	765	55,110	28,648
Interest and fiscal charges	169,888	-	-	-
Total Governmental Activities	<u>9,024,289</u>	<u>1,286,225</u>	<u>1,093,372</u>	<u>696,319</u>
Business-type Activities				
Water	1,217,203	1,595,752	-	16,357
Electric	23,294,377	24,632,904	-	13,499
Communications	5,028,192	5,105,680	-	20,354
Sewer	2,516,490	3,313,070	-	-
Stormwater	395,323	478,612	-	-
Total Business-type Activities	<u>32,451,585</u>	<u>35,126,018</u>	<u>-</u>	<u>50,210</u>
Total Primary Government	<u>\$ 41,475,874</u>	<u>\$ 36,412,243</u>	<u>\$ 1,093,372</u>	<u>\$ 746,529</u>
<b>Component Units</b>				
Herbert H Webb Trust	\$ 77,425	\$ -	\$ -	\$ -
Community Development Authority	72,659	-	120,000	12,000
Total Component Units	<u>\$ 150,084</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 12,000</u>
<b>General Revenues</b>				
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 (as restated)

### 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
\$ (1,181,549)	\$ -	\$ (1,181,549)	\$ -
(2,518,653)	-	(2,518,653)	-
(707,738)	-	(707,738)	-
(21,100)	-	(21,100)	-
(975,634)	-	(975,634)	-
(373,811)	-	(373,811)	-
(169,888)	-	(169,888)	-
<u>(5,948,373)</u>	<u>-</u>	<u>(5,948,373)</u>	<u>-</u>
-	394,906	394,906	-
-	1,352,026	1,352,026	-
-	97,842	97,842	-
-	796,580	796,580	-
-	83,289	83,289	-
<u>-</u>	<u>2,724,643</u>	<u>2,724,643</u>	<u>-</u>
<u>(5,948,373)</u>	<u>2,724,643</u>	<u>(3,223,730)</u>	<u>-</u>
-	-	-	(77,425)
-	-	-	<u>59,341</u>
-	-	-	<u>(18,084)</u>
4,253,209	-	4,253,209	-
1,275,725	-	1,275,725	-
468,154	-	468,154	-
296,501	-	296,501	-
972,046	-	972,046	-
75,720	203,209	278,929	20,764
6,540	-	6,540	-
6,390	-	6,390	-
<u>85,108</u>	<u>29,999</u>	<u>115,107</u>	<u>-</u>
<u>7,439,393</u>	<u>233,208</u>	<u>7,672,601</u>	<u>20,764</u>
<u>782,284</u>	<u>(782,284)</u>	<u>-</u>	<u>-</u>
<u>8,221,677</u>	<u>(549,076)</u>	<u>7,672,601</u>	<u>20,764</u>
2,273,304	2,175,567	4,448,871	2,680
<u>28,726,380</u>	<u>49,400,283</u>	<u>78,126,663</u>	<u>2,672,957</u>
<u>\$ 30,999,684</u>	<u>\$ 51,575,850</u>	<u>\$ 82,575,534</u>	<u>\$ 2,675,637</u>

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2015

	General	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>			
Cash and investments	\$ 1,609,860	\$ 2,134,737	\$ 3,744,597
Receivables			
Taxes	3,009,495	3,517,094	6,526,589
Delinquent personal property taxes	1,601	-	1,601
Accounts	83,980	15,180	99,160
Special assessments	4,000	2,574	6,574
Loans	440,700	2,258,475	2,699,175
Due from other funds	799,458	95,640	895,098
Prepaid items	198,823	-	198,823
Advances to other funds	3,161,576	-	3,161,576
Due from component unit	-	26,237	26,237
Due from other governments	-	47,609	47,609
Investment in mutual insurance company	<u>200,515</u>	<u>-</u>	<u>200,515</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,510,008</u></b>	<b><u>\$ 8,097,546</u></b>	<b><u>\$ 17,607,554</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 56,866	\$ 31,763	\$ 88,629
Accrued liabilities	105,642	6,589	112,231
Deposits	-	26,182	26,182
Due to other funds	-	112,814	112,814
Due to other governments	24,761	-	24,761
Advances from other funds	-	3,161,576	3,161,576
Total Liabilities	<u>187,269</u>	<u>3,338,924</u>	<u>3,526,193</u>
Deferred Inflows of Resources			
Unearned revenues	2,986,026	3,517,094	6,503,120
Unavailable revenues	<u>424,504</u>	<u>2,574</u>	<u>427,078</u>
Total Deferred Inflows of Resources	<u>3,410,530</u>	<u>3,519,668</u>	<u>6,930,198</u>
Fund Balances (Deficit)			
Nonspendable	3,559,232	-	3,559,232
Restricted	440,700	2,897,369	3,338,069
Committed	-	364,251	364,251
Assigned	882,284	410,511	1,292,795
Unassigned (deficit)	<u>1,029,993</u>	<u>(2,433,177)</u>	<u>(1,403,184)</u>
Total Fund Balances (Deficit)	<u>5,912,209</u>	<u>1,238,954</u>	<u>7,151,163</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 9,510,008</u></b>	<b><u>\$ 8,097,546</u></b>	<b><u>\$ 17,607,554</u></b>

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, 2015

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Total Fund Balances - Governmental Funds	\$ 7,151,163
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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	12,817,764
Construction in progress	729,159
Other capital assets	15,807,147

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.	427,078
--	---------

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	561,721
---	---------

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	568,793
---	---------

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(9,717)
--	---------

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	(6,435,000)
Compensated absences	(547,324)
Accrued interest	(29,748)
Unamortized premium on debt	<u>(41,352)</u>

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 30,999,684</u></b>
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## CITY OF REEDSBURG

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

For the Year Ended December 31, 2015

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>REVENUES</b>			
Taxes	\$ 3,152,925	\$ 3,140,664	\$ 6,293,589
Intergovernmental	1,496,377	494,332	1,990,709
Licenses and permits	192,763	-	192,763
Fines, forfeitures and penalties	217,503	-	217,503
Public charges for services	126,549	423,748	550,297
Intergovernmental charges for services	83,074	-	83,074
Special assessments	-	61,921	61,921
Investment income	10,132	19,702	29,834
Miscellaneous	65,351	337,566	402,917
Total Revenues	<u>5,344,674</u>	<u>4,477,933</u>	<u>9,822,607</u>
<b>EXPENDITURES</b>			
Current			
General government	1,210,752	-	1,210,752
Public safety	2,783,455	50,706	2,834,161
Health and human services	21,100	-	21,100
Public works	1,182,694	597,202	1,779,896
Culture, recreation and education	546,482	829,171	1,375,653
Conservation and development	322,088	136,181	458,269
Capital Outlay	-	980,078	980,078
Debt Service			
Principal	-	1,735,000	1,735,000
Interest and fiscal charges	-	181,504	181,504
Total Expenditures	<u>6,066,571</u>	<u>4,509,842</u>	<u>10,576,413</u>
Excess (deficiency) of revenues over expenditures	<u>(721,897)</u>	<u>(31,909)</u>	<u>(753,806)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Property sales	6,389	4,573	10,962
Transfers in	782,284	1,018,262	1,800,546
Transfers out	(10,610)	(1,007,652)	(1,018,262)
Total Other Financing Sources (Uses)	<u>778,063</u>	<u>15,183</u>	<u>793,246</u>
<b>Net Change in Fund Balances</b>	56,166	(16,726)	39,440
FUND BALANCES - Beginning of Year	<u>5,856,043</u>	<u>1,255,680</u>	<u>7,111,723</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 5,912,209</u>	<u>\$ 1,238,954</u>	<u>\$ 7,151,163</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, 2015

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Net change in fund balances - total governmental funds	\$	39,440
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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		980,078
Some items are reported as capital outlay were not capitalized		(29,697)
Some items are reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		212,273
Depreciation is reported in the government-wide financial statements		(1,288,883)
Net book value of assets retired		(56,360)

Contributed capital assets are reported as revenues in the government-wide financial statements.		689,508
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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.		(3,196)
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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		1,735,000

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		(24,119)
Accrued interest		7,440
Net pension asset/liability		(327,068)
Deferred outflows of resources related to pensions		344,429
Deferred inflows of resources related to pensions		(9,717)
Amortization of debt premium		4,176

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>2,273,304</u></b>
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# CITY OF REEDSBURG

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2015

	Business-type Activities - Enterprise Funds			
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	Totals
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 7,544,525	\$ 2,073,585	\$ 329,109	\$ 9,947,219
Accounts receivable (net)	3,083,627	201,018	-	3,284,645
Other accounts receivable	461,090	-	-	461,090
Accrued interest	13,900	-	-	13,900
Due from other funds	-	163,170	55,581	218,751
Prepaid items	90,858	-	-	90,858
Inventories	956,466	-	-	956,466
Restricted Assets				
Cash and investments	168,223	-	-	168,223
Total Current Assets	<u>12,318,689</u>	<u>2,437,773</u>	<u>384,690</u>	<u>15,141,152</u>
Noncurrent Assets				
Restricted Assets				
Cash and investments	712,877	2,211,235	-	2,924,112
Net pension asset	334,706	38,122	24,703	397,531
Capital Assets				
Property and equipment	72,431,804	29,877,899	6,223,275	108,532,978
Construction work in progress	266,497	-	-	266,497
Less: Accumulated depreciation	(27,725,613)	(10,017,340)	(2,248,588)	(39,991,541)
Other Assets				
Organization costs	167,867	-	-	167,867
Accumulated amortization of organization costs	(59,575)	-	-	(59,575)
Private parking lighting (net of accumulated depreciation)	82,256	-	-	82,256
Investment in ATC	2,249,948	-	-	2,249,948
Special assessments	-	4,000	-	4,000
Total Noncurrent Assets	<u>48,460,767</u>	<u>22,113,916</u>	<u>3,999,390</u>	<u>74,574,073</u>
Total Assets	<u>60,779,456</u>	<u>24,551,689</u>	<u>4,384,080</u>	<u>89,715,225</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	<u>338,919</u>	<u>38,603</u>	<u>25,013</u>	<u>402,535</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			Totals
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	1,999,104	21,581	1,660	2,022,345
Accrued liabilities	244,268	4,039	1,411	249,718
Accrued interest	94,318	-	-	94,318
Due to other funds	1,001,035	-	-	1,001,035
Current portion of general obligation debt	256,780	-	-	256,780
Notes payable	16,123	-	-	16,123
Compensated absences (current portion)	74,760	-	-	74,760
Other liabilities	15,636	-	-	15,636
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds payable	628,291	962,566	-	1,590,857
Accrued interest payable	<u>46,592</u>	<u>54,368</u>	<u>-</u>	<u>100,960</u>
Total Current Liabilities	<u>4,376,907</u>	<u>1,042,554</u>	<u>3,071</u>	<u>5,422,532</u>
Noncurrent Liabilities				
Long-Term Debt				
Revenue bonds payable	7,098,606	11,864,635	-	18,963,241
General obligation debt payable	13,743,220	-	-	13,743,220
Notes payable	107,484	-	-	107,484
Compensated absences	165,766	-	-	165,766
Unearned revenues	<u>132,790</u>	<u>-</u>	<u>-</u>	<u>132,790</u>
Total Noncurrent Liabilities	<u>21,247,866</u>	<u>11,864,635</u>	<u>-</u>	<u>33,112,501</u>
Total Liabilities	<u>25,624,773</u>	<u>12,907,189</u>	<u>3,071</u>	<u>38,535,033</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related amounts	<u>5,791</u>	<u>659</u>	<u>427</u>	<u>6,877</u>
<b>NET POSITION</b>				
Net investment in capital assets	23,830,192	7,033,358	3,974,687	34,838,237
Restricted for				
Debt service	121,631	641,825	-	763,456
Equipment replacement	-	1,515,042	-	1,515,042
Impact fees	4,869	-	-	4,869
Pension	334,706	38,122	24,703	397,531
Unrestricted	<u>11,196,413</u>	<u>2,454,097</u>	<u>406,205</u>	<u>14,056,715</u>
<b>TOTAL NET POSITION</b>	<u>\$ 35,487,811</u>	<u>\$ 11,682,444</u>	<u>\$ 4,405,595</u>	<u>\$ 51,575,850</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, 2015

	Business-type Activities - Enterprise Funds			Totals
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	
<b>OPERATING REVENUES</b>				
Public charges for services	\$ 31,334,336	\$ 3,313,070	\$ 478,612	\$ 35,126,018
Total Operating Revenues	<u>31,334,336</u>	<u>3,313,070</u>	<u>478,612</u>	<u>35,126,018</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	26,253,422	1,339,793	274,953	27,868,168
Depreciation	<u>2,379,487</u>	<u>842,798</u>	<u>120,370</u>	<u>3,342,655</u>
Total Operating Expenses	<u>28,632,909</u>	<u>2,182,591</u>	<u>395,323</u>	<u>31,210,823</u>
Operating Income	<u>2,701,427</u>	<u>1,130,479</u>	<u>83,289</u>	<u>3,915,195</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	200,381	2,828	-	203,209
Interest and amortization expense	(844,768)	(333,899)	-	(1,178,667)
Loss on early retirement	(62,095)	-	-	(62,095)
Miscellaneous	<u>29,999</u>	<u>-</u>	<u>-</u>	<u>29,999</u>
Total Nonoperating Revenues (Expenses)	<u>(676,483)</u>	<u>(331,071)</u>	<u>-</u>	<u>(1,007,554)</u>
Income Before Contributions and Transfers	<u>2,024,944</u>	<u>799,408</u>	<u>83,289</u>	<u>2,907,641</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	50,210	-	-	50,210
Transfers out	<u>(782,284)</u>	<u>-</u>	<u>-</u>	<u>(782,284)</u>
Total Contributions and Transfers	<u>(732,074)</u>	<u>-</u>	<u>-</u>	<u>(732,074)</u>
<b>Change in Net Position</b>	1,292,870	799,408	83,289	2,175,567
NET POSITION - Beginning of Year (as restated)	<u>34,194,941</u>	<u>10,883,036</u>	<u>4,322,306</u>	<u>49,400,283</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 35,487,811</u></u>	<u><u>\$ 11,682,444</u></u>	<u><u>\$ 4,405,595</u></u>	<u><u>\$ 51,575,850</u></u>

See accompanying notes to financial statements.

**CITY OF REEDSBURG**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			Totals
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 30,383,551	\$ 3,334,248	\$ 428,321	\$ 34,146,120
Received from other funds for services	490,785	-	-	490,785
Paid to suppliers for goods and services	(24,255,272)	(1,111,802)	(96,975)	(25,464,049)
Paid to employees for services	(2,042,309)	(264,522)	(176,688)	(2,483,519)
Net Cash Flows From Operating Activities	<u>4,576,755</u>	<u>1,957,924</u>	<u>154,658</u>	<u>6,689,337</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investments sold and matured	707,510	-	-	707,510
Investment income	128,609	2,828	-	131,437
Investment in ATC	(28,880)	-	-	(28,880)
Investments purchased	(708,008)	-	-	(708,008)
Net Cash Flows From Investing Activities	<u>99,231</u>	<u>2,828</u>	<u>-</u>	<u>102,059</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to municipality for tax equivalent	(803,979)	-	-	(803,979)
Net Cash Flows From Noncapital Financing Activities	<u>(803,979)</u>	<u>-</u>	<u>-</u>	<u>(803,979)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt issued	10,676,308	278,336	-	10,954,644
Debt retired	(11,561,402)	(938,775)	-	(12,500,177)
Interest paid	(765,227)	(336,656)	-	(1,101,883)
Debt issuance costs	(16,500)	-	-	(16,500)
Acquisition and construction of capital assets	(1,248,600)	(416,645)	(158,587)	(1,823,832)
Capital contributions received	46,639	-	-	46,639
Net Cash Flows From Capital and Related Financing Activities	<u>(2,868,782)</u>	<u>(1,413,740)</u>	<u>(158,587)</u>	<u>(4,441,109)</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,003,225	547,012	(3,929)	1,546,308
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>6,714,392</u>	<u>3,737,808</u>	<u>333,038</u>	<u>10,785,238</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 7,717,617</u>	<u>\$ 4,284,820</u>	<u>\$ 329,109</u>	<u>\$ 12,331,546</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 TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income	\$ 2,701,427	\$ 1,130,479	\$ 83,289	\$ 3,915,195
Nonoperating revenue	59,026	-	-	59,026
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	2,379,487	842,798	120,370	3,342,655
Depreciation charged to other funds	69,309	-	-	69,309
Changes in assets and liabilities				
Accounts receivable	(551,193)	(41,569)	198	(592,564)
Due from other funds	-	62,747	(50,489)	12,258
Prepaid items	(29,709)	-	-	(29,709)
Inventories	70,163	-	-	70,163
Accounts payable	(169,174)	(26,065)	636	(194,603)
Accrued liabilities	51,230	-	-	51,230
Due to other funds	(12,258)	-	-	(12,258)
Compensated absences	(10,935)	-	-	(10,935)
Other current liabilities	10,089	(9,947)	989	1,131
Unearned revenues	13,847	-	-	13,847
Pension related deferrals and liabilities	(4,554)	(519)	(335)	(5,408)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 4,576,755</u>	<u>\$ 1,957,924</u>	<u>\$ 154,658</u>	<u>\$ 6,689,337</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>				
Cash and investments	\$ 7,544,525	\$ 2,073,585	\$ 329,109	\$ 9,947,219
Restricted cash and investments				
Restricted cash and investments - current	168,223	-	-	168,223
Restricted cash and investments - noncurrent	712,877	2,211,235	-	2,924,112
Total Cash and Investments	8,425,625	4,284,820	329,109	13,039,554
Less: Noncash equivalents	(708,008)	-	-	(708,008)
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 7,717,617</u>	<u>\$ 4,284,820</u>	<u>\$ 329,109</u>	<u>\$ 12,331,546</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
ATC dividends reinvested	<u>\$ 82,902</u>	<u>\$ -</u>	<u>\$ -</u>	

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2015

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	<u>Agency Fund</u>	<u>Private- Purpose Trust Fund</u>
	<u>Tax Collection Fund</u>	<u>Nishan Community Aid for the Poor</u>
<b>ASSETS</b>		
Cash and investments	\$ 5,580,687	\$ 35,030
Property taxes receivable	2,480,126	-
Total Assets	<u>8,060,813</u>	<u>35,030</u>
<b>LIABILITIES</b>		
Due to other taxing units	<u>8,060,813</u>	-
Total Liabilities	<u>8,060,813</u>	-
<b>NET POSITION</b>		
Held in trust for private trust activities	-	<u>35,030</u>
<b>TOTAL NET POSITION</b>	<u>\$ -</u>	<u>\$ 35,030</u>

See accompanying notes to financial statements.

**CITY OF REEDSBURG**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended December 31, 2015

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	Nishan Community Aid for the Poor
<b>ADDITIONS</b>	
Investment income	\$ 60
Total Additions	<u>60</u>
<b>DEDUCTIONS</b>	
Health and human services	<u>60</u>
Total Deductions	<u>60</u>
<b>Change in Net Position</b>	-
NET POSITION - Beginning of Year	<u>35,030</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 35,030</u>

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## STATEMENT OF NET POSITION COMPONENT UNITS December 31, 2015

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	Community Development Authority	Herbert H. Webb Trust	Totals
<b>ASSETS</b>			
Cash and investments	\$ 10,939	\$ 2,551,150	\$ 2,562,089
Loans receivable	70,000	-	70,000
Property held for resale	69,785	-	69,785
Total Assets	<u>150,724</u>	<u>2,551,150</u>	<u>2,701,874</u>
<b>LIABILITIES</b>			
Due to primary government	-	26,237	26,237
Total Liabilities	<u>-</u>	<u>26,237</u>	<u>26,237</u>
<b>NET POSITION</b>			
Restricted for Trust purposes	-	2,524,913	2,524,913
Unrestricted	<u>150,724</u>	<u>-</u>	<u>150,724</u>
<b>TOTAL NET POSITION</b>	<u>\$ 150,724</u>	<u>\$ 2,524,913</u>	<u>\$ 2,675,637</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, 2015

	<u>Community Development Authority</u>	<u>Herbert H. Webb Trust</u>	<u>Totals</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	\$ 51,276	\$ 77,425	\$ 128,701
Total Operating Expenses	<u>51,276</u>	<u>77,425</u>	<u>128,701</u>
Operating Loss	<u>(51,276)</u>	<u>(77,425)</u>	<u>(128,701)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income (loss)	21,383	(619)	20,764
Interest expense	<u>(21,383)</u>	<u>-</u>	<u>(21,383)</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(619)</u>	<u>(619)</u>
Income (Loss) Before Contributions	<u>(51,276)</u>	<u>(78,044)</u>	<u>(129,320)</u>
<b>CONTRIBUTIONS</b>			
Contribution from city	<u>132,000</u>	<u>-</u>	<u>132,000</u>
Total Contributions	<u>132,000</u>	<u>-</u>	<u>132,000</u>
<b>Change in net position</b>	80,724	(78,044)	2,680
NET POSITION - Beginning of Year	<u>70,000</u>	<u>2,602,957</u>	<u>2,672,957</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 150,724</u>	<u>\$ 2,524,913</u>	<u>\$ 2,675,637</u>

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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<b>NOTE</b>	<b>Page</b>
I Summary of Significant Accounting Policies	18
A. Reporting Entity	18
B. Government-Wide and Fund Financial Statements	19
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	22
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	24
1. Deposits and Investments	24
2. Receivables	25
3. Inventories and Prepaid Items	26
4. Restricted Assets	26
5. Capital Assets	27
6. Other Assets	28
7. Deferred Outflows of Resources	28
8. Compensated Absences	28
9. Long-Term Obligations/Conduit Debt	28
10. Deferred Inflows of Resources	29
11. Equity Classifications	29
12. Basis for Existing Rates - Proprietary Fund	31
13. Capital Contributions - Enterprise Funds	31
II Stewardship, Compliance, and Accountability	32
A. Budgetary Information	32
B. Excess Expenditures and Other Financing Uses Over Appropriations	32
C. Deficit Balances	32
D. Limitations on the City's Tax Levy	33
III Detailed Notes on All Funds	33
A. Deposits and Investments	33
B. Receivables	35
C. Restricted Assets	36
D. Capital Assets	37
E. Interfund Receivables/Payables, Advances and Transfers	39
F. Long-Term Obligations	41
G. Net Position/Fund Balances	48
H. Segment Information	50
I. Restatement of Net Position	51
J. Component Units	52
IV Other Information	54
A. Employees' Retirement System	54
B. Risk Management	59
C. Commitments and Contingencies	60
D. Joint Ventures	61
E. Subsequent Events	62
F. Economic Dependency	62
G. Effect of New Accounting Standards on Current-Period Financial Statements	62

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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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, 2015

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

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#### 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, 2015. 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, 2015. The trust does not issue separate financial statements.

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

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

##### ***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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

---

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

##### ***Government-Wide Financial Statements (cont.)***

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.

##### ***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.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

---

## 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 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

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

Triathlon Fund

Webb Endowment Fund

Room Tax Fund

EDA Fund

Home Loan Fund

Solid Waste Fund

Library - County Funding

Popple Trail Donations

Rescue Fund

Park Fund

DARE Fund

Nishan Park Concession Stand Fund

CDBG Fund

HCRI Fund

Sidewalk Repair Fund

Mannigal Endowment Fund

Library - Investment

Fireworks 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. 5

Tax Incremental Financing (TIF) District No. 7

Capital Equipment Fund

Tax Incremental Financing (TIF) District No. 4

Tax Incremental Financing (TIF) District No. 6

Tax Incremental Financing (TIF) District No. 8

General Capital Projects Fund

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

---

## **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: (cont.)

Enterprise Fund - used to account for and report any activity for which a fee is charged to external uses 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.

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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

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

---

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

##### ***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.

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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### ***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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, 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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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

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.

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, 2015, 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 - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale - 2015 delinquent real estate taxes	October 2018

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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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

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.

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 \$107,268.

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, 2015

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

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, 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, 2015

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

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, 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. Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

##### **8. 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.

##### **9. 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.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

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

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.

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 \$3,577,896, made up of three issues.

#### ***10. 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.

#### ***11. 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/amortization 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.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

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

##### ***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.
- 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 do not meet the criteria to be classified as restricted or committed. The Council, Finance Committee or management may take official action to assign amounts. 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.

The city has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 25% of subsequent years general fund expenditures. The balance at year end was \$1,451,214, or 24%, and is included in unassigned general fund balance.

See Note III. G. for further information.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

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

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, 2015.

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

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

Current electric rates were approved by the Public Service Commission of Wisconsin on April 27, 2015.

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

Current water rates were approved by the Public Service Commission of Wisconsin on January 27, 2015.

##### ***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 January 16, 2015 that were effective March 20, 2015. 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, 2014.

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

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

#### ***13. 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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### **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.

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

Funds	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures and Other Financing Uses Over Budget
Park Fund	\$ 10,000	\$ 79,392	\$ 69,392
Webb Endowment Fund	35,000	40,415	5,415
Solid Waste Fund	380,500	393,523	13,023
Library - County Funding	660,420	666,403	5,983
Fireworks Fund	16,000	18,540	2,540
TIF District No. 6	169,453	508,054	338,601
General Capital Projects	600,000	717,394	117,394
General Debt Service	1,640,068	2,012,144	372,076

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, which can be obtained from the city.

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

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

As of December 31, 2015, the following individual funds held a deficit balance:

Fund	Amount	Reason
General Debt Service	\$ 121,857	Unfunded debt payments
Tax Incremental District No. 3	1,204,681	Costs exceeding increment
Tax Incremental District No. 6	1,067,184	Costs exceeding increment
Tax Incremental District No. 7	3,283	Costs exceeding increment
Tax Incremental District No. 8	18,998	Costs exceeding increment
Capital Equipment Fund	17,174	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, 2015

### **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	\$ 14,830,951	\$ 14,515,559	Custodial credit risk
LGIP	7,568,417	7,568,417	Credit risk
Petty cash	500	-	N/A
Total Deposits and Investments	<b>\$ 22,399,868</b>	<b>\$ 22,083,976</b>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 13,691,816		
Restricted cash and investments	3,092,335		
Per statement of net position - fiduciary funds			
Tax collection fund	5,580,687		
Private-Purpose Trust Fund	35,030		
Total Deposits and Investments	<b>\$ 22,399,868</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, 2015

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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, 2015, the banks had pledged various government securities in the amount of \$13,241,370 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, 2015, \$19,171 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.

The city had investments in the external Wisconsin Local Government Investment Pool which is not rated.

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

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**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:

	<u>General Fund</u>	<u>Utility Commission</u>	<u>Sewer Utility</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Receivables					
Gross receivables	\$ 3,539,776	\$ 3,610,613	\$ 201,018	\$ 5,974,437	\$ 13,325,844
Less: Allowance for uncollectibles	<u>          -</u>	<u>     (51,996)</u>	<u>          -</u>	<u>   (107,268)</u>	<u>   (159,264)</u>
Net Total Receivables	<u>\$ 3,539,776</u>	<u>\$ 3,558,617</u>	<u>\$ 201,018</u>	<u>\$ 5,867,169</u>	<u>\$ 13,166,580</u>
Amounts not expected to be collected within one year	<u>\$ 446,301</u>	<u>\$ 51,996</u>	<u>\$ 4,000</u>	<u>\$ 2,368,317</u>	<u>\$ 2,870,614</u>

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	\$ 6,503,120	\$ -
Special assessments not yet due	-	2,574
Interfund interest - TIF advances	<u>          -</u>	<u>     424,504</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 6,503,120</u>	<u>\$ 427,078</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 to be loaned to other businesses and/or 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, 2015, the city has not exceeded the maximum amount of program income that it may retain or the amount of time for which funds may be held without use. However, it has recognized a liability for the estimated amount that should be remitted to the state.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### **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.

##### ***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.

##### ***Net Pension Asset***

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

##### ***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 cash and investments at December 31, 2015:

	<u>Restricted Cash and Investments</u>
Redemption account	\$ 864,416
Reserve account	708,008
Replacement account	1,515,042
Impact fee account	<u>4,869</u>
Total	<u><u>\$ 3,092,335</u></u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 6,728,542	\$ 100,000	\$ -	\$ 6,828,542
Land for right of way	834,070	-	-	834,070
Road infrastructure not being depreciated	5,075,548	118,704	39,100	5,155,152
Construction work in progress	-	729,159	-	729,159
Total Capital Assets Not Being Depreciated/Amortized	<u>12,638,160</u>	<u>947,863</u>	<u>39,100</u>	<u>13,546,923</u>
Capital assets being depreciated/amortized				
Buildings	10,512,101	104,497	-	10,616,598
Intangibles	95,272	-	-	95,272
Equipment and furniture	9,584,893	443,689	219,265	9,809,317
Infrastructure	17,868,216	356,113	117,100	18,107,229
Total Capital Assets Being Depreciated/Amortized	<u>38,060,482</u>	<u>904,299</u>	<u>336,365</u>	<u>38,628,416</u>
Total Capital Assets	<u>50,698,642</u>	<u>1,852,162</u>	<u>375,465</u>	<u>52,175,339</u>
Less: Accumulated depreciation/amortization for				
Buildings	(6,560,146)	(201,998)	-	(6,762,144)
Intangibles	(45,630)	(13,037)	-	(58,667)
Equipment and furniture	(5,159,979)	(503,495)	202,005	(5,461,469)
Infrastructure	(10,085,736)	(570,353)	117,100	(10,538,989)
Total Accumulated Depreciation/Amortization	<u>(21,851,491)</u>	<u>(1,288,883)</u>	<u>319,105</u>	<u>(22,821,269)</u>
Net Capital Assets Being Depreciated/Amortized	<u>16,208,991</u>	<u>(384,584)</u>	<u>17,260</u>	<u>15,807,147</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/ Amortization	<u>\$ 28,847,151</u>	<u>\$ 563,279</u>	<u>\$ 56,360</u>	<u>\$ 29,354,070</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 78,406
Public safety	253,921
Public works	734,306
Culture, recreation, and education	221,891
Conservation and development	<u>359</u>
Total Governmental Activities Depreciation/Amortization Expense	<u><u>\$ 1,288,883</u></u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 279,932	\$ 104,074	\$ -	\$ 384,006
Construction in progress	<u>327,994</u>	<u>433,953</u>	<u>495,450</u>	<u>266,497</u>
Total Capital Assets Not Being Depreciated	<u>607,926</u>	<u>538,027</u>	<u>495,450</u>	<u>650,503</u>
Capital assets being depreciated				
Electric system	27,934,711	563,660	97,977	28,400,394
Water system	13,729,025	236,383	247,030	13,718,378
Communications system	30,013,505	377,133	329,851	30,060,787
Sewer system	29,762,174	118,590	75,552	29,805,212
Stormwater system	<u>6,064,688</u>	<u>99,513</u>	<u>-</u>	<u>6,164,201</u>
Total Capital Assets Being Depreciated	<u>107,504,103</u>	<u>1,395,279</u>	<u>750,410</u>	<u>108,148,972</u>
Total Capital Assets	<u>108,112,029</u>	<u>1,933,306</u>	<u>1,245,860</u>	<u>108,799,475</u>
Less: Accumulated depreciation for				
Electric system	(14,300,491)	(972,634)	74,363	(15,198,762)
Water system	(4,011,364)	(320,089)	190,774	(4,140,679)
Communications system	(7,559,743)	(1,156,073)	329,644	(8,386,172)
Sewer system	(9,250,092)	(842,800)	75,552	(10,017,340)
Stormwater system	<u>(2,128,218)</u>	<u>(120,370)</u>	<u>-</u>	<u>(2,248,588)</u>
Total Accumulated Depreciation	<u>(37,249,908)</u>	<u>(3,411,966)</u>	<u>670,333</u>	<u>(39,991,541)</u>
Net Capital Assets Being Depreciated	<u>70,254,195</u>	<u>(2,016,687)</u>	<u>80,077</u>	<u>68,157,431</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 70,862,121</u></u>	<u><u>\$(1,478,660)</u></u>	<u><u>\$ 575,527</u></u>	<u><u>\$ 68,807,934</u></u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Electric	\$ 938,141
Water	285,273
Communications	1,156,073
Sewer	842,798
Stormwater	<u>120,370</u>

Total Business-type Activities Depreciation Expense	<u><u>\$ 3,342,655</u></u>
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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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Utility commission	\$ 782,284
General fund	Capital equipment	17,174
TIF District No. 3	General debt service	32,004
TIF District No. 4	General debt service	55,505
TIF District No. 6	General debt service	8,131
Stormwater fund	Utility commission	55,581
Sewer	Utility commission	<u>163,170</u>
Total - Fund Financial Statements		1,113,849
Less: Fund eliminations		<u>(331,565)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 782,284</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.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

***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 until it is collected. No repayment schedules have been established.

The general fund is also advancing funds to the taxi, TIF District No. 7, and general debt service funds. No interest is being charged on these advances and no repayment schedules have been established.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	Taxi fund	\$ 20,958	\$ 20,958
General fund	General debt service fund	26,217	26,217
General fund	TIF District No. 3	1,326,685	1,326,685
General fund	TIF District No. 6	1,309,435	1,309,435
General fund	TIF District No. 7	3,283	-
General fund	TIF District No. 8	474,998	474,998
Total - Fund Financial Statements		3,161,576	
Less: Fund eliminations		(3,161,576)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ -	

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### **Transfers**

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General fund	Utility commission	\$ 782,284	Tax equivalent Debt service payments,
Nonmajor governmental funds	Nonmajor governmental funds	1,007,652	increment sharing and library transfer
Nonmajor governmental funds	General fund	<u>10,610</u>	Establish the fireworks fund
Total - Fund Financial Statements		1,800,546	
Less: Fund eliminations		<u>(1,018,262)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 782,284</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.

#### **F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2015, 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	\$ 7,655,000	\$ -	\$ 1,220,000	\$ 6,435,000	\$ 1,140,000
(Discounts)/Premiums	<u>45,528</u>	-	<u>4,176</u>	<u>41,352</u>	-
Sub-totals	<u>7,700,528</u>	-	<u>1,224,176</u>	<u>6,476,352</u>	<u>1,140,000</u>
Other Liabilities					
Vested compensated absences	523,205	142,550	118,431	547,324	112,399
Capital leases	<u>515,000</u>	-	<u>515,000</u>	-	-
Total Other Liabilities	<u>1,038,205</u>	<u>142,550</u>	<u>633,431</u>	<u>547,324</u>	<u>112,399</u>
Total Governmental Activities Long-Term Liabilities	<u><u>\$ 8,738,733</u></u>	<u><u>\$ 142,550</u></u>	<u><u>\$ 1,857,607</u></u>	<u><u>\$ 7,023,676</u></u>	<u><u>\$ 1,252,399</u></u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 6,000,000	\$ 8,000,000	\$ -	\$ 14,000,000	\$ 256,780
Revenue bonds	30,083,509	2,954,644	12,484,055	20,554,098	1,590,857
Notes payable	<u>139,729</u>	<u>-</u>	<u>16,122</u>	<u>123,607</u>	<u>16,123</u>
Sub-totals	<u>36,223,238</u>	<u>10,954,644</u>	<u>12,500,177</u>	<u>34,677,705</u>	<u>1,863,760</u>
Other Liabilities					
Vested compensated absences	<u>251,461</u>	<u>31,590</u>	<u>42,525</u>	<u>240,526</u>	<u>74,760</u>
Total Other Liabilities	<u>251,461</u>	<u>31,590</u>	<u>42,525</u>	<u>240,526</u>	<u>74,760</u>
 Total Business-type Activities Long-Term Liabilities	 <u>\$ 36,474,699</u>	 <u>\$ 10,986,234</u>	 <u>\$ 12,542,702</u>	 <u>\$ 34,918,231</u>	 <u>\$ 1,938,520</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, 2015, was \$27,210,490. Total general obligation debt outstanding at year end was \$20,435,000.

**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, 2015</u>
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	1,295,000
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>\$ 6,435,000</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**General Obligation Debt (cont.)**

**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, 2015</u>
General obligation refunding bonds	11/1/2009	12/1/2019	3.80%	\$ 6,000,000	\$ 6,000,000
General obligation refunding state trust fund loan	9/29/2015	3/15/2035	3.75	8,000,000	<u>8,000,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 14,000,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,140,000	\$ 148,055	\$ 256,780	\$ 366,082
2017	905,000	124,560	512,424	518,371
2018	925,000	101,400	120,559	499,155
2019	930,000	78,765	6,125,080	494,634
2020	830,000	56,013	129,053	262,661
2021-2025	1,705,000	53,248	724,771	1,021,603
2026-2030	-	-	1,510,372	1,087,278
2031-2035	-	-	<u>4,620,961</u>	<u>533,010</u>
Totals	<u>\$ 6,435,000</u>	<u>\$ 562,041</u>	<u>\$ 14,000,000</u>	<u>\$ 4,782,794</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.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2015, consists of the following:

**Business-type Activities Revenue Debt**

<u>Sewer Utility</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2015</u>
Revenue bonds	5/1/2005	5/1/2025	2.565%	\$ 11,292,318	\$ 6,644,155
Revenue bonds	5/1/2006	5/1/2025	2.365	2,981,335	1,757,992
Revenue bonds	3/23/2011	5/1/2030	2.499	1,860,236	1,545,510
Revenue bonds	5/23/2013	5/1/2033	2.630	3,096,378	<u>2,879,544</u> (1)
Total Sewer Utility					<u>12,827,201</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 \$1,275,430. Total sewer gross revenues as defined were \$3,315,898. Annual principal and interest payments are expected to require 27% 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, 2015. The repayment schedule is for the amount issued.

<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, 2015</u>
Safe Drinking Water Loan	12/27/2010	5/1/2029	2.68%	\$ 368,363	\$ 305,589
Revenue bonds	9/29/2011	5/1/2020	1.00 - 3.00	995,000	575,000
Main Replacements and SCADA Improvements	7/7/2014	5/1/2029	1.70 - 3.75	895,000	<u>870,000</u>
Total Water Utility					<u>1,750,589</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 \$210,916. Total customer gross revenues as defined were \$1,595,752. Annual principal and interest payments are expected to require 9% of gross revenues on average.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**Revenue Debt (cont.)**

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

<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, 2015</u>
Revenue refunding bonds	11/15/2011	12/1/2020	0.75 - 3.10%	\$ 1,470,000	\$ 855,000
Revenue bonds	2/21/2013	12/1/2023	0.65 - 2.70	940,000	725,000
Revenue bonds	10/24/2013	12/1/2022	0.80 - 3.50	2,145,000	<u>1,720,000</u>
				Total Electric Utility	<u>3,300,000</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 \$535,858. Total customer gross revenues were \$24,632,904. Annual principal and interest payments are expected to require 2% of gross revenues on average.

<u>Communications Utility Fund</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2015</u>
Revenue refunding state trust fund loan	7/28/2015	3/15/2035	4.75%	\$ 2,676,308	<u>\$ 2,676,308</u>
				Total Communications Utility Fund	<u>2,676,308</u>

All communications utility revenues are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid was \$625,851. Total customer gross revenues as defined were \$5,105,680. Annual principal and interest payments are expected to require 4% of gross revenues on average.

Total Business-type Activities - Revenue Debt \$ 20,554,098

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**Revenue Debt (cont.)**

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
	2016	\$ 1,590,857
2017	1,661,641	591,735
2018	1,762,370	493,785
2019	1,813,098	448,522
2020	1,859,388	400,007
2021-2025	7,710,096	1,285,226
2026-2030	2,613,164	541,416
2031-2035	1,543,484	164,987
Totals	\$ 20,554,098	\$ 4,366,806

**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.

**Current Refunding**

On September 29, 2015, the communications utility obtained a state trust fund loan made up of \$8,000,000 of general obligation debt with an interest rate of 4.75% and \$2,676,308 of revenue debt with an interest rate of 3.75% to refund \$10,703,820 of outstanding bonds with an average coupon rate of 4.25%. The net proceeds along with existing funds of the communications utility were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$12,978,807 from 2016 through 2022. The cash flow requirements on the refunding debt are \$16,292,228 from 2016 through 2035. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$262,679.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

#### **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 2015 as follows:

Operating revenues	\$ 3,313,070
Investment income	2,828
Less: Operation and maintenance expenses	<u>(1,339,793)</u>
Net Defined Earnings	<u>\$ 1,976,105</u>
Minimum Required Earnings per Resolution:	
Highest annual debt service 2005 CWF bonds	\$ 754,122
Highest annual debt service 2006 CWF bonds	197,600
Highest annual debt service 2011 CWF bonds	123,739
Highest annual debt service 2013 CWF bonds	<u>201,117</u>
Subtotal	1,276,578
Coverage factor	<u>1.10</u>
Minimum Required Earnings	<u>\$ 1,404,236</u>
Actual Debt Coverage	<u>1.55</u>

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### **G. NET POSITION/FUND BALANCES**

Net position reported on the government wide statement of net position at December 31, 2015, includes the following:

#### **Governmental Activities**

Net Investment in Capital Assets	
Capital assets, net of accumulated depreciation	\$ 29,354,070
Less: Long-term debt outstanding	(6,435,000)
Plus: Noncapital debt proceeds	260,000
Less: Unamortized debt premium	(41,352)
Total Net Investment in Capital Assets	<u>23,137,718</u>
Restricted	
Trust purposes	76,889
Housing and economic development	2,617,503
TIF projects	112,254
Park development	64,756
Room tax	31,485
Library	417,174
Taxi program	14,725
Pension	561,721
Total Restricted	<u>3,896,507</u>
Unrestricted	<u>3,965,459</u>
Total Governmental Activities Net Position	<u>\$ 30,999,684</u>

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2015, include the following:

	General	Nonmajor Funds	Totals
<b>Fund Balances</b>			
<b>Nonspendable:</b>			
Investment in mutual insurance company	\$ 200,515	\$ -	\$ 200,515
Advances	3,158,293	-	3,158,293
Prepaid items	198,823	-	198,823
Delinquent personal property taxes	1,601	-	1,601
<b>Restricted for:</b>			
Taxi program	-	14,725	14,725
General city expenditures	-	31,485	31,485
Recreational and playground purposes	-	22,391	22,391
Loans	440,700	2,176,803	2,617,503
Library	-	417,174	417,174
Capital projects - TIF	-	115,537	115,537
Park improvements	-	64,756	64,756
Public purposes	-	54,498	54,498
<b>Committed to:</b>			
Solid waste and recycling activities	-	79,530	79,530
Fire protection	-	236,363	236,363
Drug education	-	4,045	4,045
Recreation	-	29,264	29,264
Sidewalk repairs	-	15,049	15,049
<b>Assigned to:</b>			
Capital projects	-	410,511	410,511
PILOT	782,284	-	782,284
CVMIC self-insurance retention	100,000	-	100,000
<b>Unassigned (deficit):</b>	<b>1,029,993</b>	<b>(2,433,177)</b>	<b>(1,403,184)</b>
<b>Total Fund Balances</b>	<b>\$ 5,912,209</b>	<b>\$ 1,238,954</b>	<b>\$ 7,151,163</b>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

***Business-type Activities***

Net Investment in Capital Assets	
Capital assets, net of accumulated depreciation	\$ 68,807,934
Less: Long-term debt outstanding	(34,677,705)
Plus: Unspent capital related debt proceeds	<u>708,008</u>
Total Net Investment in Capital Assets	<u>34,838,237</u>
Restricted	
Impact fees	4,869
Debt service	763,456
Equipment replacement	1,515,042
Pension	<u>397,531</u>
Total Restricted	<u>2,680,898</u>
Unrestricted	<u>14,056,715</u>
Total Business-type Activities Net Position	<u>\$ 51,575,850</u>

**H. 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	\$ 1,514,641	\$ 24,550,820	\$ 5,089,427
Other operating revenues	81,111	82,084	16,253
Depreciation expense	(285,273)	(938,141)	(1,156,073)
Other operating expenses	<u>(817,462)</u>	<u>(22,267,214)</u>	<u>(3,168,746)</u>
Operating Income	<u>493,017</u>	<u>1,427,549</u>	<u>780,861</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**H. SEGMENT INFORMATION (cont.)**

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

	Water Utility	Electric Utility	Communications Utility
Nonoperating Revenues (Expenses)			
Investment earnings	\$ -	\$ 199,413	\$ 968
Income from non-utility operations	-	25,550	4,449
Interest and amortization expense	(52,373)	(89,022)	(703,373)
Loss on early retirement	(62,095)	-	-
Capital contributions	16,357	13,499	20,354
Payment in lieu of taxes	(246,853)	(535,431)	-
Total Nonoperating Revenues (Expenses)	(344,964)	(385,991)	(677,602)
 <b>Change in Net Position</b>	<b>\$ 148,053</b>	<b>\$ 1,041,558</b>	<b>\$ 103,259</b>

**I. RESTATEMENT OF NET POSITION**

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	Governmental Activities	Business-type Activities	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund
Net Position - December 31, 2014 (as reported)	\$ 27,613,227	\$ 48,612,502	\$33,531,661	\$10,807,489	\$ 4,273,352
Add: Net pension asset	888,789	628,998	529,591	60,320	39,087
Add: Deferred outflows related to pensions	224,364	158,783	133,689	15,227	9,867
Net position - December 31, 2014 (as restated)	<b>\$ 28,726,380</b>	<b>\$ 49,400,283</b>	<b>\$34,194,941</b>	<b>\$10,883,036</b>	<b>\$ 4,322,306</b>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**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. Deposits and Investments

At year end, the carrying amount of the CDA's deposits was \$10,939 and is part of the city's commingled cash. The deposits are not exposed to custodial credit risk.

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.

d. 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 was leasing improved property to the city. The lease payments were 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 transferred to the city.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
2000 Series A	\$ 515,000	\$ -	\$ 515,000	\$ -	\$ -
Totals	\$ 515,000	\$ -	\$ 515,000	\$ -	\$ -

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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**J. COMPONENT UNITS (cont.)**

**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.

b. Deposits and Investments

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Mutual funds - equity and bond funds	<u>\$ 2,551,150</u>	<u>\$ 2,551,150</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.

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.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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## NOTE IV - OTHER INFORMATION

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### **A. EMPLOYEES' RETIREMENT SYSTEM**

#### **Summary of Significant Accounting Policies**

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

#### **General Information About the Pension Plan**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

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

The WRS also provides death and disability benefits for employees.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$383,084 in contributions from the city.

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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

At December 31, 2015, the city reported an asset of \$959,252 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension asset was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the city's proportion was 0.03905314%, which was an increase of 0.00055505% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the city recognized pension expense of \$370,095.

At December 31, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 139,062	\$ -
Net differences between projected and actual earnings on pension plan investments	464,516	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	16,594
Employer contributions subsequent to the measurement date	367,750	-
Totals	\$ 971,328	\$ 16,594

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

\$367,750 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 147,833	\$ 3,783
2017	147,833	3,783
2018	147,833	3,783
2019	147,833	3,783
2020	12,246	1,462

**Actuarial assumptions.** The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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## NOTE IV - OTHER INFORMATION (cont.)

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

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

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension asset/(liability)	\$(2,706,215)	\$959,252	\$3,854,090

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

**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.

**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.

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

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The city's share of such losses is approximately 0.1%.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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## NOTE IV - OTHER INFORMATION (cont.)

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

#### **Public Entity Risk Pool** (cont.)

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

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The city does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC can be obtained directly from CVMIC's offices.

The initial investment in WMIC has been reported at the original amount of \$200,515 in the general fund.

The city pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the city's retained liability. The city's retained liability is limited to \$37,500 per occurrence and an annual aggregate limit of \$150,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2015. A total liability of approximately \$31,967 at December 31, 2015, was recorded as a liability in the general fund.

### **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.

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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### *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 \$437 million as of December 31, 2015.

#### *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 \$65,107 to the district for 2015. 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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

New TV rates were approved on December 21, 2015, effective January 1, 2016.

New telephone and internet rates were approved on February 15, 2016.

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

##### *Utility Commission*

The electric utility has one significant customer who was responsible for 37% of operating revenues in 2015.

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

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

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

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, 2015

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
<b>TAXES</b>			
General property taxes	\$ 2,942,181	\$ 2,942,181	\$ -
Mobile home taxes	75,000	94,571	19,571
Room taxes	1,375	2,144	769
Payments in lieu of taxes	105,000	113,965	8,965
Interest on delinquent taxes	150	64	(86)
Total Taxes	3,123,706	3,152,925	29,219
<b>INTERGOVERNMENTAL REVENUES</b>			
State shared revenues	736,117	737,562	1,445
State expenditure restraint program	202,095	200,313	(1,782)
Fire insurance tax from state	20,000	23,031	3,031
State aid - exempt computers	14,000	16,898	2,898
State aid - law enforcement training	3,000	13,401	10,401
State aid - road allotment	437,591	436,744	(847)
State aid - connecting streets	49,017	49,017	-
Other state payments	-	10,891	10,891
State aid - aid to state facilities	4,000	4,420	420
County aid - airport	4,100	4,100	-
Total Intergovernmental Revenues	1,469,920	1,496,377	26,457
<b>LICENSES AND PERMITS</b>			
Liquor and malt beverage	13,500	14,632	1,132
Operators' license	3,000	10,395	7,395
Cigarette licenses	1,600	1,500	(100)
Amusement device licenses	550	595	45
Mobile home park licenses	550	706	156
Weights and measures licenses	6,000	508	(5,492)
Cable television franchise fees	100,000	113,260	13,260
Taxi cab	25	25	-
Bicycle licenses	60	50	(10)
Dog and cat licenses	6,000	7,591	1,591
Transient licenses	100	268	168
Building permits	15,000	25,654	10,654
Electrical permits	6,500	9,733	3,233
Plumbing permits	3,500	5,576	2,076
Zoning permits	2,000	1,470	(530)
State permit seals	150	100	(50)
Other permits	-	700	700
Total Licenses and Permits	158,535	192,763	34,228
<b>FINES AND FORFEITURES</b>			
Court penalties and costs	212,500	205,513	(6,987)
Parking violations	14,000	11,125	(2,875)
Other law and ordinance violations	750	865	115
Total Fines and Forfeitures	227,250	217,503	(9,747)

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, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>PUBLIC CHARGES FOR SERVICES</b>			
Special assessment search	\$ 3,500	\$ 5,020	\$ 1,520
Clerk and treasurer fees	1,000	1,206	206
License publication fees	750	850	100
Land use inquiries	4,000	4,963	963
Photocopies	1,000	1,555	555
Police fees	3,500	4,652	1,152
Street maintenance	9,550	3,352	(6,198)
Weed and nuisance control	3,000	2,103	(897)
Parks	21,200	17,822	(3,378)
Other recreation programs	28,850	30,209	1,359
Adult volleyball fees	3,000	2,275	(725)
Adult basketball fees	1,500	655	(845)
Youth soccer program	100	1,230	1,130
Youth tennis program	750	-	(750)
Swimming pools	38,000	38,528	528
Registration fees	11,500	11,359	(141)
BID security deposits	200	290	90
Trees	-	475	475
Sale of materials	50	5	(45)
Total Public Charges for Services	<u>131,450</u>	<u>126,549</u>	<u>(4,901)</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>			
Local government services	<u>83,136</u>	<u>83,074</u>	<u>(62)</u>
<b>INVESTMENT INCOME</b>			
Investment income	3,000	9,701	6,701
Interest on city billings	<u>1,250</u>	<u>431</u>	<u>(819)</u>
Total Investment Income	<u>4,250</u>	<u>10,132</u>	<u>5,882</u>
<b>MISCELLANEOUS</b>			
Donations	14,000	9,540	(4,460)
Insurance recoveries	-	16,961	16,961
Workers compensation dividends	15,000	16,721	1,721
Rent	6,000	7,308	1,308
Other miscellaneous	<u>50,000</u>	<u>14,821</u>	<u>(35,179)</u>
Total Miscellaneous	<u>85,000</u>	<u>65,351</u>	<u>(19,649)</u>
<b>OTHER FINANCING SOURCES</b>			
Property sales	8,000	6,389	(1,611)
Transfers in	<u>812,967</u>	<u>782,284</u>	<u>(30,683)</u>
Total Other Financing Sources	<u>820,967</u>	<u>788,673</u>	<u>(32,294)</u>
 Total Revenues and Other Financing Sources	 <u>6,104,214</u>	 <u>6,133,347</u>	 <u>29,133</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, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
Council	\$ 31,066	\$ 26,350	\$ 4,716
Municipal court	174,073	166,281	7,792
Legal	60,000	54,151	5,849
Mayor	7,459	5,941	1,518
Administrator	120,378	125,641	(5,263)
Legislative support	60,506	58,248	2,258
General administration	17,908	15,622	2,286
Elections	14,000	8,792	5,208
Financial management	243,469	223,435	20,034
Assessment of property	45,000	43,687	1,313
GIS/mapping	23,052	20,562	2,490
Buildings and plant	259,690	256,287	3,403
Property and liability insurance	145,300	182,456	(37,156)
Other general government	64,221	23,299	40,922
Total General Government	<u>1,266,122</u>	<u>1,210,752</u>	<u>55,370</u>
<b>PUBLIC SAFETY</b>			
Police	1,781,008	1,706,269	74,739
Fire protection	167,141	120,106	47,035
Hydrant rental	306,749	306,749	-
Ambulance	65,107	65,107	-
Building inspection	69,708	56,501	13,207
Emergency government	4,500	8,233	(3,733)
Emergency communication (911)	543,369	520,490	22,879
Total Public Safety	<u>2,937,582</u>	<u>2,783,455</u>	<u>154,127</u>
<b>HEALTH AND HUMAN SERVICES</b>			
Regulation and inspection	5,100	5,100	-
Animal control	150	-	150
Cemetery	16,000	16,000	-
Total Health and Human Services	<u>21,250</u>	<u>21,100</u>	<u>150</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, 2015

	Original and Final Budget	Actual	Variance with Final Budget
<b>PUBLIC WORKS</b>			
General public works	\$ 4,000	\$ 2,914	\$ 1,086
Engineering	49,175	51,954	(2,779)
Machinery	93,928	106,425	(12,497)
Garages and sheds	156,098	146,379	9,719
Street maintenance	309,861	378,451	(68,590)
Tree and brush removal	8,865	26,388	(17,523)
Traffic control	58,104	53,261	4,843
Snow and ice control	209,422	138,442	70,980
Street lighting	185,000	184,036	964
Sidewalks	7,110	578	6,532
Parking lot	1,666	1,666	-
Airport	79,210	90,968	(11,758)
Refuse and garbage collection	1,344	1,232	112
Total Public Works	<u>1,163,783</u>	<u>1,182,694</u>	<u>(18,911)</u>
<b>CULTURE, RECREATION, AND EDUCATION</b>			
Parks	310,090	321,431	(11,341)
Recreation	46,603	26,504	20,099
Recreation administration	45,021	41,564	3,457
Celebration and entertainment	4,500	6,520	(2,020)
Recreation facilities	37,820	36,819	1,001
Swimming pool	102,287	111,890	(9,603)
Art	5,000	1,754	3,246
Total Culture, Recreation, and Education	<u>551,321</u>	<u>546,482</u>	<u>4,839</u>
<b>CONSERVATION AND DEVELOPMENT</b>			
Tree planting	20,000	21,412	(1,412)
Nuisance control	4,000	3,632	368
Planning	47,156	46,605	551
Historic preservation	2,500	1,330	1,170
Economic development	30,500	208,669	(178,169)
Industrial development	35,000	23,118	11,882
Other conservation and development	25,000	17,322	7,678
Total Conservation and Development	<u>164,156</u>	<u>322,088</u>	<u>(157,932)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	-	10,610	(10,610)
Total Expenditures and Other Financing Uses	<u>6,104,214</u>	<u>6,077,181</u>	<u>27,033</u>
<b>Net Change in Fund Balance</b>	-	56,166	56,166
FUND BALANCE - Beginning of Year	<u>5,856,043</u>	<u>5,856,043</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 5,856,043</u>	<u>\$ 5,912,209</u>	<u>\$ 56,166</u>

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

## CITY OF REEDSBURG

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2015

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<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.03905314%	\$ 959,252	\$ 4,956,357	19.35%	102.74%

### SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2015

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<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 367,750	\$ 367,750	-	\$ 4,957,808	7.42%

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

# CITY OF REEDSBURG

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2015

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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.

### ***WISCONSIN RETIREMENT SYSTEM***

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The city is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in Assumptions.* There were no changes in assumptions.

**SUPPLEMENTARY INFORMATION**

**CITY OF REEDSBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2015

	Special Revenue Funds		
	Taxi Grant Fund	Park Fund	Triathlon Fund
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 64,756	\$ 897
Receivables			
Taxes	15,000	-	-
Accounts	-	-	-
Special assessments	-	-	-
Loans	-	-	-
Due from component units	-	-	-
Due from other governments	47,609	-	-
Due from other funds	-	-	-
	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 62,609</b>	<b>\$ 64,756</b>	<b>\$ 897</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 11,926	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits	-	-	-
Due to other funds	-	-	-
Advances from other funds	20,958	-	-
Total Liabilities	32,884	-	-
Deferred Inflows of Resources			
Unearned revenues	15,000	-	-
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	15,000	-	-
Fund Balances (Deficit)			
Restricted	14,725	64,756	-
Committed	-	-	897
Assigned	-	-	-
Unassigned (deficit)	-	-	-
Total Fund Balances (deficit)	14,725	64,756	897
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 62,609</b>	<b>\$ 64,756</b>	<b>\$ 897</b>

Special Revenue Funds

DARE Fund	Webb Endowment Fund	Nishan Park Concession Stand Fund	Room Tax Fund	CDBG Fund	EDA Fund	HCRI Fund
\$ 4,045	\$ 28,261	\$ 9,763	\$ 25,683	\$ 648,222	\$ 45,943	\$ 24,435
-	-	-	-	-	-	-
-	-	-	15,086	-	-	-
-	-	-	-	1,289,207	76,966	15,000
-	26,237	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,045</u>	<u>54,498</u>	<u>9,763</u>	<u>40,769</u>	<u>1,937,429</u>	<u>122,909</u>	<u>39,435</u>
\$ -	\$ -	\$ -	\$ 9,284	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	26,182	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,284</u>	<u>26,182</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	54,498	-	31,485	1,911,247	122,909	39,435
4,045	-	9,763	-	-	-	-
-	-	-	-	-	-	-
<u>4,045</u>	<u>54,498</u>	<u>9,763</u>	<u>31,485</u>	<u>1,911,247</u>	<u>122,909</u>	<u>39,435</u>
<u>\$ 4,045</u>	<u>\$ 54,498</u>	<u>\$ 9,763</u>	<u>\$ 40,769</u>	<u>\$ 1,937,429</u>	<u>\$ 122,909</u>	<u>\$ 39,435</u>

**CITY OF REEDSBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2015

	Special Revenue Funds		
	Home Loan Fund	Sidewalk Repair Fund	Solid Waste Fund
<b>ASSETS</b>			
Cash and investments	\$ 30,030	\$ 15,049	\$ 79,436
Receivables			
Taxes	-	6,372	384,727
Accounts	-	-	94
Special assessments	-	2,574	-
Loans	73,182	-	-
Due from component units	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 103,212</u></b>	<b><u>\$ 23,995</u></b>	<b><u>\$ 464,257</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Total Liabilities	-	-	-
Deferred Inflows of Resources			
Unearned revenues	-	6,372	384,727
Unavailable revenues	-	2,574	-
Total Deferred Inflows of Resources	-	<u>8,946</u>	<u>384,727</u>
Fund Balances (Deficit)			
Restricted	103,212	-	-
Committed	-	15,049	79,530
Assigned	-	-	-
Unassigned (deficit)	-	-	-
Total Fund Balances (deficit)	<u>103,212</u>	<u>15,049</u>	<u>79,530</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 103,212</u></b>	<b><u>\$ 23,995</u></b>	<b><u>\$ 464,257</u></b>

Special Revenue Funds						Capital Projects Funds
Mannigal Endowment Fund	Library - County Funding	Library - Investment	Popple Trail Donations	Fireworks Fund	Rescue Fund	TIF District No. 3
\$ 22,391	\$ 89,648	\$ 342,336	\$ 6,000	\$ 12,604	\$ 236,363	\$ -
-	392,833	-	-	9,500	-	110,541
-	-	-	-	-	-	-
-	-	-	-	-	-	90,000
-	-	-	-	-	-	-
-	-	-	-	-	-	32,004
<u>\$ 22,391</u>	<u>\$ 482,481</u>	<u>\$ 342,336</u>	<u>\$ 6,000</u>	<u>\$ 22,104</u>	<u>\$ 236,363</u>	<u>\$ 232,545</u>
\$ -	\$ 8,221	\$ -	\$ -	\$ -	\$ -	\$ -
-	6,589	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,326,685
-	14,810	-	-	-	-	1,326,685
-	392,833	-	-	9,500	-	110,541
-	-	-	-	-	-	-
-	392,833	-	-	9,500	-	110,541
22,391	74,838	342,336	-	-	-	-
-	-	-	6,000	12,604	236,363	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(1,204,681)
<u>22,391</u>	<u>74,838</u>	<u>342,336</u>	<u>6,000</u>	<u>12,604</u>	<u>236,363</u>	<u>(1,204,681)</u>
<u>\$ 22,391</u>	<u>\$ 482,481</u>	<u>\$ 342,336</u>	<u>\$ 6,000</u>	<u>\$ 22,104</u>	<u>\$ 236,363</u>	<u>\$ 232,545</u>

**CITY OF REEDSBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2015

	Capital Projects Funds		
	TIF District No. 4	TIF District No. 5	TIF District No. 6
<b>ASSETS</b>			
Cash and investments	\$ 15,818	\$ 20,214	\$ -
Receivables			
Taxes	389,314	76,424	15,847
Accounts	-	-	-
Special assessments	-	-	-
Loans	24,000	-	234,120
Due from component units	-	-	-
Due from other governments	-	-	-
Due from other funds	<u>55,505</u>	<u>-</u>	<u>8,131</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 484,637</u></b>	<b><u>\$ 96,638</u></b>	<b><u>\$ 258,098</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits	-	-	-
Due to other funds	-	-	-
Advances from other funds	<u>-</u>	<u>-</u>	<u>1,309,435</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,309,435</u>
Deferred Inflows of Resources			
Unearned revenues	389,314	76,424	15,847
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>389,314</u>	<u>76,424</u>	<u>15,847</u>
Fund Balances (Deficit)			
Restricted	95,323	20,214	-
Committed	-	-	-
Assigned	-	-	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(1,067,184)</u>
Total Fund Balances (deficit)	<u>95,323</u>	<u>20,214</u>	<u>(1,067,184)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 484,637</u></b>	<b><u>\$ 96,638</u></b>	<b><u>\$ 258,098</u></b>

Capital Projects Funds				Debt Service Fund	Total Nonmajor Governmental Funds
TIF District No. 7	TIF District No. 8	Capital Equipment Fund	General Capital Projects Fund	General Debt Service	
\$ -	\$ -	\$ -	\$ 412,843	\$ -	\$ 2,134,737
16,821	-	325,000	665,000	1,109,715	3,517,094
-	-	-	-	-	15,180
-	-	-	-	-	2,574
-	456,000	-	-	-	2,258,475
-	-	-	-	-	26,237
-	-	-	-	-	47,609
-	-	-	-	-	95,640
<u>\$ 16,821</u>	<u>\$ 456,000</u>	<u>\$ 325,000</u>	<u>\$ 1,077,843</u>	<u>\$ 1,109,715</u>	<u>\$ 8,097,546</u>
\$ -	\$ -	\$ -	\$ 2,332	\$ -	\$ 31,763
-	-	-	-	-	6,589
-	-	-	-	-	26,182
-	-	17,174	-	95,640	112,814
<u>3,283</u>	<u>474,998</u>	<u>-</u>	<u>-</u>	<u>26,217</u>	<u>3,161,576</u>
<u>3,283</u>	<u>474,998</u>	<u>17,174</u>	<u>2,332</u>	<u>121,857</u>	<u>3,338,924</u>
16,821	-	325,000	665,000	1,109,715	3,517,094
-	-	-	-	-	2,574
<u>16,821</u>	<u>-</u>	<u>325,000</u>	<u>665,000</u>	<u>1,109,715</u>	<u>3,519,668</u>
-	-	-	-	-	2,897,369
-	-	-	-	-	364,251
-	-	-	410,511	-	410,511
<u>(3,283)</u>	<u>(18,998)</u>	<u>(17,174)</u>	<u>-</u>	<u>(121,857)</u>	<u>(2,433,177)</u>
<u>(3,283)</u>	<u>(18,998)</u>	<u>(17,174)</u>	<u>410,511</u>	<u>(121,857)</u>	<u>1,238,954</u>
<u>\$ 16,821</u>	<u>\$ 456,000</u>	<u>\$ 325,000</u>	<u>\$ 1,077,843</u>	<u>\$ 1,109,715</u>	<u>\$ 8,097,546</u>

**CITY OF REEDSBURG**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2015

	Special Revenue Funds		
	Taxi Grant Fund	Park Fund	Triathlon Fund
<b>REVENUES</b>			
Taxes	\$ 15,000	\$ -	\$ -
Intergovernmental	206,540	-	-
Public charges for services	-	800	6,242
Special assessments	-	-	-
Investment income	-	139	-
Miscellaneous	-	-	-
Total Revenues	221,540	939	6,242
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	-
Public works	198,450	-	-
Culture, recreation and education	-	79,392	5,345
Conservation and development	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	198,450	79,392	5,345
Excess (deficiency) of revenues over expenditures	23,090	(78,453)	897
<b>OTHER FINANCING SOURCES (USES)</b>			
Property sales	4,573	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	4,573	-	-
<b>Net Change in Fund Balances</b>	27,663	(78,453)	897
FUND BALANCES (DEFICIT) - Beginning of Year	(12,938)	143,209	-
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 14,725	\$ 64,756	\$ 897

Special Revenue Funds

DARE Fund	Webb Endowment Fund	Nishan Park Concession Stand Fund	Room Tax Fund	CDBG Fund	EDA Fund	HCRI Fund
\$ -	\$ -	\$ -	\$ 85,757	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	1,247	-	-	-	-
-	-	-	-	18,315	27	13
<u>6,560</u>	<u>45,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,560</u>	<u>45,886</u>	<u>1,247</u>	<u>85,757</u>	<u>18,315</u>	<u>27</u>	<u>13</u>
4,537	-	-	-	-	-	-
-	-	-	-	-	-	-
-	40,415	-	17,154	-	-	-
-	-	-	60,030	6,161	22	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>4,537</u>	<u>40,415</u>	<u>-</u>	<u>77,184</u>	<u>6,161</u>	<u>22</u>	<u>-</u>
<u>2,023</u>	<u>5,471</u>	<u>1,247</u>	<u>8,573</u>	<u>12,154</u>	<u>5</u>	<u>13</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,023	5,471	1,247	8,573	12,154	5	13
<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>
<u>\$ 4,045</u>	<u>\$ 54,498</u>	<u>\$ 9,763</u>	<u>\$ 31,485</u>	<u>\$ 1,911,247</u>	<u>\$ 122,909</u>	<u>\$ 39,435</u>

**CITY OF REEDSBURG**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2015

	Special Revenue Funds		
	Home Loan Fund	Sidewalk Repair Fund	Solid Waste Fund
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	10,525
Public charges for services	-	-	391,694
Special assessments	-	6,811	-
Investment income	14	491	-
Miscellaneous	-	-	-
Total Revenues	14	7,302	402,219
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	-
Public works	-	5,229	393,523
Culture, recreation and education	-	-	-
Conservation and development	588	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	588	5,229	393,523
Excess (deficiency) of revenues over expenditures	(574)	2,073	8,696
<b>OTHER FINANCING SOURCES (USES)</b>			
Property sales	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
<b>Net Change in Fund Balances</b>	(574)	2,073	8,696
FUND BALANCES (DEFICIT) - Beginning of Year	103,786	12,976	70,834
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 103,212	\$ 15,049	\$ 79,530

Special Revenue Funds						Capital Projects Funds
Mannigal Endowment Fund	Library - County Funding	Library - Investment	Popple Trail Donations	Fireworks Fund	Rescue Fund	TIF District No. 3
\$ -	\$ 387,028	\$ -	\$ -	\$ 9,000	\$ -	\$ 43,028
-	243,105	-	-	-	-	57
-	23,146	-	-	619	-	-
-	-	-	-	-	-	53,986
94	-	609	-	-	-	-
-	16,230	5,320	6,000	10,915	235,280	-
94	669,509	5,929	6,000	20,534	235,280	97,071
-	-	-	-	-	46,169	-
-	-	-	-	-	-	-
-	666,403	1,922	-	18,540	-	-
-	-	-	-	-	-	10,425
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	666,403	1,922	-	18,540	46,169	10,425
94	3,106	4,007	6,000	1,994	189,111	86,646
-	-	-	-	-	-	-
-	9,069	-	-	10,610	-	182,004
-	-	(9,069)	-	-	-	(22,915)
-	9,069	(9,069)	-	10,610	-	159,089
94	12,175	(5,062)	6,000	12,604	189,111	245,735
22,297	62,663	347,398	-	-	47,252	(1,450,416)
\$ 22,391	\$ 74,838	\$ 342,336	\$ 6,000	\$ 12,604	\$ 236,363	\$ (1,204,681)

## CITY OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2015

	Capital Projects Funds		
	TIF District No. 4	TIF District No. 5	TIF District No. 6
<b>REVENUES</b>			
Taxes	\$ 333,895	\$ 74,832	\$ -
Intergovernmental	635	135	1,030
Public charges for services	-	-	-
Special assessments	1,124	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Total Revenues	335,654	74,967	1,030
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	-
Public works	-	-	-
Culture, recreation and education	-	-	-
Conservation and development	13,335	150	45,171
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	13,335	150	45,171
Excess (deficiency) of revenues over expenditures	322,319	74,817	(44,141)
<b>OTHER FINANCING SOURCES (USES)</b>			
Property sales	-	-	-
Transfers in	55,505	-	58,131
Transfers out	(318,875)	(67,640)	(462,883)
Total Other Financing Sources (Uses)	(263,370)	(67,640)	(404,752)
<b>Net Change in Fund Balances</b>	58,949	7,177	(448,893)
FUND BALANCES (DEFICIT) - Beginning of Year	36,374	13,037	(618,291)
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 95,323	\$ 20,214	\$ (1,067,184)

Capital Projects Funds				Debt Service Fund	Total Nonmajor Governmental Funds
TIF District No. 7	TIF District No. 8	Capital Equipment Fund	General Capital Projects Fund	General Debt Service	
\$ 16,399	\$ -	\$ 300,000	\$ 600,000	\$ 1,275,725	\$ 3,140,664
-	105	-	32,200	-	494,332
-	-	-	-	-	423,748
-	-	-	-	-	61,921
-	-	-	-	-	19,702
-	-	11,372	-	3	337,566
<u>16,399</u>	<u>105</u>	<u>311,372</u>	<u>632,200</u>	<u>1,275,728</u>	<u>4,477,933</u>
-	-	-	-	-	50,706
-	-	-	-	-	597,202
-	-	-	-	-	829,171
149	150	-	-	-	136,181
-	-	262,684	717,394	-	980,078
-	-	-	-	1,735,000	1,735,000
-	-	-	-	181,504	181,504
<u>149</u>	<u>150</u>	<u>262,684</u>	<u>717,394</u>	<u>1,916,504</u>	<u>4,509,842</u>
<u>16,250</u>	<u>(45)</u>	<u>48,688</u>	<u>(85,194)</u>	<u>(640,776)</u>	<u>(31,909)</u>
-	-	-	-	-	4,573
-	-	-	-	702,943	1,018,262
<u>(30,630)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,640)</u>	<u>(1,007,652)</u>
<u>(30,630)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>607,303</u>	<u>15,183</u>
(14,380)	(45)	48,688	(85,194)	(33,473)	(16,726)
<u>11,097</u>	<u>(18,953)</u>	<u>(65,862)</u>	<u>495,705</u>	<u>(88,384)</u>	<u>1,255,680</u>
<u>\$ (3,283)</u>	<u>\$ (18,998)</u>	<u>\$ (17,174)</u>	<u>\$ 410,511</u>	<u>\$ (121,857)</u>	<u>\$ 1,238,954</u>

# CITY OF REEDSBURG

## STATEMENT OF CASH FLOWS COMPONENT UNITS For the Year Ended December 31, 2015

	Community Development Authority	Herbert H Webb Trust	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Paid to primary government	\$ -	\$ (49,805)	\$ (49,805)
Paid to suppliers for goods and services	(109,061)	(27,620)	(136,681)
Net Cash Flows From Operating Activities	<u>(109,061)</u>	<u>(77,425)</u>	<u>(186,486)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	24,947	63,315	88,262
Net Cash Flows From Investing Activities	<u>24,947</u>	<u>63,315</u>	<u>88,262</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Received from city	120,000	-	120,000
Net Cash Flows From Noncapital Financing Activities	<u>120,000</u>	<u>-</u>	<u>120,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital lease payment received	515,000	-	515,000
Principal paid on lease revenue bonds	(515,000)	-	(515,000)
Interest paid on lease revenue bonds	(24,947)	-	(24,947)
Net Cash Flows From Capital and Related Financing Activities	<u>(24,947)</u>	<u>-</u>	<u>(24,947)</u>
<b>Net Change in Cash and Cash Equivalents</b>	10,939	(14,110)	(3,171)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>	<u>40,179</u>	<u>40,179</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 10,939</u>	<u>\$ 26,069</u>	<u>\$ 37,008</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating loss	\$ (51,276)	\$ (77,425)	\$ (128,701)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities			
Contributed property held for resale	12,000	-	12,000
Changes in assets and liabilities			
Property held for resale	(69,785)	-	(69,785)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (109,061)</u>	<u>\$ (77,425)</u>	<u>\$ (186,486)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and investments - statement of net position	\$ 10,939	\$ 2,551,150	\$ 2,562,089
Less: Noncash equivalents	<u>-</u>	<u>(2,525,081)</u>	<u>(2,525,081)</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 10,939</u>	<u>\$ 26,069</u>	<u>\$ 37,008</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Contributed property held for resale	<u>\$ 12,000</u>	<u>\$ -</u>	
Unrealized loss on investments	<u>\$ -</u>	<u>\$ (63,934)</u>	