

**CITY OF REEDSBURG**

Reedsburg, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

# CITY OF REEDSBURG

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Reedsburg  
Reedsburg, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Reedsburg, Wisconsin, as of and for the year ended December 31, 2016, 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, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

#### *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.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
August 18, 2017

# CITY OF REEDSBURG

## STATEMENT OF NET POSITION As of December 31, 2016

	Governmental Activities	Business-type Activities	Totals	Component Units
<b>ASSETS</b>				
Cash and investments	\$ 4,457,473	\$ 13,745,266	\$ 18,202,739	\$ 2,687,707
Receivables (net)				
Taxes receivable	6,524,199	-	6,524,199	-
Accounts	83,786	2,608,379	2,692,165	-
Other	-	371,144	371,144	-
Special assessments	4,000	4,000	8,000	-
Loans	1,490,139	-	1,490,139	70,000
Due from other governmental units	15,775	-	15,775	-
Internal balances	876,875	(876,875)	-	-
Inventories and prepaid items	88,998	1,048,845	1,137,843	87,106
Other assets	-	2,555,249	2,555,249	-
Restricted assets				
Cash and investments	-	3,323,594	3,323,594	-
Investment in mutual insurance company	200,515	-	200,515	-
Capital Assets				
Land and other nondepreciable assets	12,959,099	384,006	13,343,105	-
Construction in progress	139,310	119,581	258,891	-
Other capital assets, net of depreciation	16,201,098	66,049,806	82,250,904	-
Total Assets	<u>43,041,267</u>	<u>89,332,995</u>	<u>132,374,262</u>	<u>2,844,813</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	<u>2,050,250</u>	<u>1,460,411</u>	<u>3,510,661</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	229,740	2,022,226	2,251,966	-
Accrued liabilities	139,614	470,268	609,882	-
Due to primary government	-	-	-	25,245
Due to other governmental units	(3,525)	-	(3,525)	-
Deposits	11,820	-	11,820	-
Unearned revenue	-	132,790	132,790	-
Noncurrent Liabilities				
Due within one year	1,248,934	1,954,896	3,203,830	-
Due in more than one year	5,280,801	31,251,417	36,532,218	-
Total Liabilities	<u>6,907,384</u>	<u>35,831,597</u>	<u>42,738,981</u>	<u>25,245</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	6,509,678	-	6,509,678	-
Pension related amounts	784,584	555,245	1,339,829	-
Total Deferred Inflows of Resources	<u>7,294,262</u>	<u>555,245</u>	<u>7,849,507</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	23,902,007	34,526,197	58,428,204	-
Restricted	2,737,923	2,555,921	5,293,844	2,650,523
Unrestricted	<u>4,249,941</u>	<u>17,324,446</u>	<u>21,574,387</u>	<u>169,045</u>
<b>TOTAL NET POSITION</b>	<u>\$ 30,889,871</u>	<u>\$ 54,406,564</u>	<u>\$ 85,296,435</u>	<u>\$ 2,819,568</u>

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

<u>Functions/Programs</u>	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 1,455,093	\$ 183,894	\$ -	\$ -
Public safety	3,455,623	422,439	54,332	-
Public works	2,595,906	404,172	632,807	114,129
Health and human services	21,100	-	-	-
Culture, recreation and education	1,459,307	164,684	272,152	-
Conservation and development	1,537,299	795	51,675	-
Interest and fiscal charges	<u>139,525</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>10,663,853</u>	<u>1,175,984</u>	<u>1,010,966</u>	<u>114,129</u>
Business-type Activities				
Water	1,156,423	1,639,177	-	7,968
Electric	22,132,987	24,072,281	-	8,582
Communications	5,146,056	5,136,880	-	72,998
Sewer	2,507,096	3,253,061	-	-
Stormwater	<u>414,379</u>	<u>550,495</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>31,356,941</u>	<u>34,651,894</u>	<u>-</u>	<u>89,548</u>
Total Primary Government	<u>\$ 42,020,794</u>	<u>\$ 35,827,878</u>	<u>\$ 1,010,966</u>	<u>\$ 203,677</u>
<b>Component Units</b>				
Herbert H Webb Trust	\$ 74,175	\$ -	\$ -	\$ -
Community Development Authority	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,321</u>
Total Component Units	<u>\$ 74,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,321</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

**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
\$ (1,271,199)	\$ -	\$ (1,271,199)	\$ -
(2,978,852)	-	(2,978,852)	-
(1,444,798)	-	(1,444,798)	-
(21,100)	-	(21,100)	-
(1,022,471)	-	(1,022,471)	-
(1,484,829)	-	(1,484,829)	-
<u>(139,525)</u>	<u>-</u>	<u>(139,525)</u>	<u>-</u>
<u>(8,362,774)</u>	<u>-</u>	<u>(8,362,774)</u>	<u>-</u>
-	490,722	490,722	-
-	1,947,876	1,947,876	-
-	63,822	63,822	-
-	745,965	745,965	-
<u>-</u>	<u>136,116</u>	<u>136,116</u>	<u>-</u>
<u>-</u>	<u>3,384,501</u>	<u>3,384,501</u>	<u>-</u>
<u>(8,362,774)</u>	<u>3,384,501</u>	<u>(4,978,273)</u>	<u>-</u>
-	-	-	(74,175)
<u>-</u>	<u>-</u>	<u>-</u>	<u>18,321</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,854)</u>
4,391,758	-	4,391,758	-
1,109,715	-	1,109,715	-
557,272	-	557,272	-
328,291	-	328,291	-
943,833	-	943,833	-
47,568	200,782	248,350	199,785
224	-	224	-
8,051	-	8,051	-
<u>107,207</u>	<u>4,473</u>	<u>111,680</u>	<u>-</u>
<u>7,493,919</u>	<u>205,255</u>	<u>7,699,174</u>	<u>199,785</u>
<u>759,042</u>	<u>(759,042)</u>	<u>-</u>	<u>-</u>
<u>8,252,961</u>	<u>(553,787)</u>	<u>7,699,174</u>	<u>199,785</u>
(109,813)	2,830,714	2,720,901	143,931
<u>30,999,684</u>	<u>51,575,850</u>	<u>82,575,534</u>	<u>2,675,637</u>
<u>\$ 30,889,871</u>	<u>\$ 54,406,564</u>	<u>\$ 85,296,435</u>	<u>\$ 2,819,568</u>

See accompanying notes to financial statements.

**CITY OF REEDSBURG**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2016

	<u>General</u>	<u>General Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and investments	\$ 2,229,948	\$ -	\$ 2,227,525	\$ 4,457,473
Receivables				
Taxes receivable	3,151,889	950,848	2,421,462	6,524,199
Accounts	83,373	-	413	83,786
Special assessments	4,000	-	-	4,000
Loans	-	-	1,490,139	1,490,139
Due from other governments	-	-	15,775	15,775
Due from other funds	759,042	117,833	95,640	972,515
Prepaid items	88,998	-	-	88,998
Advances to other funds	2,985,543	-	-	2,985,543
Investment in mutual insurance company	<u>200,515</u>	<u>-</u>	<u>-</u>	<u>200,515</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,503,308</u>	<u>\$ 1,068,681</u>	<u>\$ 6,250,954</u>	<u>\$ 16,822,943</u>

See accompanying notes to financial statements.

	General	General Debt Service	Nonmajor Governmental Funds	Totals
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 144,690	\$ 400	\$ 84,650	\$ 229,740
Accrued liabilities	96,423	-	8,218	104,641
Deposits	-	-	11,820	11,820
Due to other funds	-	95,640	-	95,640
Advances from other funds	-	144,541	2,841,002	2,985,543
Total Liabilities	<u>241,113</u>	<u>240,581</u>	<u>2,945,690</u>	<u>3,427,384</u>
Deferred Inflows of Resources				
Unearned revenues	3,137,368	950,848	2,421,462	6,509,678
Unavailable revenues	<u>424,504</u>	-	-	<u>424,504</u>
Total Deferred Inflows of Resources	<u>3,561,872</u>	<u>950,848</u>	<u>2,421,462</u>	<u>6,934,182</u>
Fund Balances (Deficit)				
Nonspendable	3,275,056	-	-	3,275,056
Restricted	-	-	2,737,923	2,737,923
Committed	-	-	422,497	422,497
Assigned	859,042	-	524,421	1,383,463
Unassigned (deficit)	<u>1,566,225</u>	<u>(122,748)</u>	<u>(2,801,039)</u>	<u>(1,357,562)</u>
Total Fund Balances (Deficit)	<u>5,700,323</u>	<u>(122,748)</u>	<u>883,802</u>	<u>6,461,377</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 9,503,308</u>	<u>\$ 1,068,681</u>	<u>\$ 6,250,954</u>	<u>\$ 16,822,943</u>

See accompanying notes to financial statements.

## CITY OF REEDSBURG

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2016

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Total Fund Balances - Governmental Funds	\$	6,461,377
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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		12,959,099
Construction in progress		139,310
Other capital assets		16,201,098

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.		424,504
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The net pension liability does not relate to current financial resources and is not reported in the governmental funds.		(369,251)
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Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		2,050,250
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Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		(784,584)
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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		(5,325,000)
Compensated absences		(572,984)
Accrued interest		(31,448)
Land contract		<u>(262,500)</u>

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>30,889,871</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, 2016

	General	General Debt Service	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>				
Taxes	\$ 3,241,300	\$ 1,109,715	\$ 2,036,021	\$ 6,387,036
Intergovernmental	1,476,357	-	402,981	1,879,338
Licenses and permits	196,295	-	-	196,295
Fines, forfeitures and penalties	225,783	-	-	225,783
Public charges for services	138,100	-	507,094	645,194
Intergovernmental charges for services	89,385	-	-	89,385
Special assessments	-	-	59,826	59,826
Investment income	18,121	-	8,049	26,170
Miscellaneous	67,567	-	104,375	171,942
Total Revenues	<u>5,452,908</u>	<u>1,109,715</u>	<u>3,118,346</u>	<u>9,680,969</u>
<b>EXPENDITURES</b>				
Current				
General government	1,242,782	119	21,354	1,264,255
Public safety	2,868,713	-	83,375	2,952,088
Health and human services	21,100	-	-	21,100
Public works	1,220,089	-	577,744	1,797,833
Culture, recreation and education	520,656	-	765,224	1,285,880
Conservation and development	146,110	-	1,386,892	1,533,002
Capital Outlay	-	-	1,257,013	1,257,013
Debt Service				
Principal	-	2,895,000	87,500	2,982,500
Interest and fiscal charges	-	190,306	-	190,306
Total Expenditures	<u>6,019,450</u>	<u>3,085,425</u>	<u>4,179,102</u>	<u>13,283,977</u>
Excess (deficiency) of revenues over expenditures	<u>(566,542)</u>	<u>(1,975,710)</u>	<u>(1,060,756)</u>	<u>(3,603,008)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Property sales	8,051	-	-	8,051
Transfers in	787,305	178,690	808,700	1,774,695
Transfers out	(440,700)	-	(574,953)	(1,015,653)
Premium on debt issued	-	11,129	-	11,129
Refunding debt issued	-	1,785,000	-	1,785,000
Land contract issued	-	-	350,000	350,000
Total Other Financing Sources (Uses)	<u>354,656</u>	<u>1,974,819</u>	<u>583,747</u>	<u>2,913,222</u>
<b>Net Change in Fund Balances</b>	(211,886)	(891)	(477,009)	(689,786)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>5,912,209</u>	<u>(121,857)</u>	<u>1,360,811</u>	<u>7,151,163</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 5,700,323</u>	<u>\$ (122,748)</u>	<u>\$ 883,802</u>	<u>\$ 6,461,377</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, 2016

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Net change in fund balances - total governmental funds	\$	(689,786)
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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		1,257,013
Some items are reported as capital outlay were not capitalized		(165,415)
Some items are reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		115,481
Depreciation is reported in the government-wide financial statements		(1,334,502)
Net book value of assets retired		(35,692)

Contributed capital assets are reported as revenues in the government-wide financial statements.		108,552
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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.		
Special assessments		(2,574)

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.		
Debt and land contract issued		(2,135,000)
Principal repaid		2,982,500

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		(25,660)
Accrued interest		(1,700)
Net pension asset/liability		(930,972)
Deferred outflows of resources related to pensions		1,481,457
Deferred inflows of resources related to pensions		(774,867)
Amortization of debt premium		41,352

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>(109,813)</u></b>
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**CITY OF REEDSBURG**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2016

	Business-type Activities - Enterprise Funds			Totals
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 10,628,275	\$ 2,534,262	\$ 582,729	\$ 13,745,266
Accounts receivable (net)	2,425,115	183,264	-	2,608,379
Other accounts receivable	371,144	-	-	371,144
Due from other funds	-	180,287	69,659	249,946
Prepaid items	101,799	-	-	101,799
Inventories	947,046	-	-	947,046
Restricted Assets				
Cash and investments	150,746	-	-	150,746
Total Current Assets	<u>14,624,125</u>	<u>2,897,813</u>	<u>652,388</u>	<u>18,174,326</u>
Noncurrent Assets				
Restricted Assets				
Cash and investments	835,688	2,337,160	-	3,172,848
Capital Assets				
Land	252,245	72,687	59,074	384,006
Construction work in progress	59,143	60,438	-	119,581
Property and equipment	73,313,389	29,850,672	6,164,201	109,328,262
Less: Accumulated depreciation	(30,051,789)	(10,857,009)	(2,369,658)	(43,278,456)
Other Assets				
Organization costs	167,867	-	-	167,867
Accumulated amortization of organization costs	(64,611)	-	-	(64,611)
Private parking lighting (net of accumulated depreciation)	33,767	-	-	33,767
Investment in ATC	2,418,226	-	-	2,418,226
Special assessments	-	4,000	-	4,000
Total Noncurrent Assets	<u>46,963,925</u>	<u>21,467,948</u>	<u>3,853,617</u>	<u>72,285,490</u>
Total Assets	<u>61,588,050</u>	<u>24,365,761</u>	<u>4,506,005</u>	<u>90,459,816</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	<u>1,227,371</u>	<u>144,417</u>	<u>88,623</u>	<u>1,460,411</u>

See accompanying notes to financial statements.

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Utility Commission</u>	<u>Sewer</u>	<u>Nonmajor Enterprise Fund - Stormwater Fund</u>	<u>Totals</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 1,948,657	\$ 72,437	\$ 1,132	\$ 2,022,226
Accrued liabilities	390,949	6,886	1,045	398,880
Due to other funds	1,126,821	-	-	1,126,821
Current portion of general obligation debt	210,000	-	-	210,000
Notes payable	16,123	-	-	16,123
Compensated absences (current portion)	67,133	-	-	67,133
Other liabilities	7,329	50,303	-	57,632
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds payable	674,681	986,959	-	1,661,640
Accrued interest payable	13,756	-	-	13,756
Total Current Liabilities	<u>4,455,449</u>	<u>1,116,585</u>	<u>2,177</u>	<u>5,574,211</u>
Noncurrent Liabilities				
Long-Term Debt				
Unamortized debt premium	180,087	-	-	180,087
General obligation debt payable	13,270,000	-	-	13,270,000
Revenue bonds payable	6,423,925	10,877,676	-	17,301,601
Notes payable	91,361	-	-	91,361
Other Liabilities				
Net pension liability	220,018	25,060	16,238	261,316
Compensated absences	147,052	-	-	147,052
Unearned revenues	132,790	-	-	132,790
Total Noncurrent Liabilities	<u>20,465,233</u>	<u>10,902,736</u>	<u>16,238</u>	<u>31,384,207</u>
Total Liabilities	<u>24,920,682</u>	<u>12,019,321</u>	<u>18,415</u>	<u>36,958,418</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related amounts	<u>467,496</u>	<u>53,247</u>	<u>34,502</u>	<u>555,245</u>
<b>NET POSITION</b>				
Net investment in capital assets	23,410,425	7,262,155	3,853,617	34,526,197
Restricted for				
Depreciation	120,124	-	-	120,124
Debt service	136,990	657,972	-	794,962
Equipment replacement	-	1,628,885	-	1,628,885
Impact fees	11,950	-	-	11,950
Unrestricted	<u>13,747,754</u>	<u>2,888,598</u>	<u>688,094</u>	<u>17,324,446</u>
<b>TOTAL NET POSITION</b>	<u>\$ 37,427,243</u>	<u>\$ 12,437,610</u>	<u>\$ 4,541,711</u>	<u>\$ 54,406,564</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, 2016

	Business-type Activities - Enterprise Funds			Totals
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	
<b>OPERATING REVENUES</b>				
Public charges for services	\$ 30,848,338	\$ 3,253,061	\$ 550,495	\$ 34,651,894
<b>Total Operating Revenues</b>	<b>30,848,338</b>	<b>3,253,061</b>	<b>550,495</b>	<b>34,651,894</b>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	25,078,643	1,352,480	293,309	26,724,432
Depreciation	2,474,950	844,669	121,070	3,440,689
<b>Total Operating Expenses</b>	<b>27,553,593</b>	<b>2,197,149</b>	<b>414,379</b>	<b>30,165,121</b>
Operating Income	<b>3,294,745</b>	<b>1,055,912</b>	<b>136,116</b>	<b>4,486,773</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	191,581	9,201	-	200,782
Interest and amortization expense	(865,546)	(309,947)	-	(1,175,493)
Loss on early retirement	(16,328)	-	-	(16,328)
Miscellaneous	4,474	-	-	4,474
<b>Total Nonoperating Revenues     (Expenses)</b>	<b>(685,819)</b>	<b>(300,746)</b>	<b>-</b>	<b>(986,565)</b>
Income Before Contributions and Transfers	<b>2,608,926</b>	<b>755,166</b>	<b>136,116</b>	<b>3,500,208</b>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	89,548	-	-	89,548
Transfers out	(759,042)	-	-	(759,042)
<b>Total Contributions and Transfers</b>	<b>(669,494)</b>	<b>-</b>	<b>-</b>	<b>(669,494)</b>
<b>Change in Net Position</b>	<b>1,939,432</b>	<b>755,166</b>	<b>136,116</b>	<b>2,830,714</b>
NET POSITION - Beginning of Year	<b>35,487,811</b>	<b>11,682,444</b>	<b>4,405,595</b>	<b>51,575,850</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 37,427,243</b>	<b>\$ 12,437,610</b>	<b>\$ 4,541,711</b>	<b>\$ 54,406,564</b>

See accompanying notes to financial statements.

**CITY OF REEDSBURG**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			Totals
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 31,156,575	\$ 3,253,698	\$ 536,417	\$ 34,946,690
Received from other funds for services	492,634	-	-	492,634
Paid to suppliers for goods and services	(23,041,940)	(997,270)	(109,306)	(24,148,516)
Paid to employees for services	(2,012,233)	(291,551)	(173,491)	(2,477,275)
Net Cash Flows From Operating Activities	<u>6,595,036</u>	<u>1,964,877</u>	<u>253,620</u>	<u>8,813,533</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investments sold and matured	708,008	-	-	708,008
Investment income	138,278	9,201	-	147,479
Investment in ATC	(101,075)	-	-	(101,075)
Net Cash Flows From Investing Activities	<u>745,211</u>	<u>9,201</u>	<u>-</u>	<u>754,412</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to municipality for tax equivalent	(782,284)	-	-	(782,284)
Net Cash Flows From Noncapital Financing Activities	<u>(782,284)</u>	<u>-</u>	<u>-</u>	<u>(782,284)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt issued	7,663,303	-	-	7,663,303
Debt retired	(8,644,414)	(962,566)	-	(9,606,980)
Interest paid	(508,741)	(314,012)	-	(822,753)
Debt issuance costs	(120,980)	-	-	(120,980)
Acquisition and construction of capital assets	(1,139,587)	(110,898)	-	(1,250,485)
Capital contributions received	89,548	-	-	89,548
Net Cash Flows From Capital and Related Financing Activities	<u>(2,660,871)</u>	<u>(1,387,476)</u>	<u>-</u>	<u>(4,048,347)</u>
<b>Net Change in Cash and Cash Equivalents</b>	3,897,092	586,602	253,620	4,737,314
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>7,717,617</u>	<u>4,284,820</u>	<u>329,109</u>	<u>12,331,546</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 11,614,709</u>	<u>\$ 4,871,422</u>	<u>\$ 582,729</u>	<u>\$ 17,068,860</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	\$ 3,294,745	\$ 1,055,912	\$ 136,116	\$ 4,486,773
Nonoperating revenue	33,645	-	-	33,645
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	2,474,950	844,669	121,070	3,440,689
Depreciation charged to other funds	68,919	-	-	68,919
Changes in assets and liabilities				
Accounts receivable	658,512	17,754	-	676,266
Due from other funds	89,946	(17,117)	(14,078)	58,751
Prepaid items	(10,941)	-	-	(10,941)
Inventories	9,420	-	-	9,420
Accounts payable	(50,219)	50,856	(528)	109
Accrued liabilities	(8,465)	2,847	(366)	(5,984)
Due to other funds	31,195	-	-	31,195
Compensated absences	(26,341)	-	-	(26,341)
Other current liabilities	(98,307)	-	-	(98,307)
Pension related deferrals and liabilities	127,977	9,956	11,406	149,339
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 6,595,036</u>	<u>\$ 1,964,877</u>	<u>\$ 253,620</u>	<u>\$ 8,813,533</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>				
Cash and investments	\$ 10,628,275	\$ 2,534,262	\$ 582,729	\$ 13,745,266
Restricted cash and investments				
Restricted cash and investments - current	150,746	-	-	150,746
Restricted cash and investments - noncurrent	835,688	2,337,160	-	3,172,848
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 11,614,709</u>	<u>\$ 4,871,422</u>	<u>\$ 582,729</u>	<u>\$ 17,068,860</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
ATC dividends reinvested	<u>\$ (67,203)</u>	<u>\$ -</u>	<u>\$ -</u>	
Amortization of debt premium	<u>\$ 3,216</u>	<u>\$ -</u>	<u>\$ -</u>	
Interest paid by municipality	<u>\$ 117,833</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, 2016

	<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	\$ 5,206,018	\$ 35,060
Property taxes receivable	<u>2,778,380</u>	<u>-</u>
Total Assets	<u>7,984,398</u>	<u>35,060</u>
<b>LIABILITIES</b>		
Due to other taxing units	<u>7,984,398</u>	<u>-</u>
Total Liabilities	<u>7,984,398</u>	<u>-</u>
<b>NET POSITION</b>		
Held in trust for private trust activities	<u>-</u>	<u>35,060</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ -</u></u>	<u><u>\$ 35,060</u></u>

**CITY OF REEDSBURG**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended December 31, 2016

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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>30</u>
Total Deductions	<u>30</u>
<b>Change in Net Position</b>	30
NET POSITION - Beginning of Year	<u>35,030</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 35,060</u></u>

# CITY OF REEDSBURG

## COMBINING STATEMENT OF NET POSITION COMPONENT UNITS December 31, 2016

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	Community Development Authority	Herbert H. Webb Trust	Totals
<b>ASSETS</b>			
Cash and investments	\$ 11,939	\$ 2,675,768	\$ 2,687,707
Loans receivable	70,000	-	70,000
Property held for resale	87,106	-	87,106
Total Assets	<u>169,045</u>	<u>2,675,768</u>	<u>2,844,813</u>
<b>LIABILITIES</b>			
Due to primary government	-	25,245	25,245
Total Liabilities	<u>-</u>	<u>25,245</u>	<u>25,245</u>
<b>NET POSITION</b>			
Restricted for Trust purposes	-	2,650,523	2,650,523
Unrestricted	<u>169,045</u>	<u>-</u>	<u>169,045</u>
<b>TOTAL NET POSITION</b>	<u>\$ 169,045</u>	<u>\$ 2,650,523</u>	<u>\$ 2,819,568</u>

See accompanying notes to financial statements.

## CITY OF REEDSBURG

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

For the Year Ended December 31, 2016

	Community Development Authority	Herbert H. Webb Trust	Totals
<b>OPERATING EXPENSES</b>			
Operation and maintenance	\$ -	\$ 74,175	\$ 74,175
Total Operating Expenses	-	74,175	74,175
Operating Loss	-	(74,175)	(74,175)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	-	199,785	199,785
Miscellaneous	1,000	-	1,000
Total Nonoperating Revenues (Expenses)	1,000	199,785	200,785
Income Before Contributions	1,000	125,610	126,610
<b>CONTRIBUTIONS</b>			
Contribution from city	17,321	-	17,321
Total Contributions	17,321	-	17,321
<b>Change in net position</b>	18,321	125,610	143,931
NET POSITION - Beginning of Year	150,724	2,524,913	2,675,637
<b>NET POSITION - END OF YEAR</b>	\$ 169,045	\$ 2,650,523	\$ 2,819,568

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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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, 2016

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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.I. 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, 2016. 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, 2016. The trust does not issue separate financial statements.

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

In February 2015, the GASB issued statement No. 72 - *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

##### ***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, 2016

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

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#### ***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 funds:

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, 2016

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

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

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

The city reports the following major governmental funds: (cont.)

General Debt Service - 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, other than TID or enterprise debt.

The city reports the following major enterprise funds:

Utility Commission - 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	Park Fund
Triathlon Fund	DARE Fund
Webb Endowment Fund	Nishan Park Concession Stand Fund
Room Tax Fund	CDBG Fund
EDA Fund	HCRI Fund
Home Loan Fund	Sidewalk Repair Fund
Solid Waste Fund	Mannigal Endowment Fund
Library - County Funding	Library - Investment
Popple Trail Donations	Fireworks Fund
Rescue Fund	

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

Tax Incremental Financing (TIF) District No. 3	Tax Incremental Financing (TIF) District No. 4
Tax Incremental Financing (TIF) District No. 5	Tax Incremental Financing (TIF) District No. 6
Tax Incremental Financing (TIF) District No. 7	Tax Incremental Financing (TIF) District No. 8
Tax Incremental Financing (TIF) District No. 9	Capital Equipment Fund
General Capital Projects Fund	

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

#### ***Fund Financial Statements (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, 2016

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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.)*

##### *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, 2016

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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, 2016

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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 methods and inputs as outlined in Note III. A. 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, 2016, 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 - 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2019

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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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.)***

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

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

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 \$1,115,388. Starting in 2016, loans with forgivable balances are included in this allowance.

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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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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.)*

##### **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.

##### **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 and amortization 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

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

---

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

#### **5. Capital Assets (cont.)**

##### ***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.

#### **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.

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.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

---

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

---

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

#### ***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.

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 effective interest 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 \$2,866,054, 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.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

---

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

---

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

#### **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.

##### ***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.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

---

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

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

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

- 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 \$1,566,225, or 26%, and is included in unassigned general fund balance.

See Note III. G. for further information.

Fiduciary fund equity is classified as held in trust for community aid on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the village believes it is in compliance with all significant restrictions. Net position of \$35,060 was available for the year ended December 31, 2016.

#### **12. Pension**

For purposes of measuring the net pension asset (liability), 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.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

---

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

#### **13. 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 December 21, 2016 that were effective February 20, 2017. 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 made effective as of January 1, 2016.

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

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

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

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### **A. BUDGETARY INFORMATION**

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

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

#### ***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
General	\$ 6,228,955	\$ 6,460,150	\$ 231,195
Webb Endowment Fund	40,000	45,000	5,000
Fireworks Fund	16,500	19,222	2,722
TIF District No. 3	22,925	116,065	93,140
TIF District No. 4	83,285	421,886	338,601
TIF District No. 5	42,510	94,208	51,698
TIF District No. 6	45,170	1,113,410	1,068,240
TIF District No. 7	30,570	30,941	371
TIF District No. 8	93,750	456,151	362,401
General Debt Service	1,288,405	3,085,425	1,797,020

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, 2016, the following individual funds held a deficit balance:

Fund	Amount	Reason
General Debt Service	\$ 122,748	Unfunded debt payments
Taxi Grant Fund	17,430	Expenditures exceeding grant revenue
Tax Incremental District No. 3	1,109,860	Costs exceeding increment
Tax Incremental District No. 6	1,172,784	Costs exceeding increment
Tax Incremental District No. 7	17,403	Costs exceeding increment
Tax Incremental District No. 8	475,077	Costs exceeding increment
Tax Incremental District No. 9	8,485	Costs exceeding increment

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, 2016

### **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	\$ 15,912,973	\$ 15,594,904	Custodial credit risk
LGIP	10,853,938	10,853,938	Credit risk
Petty cash	500	-	N/A
Total Deposits and Investments	<u>\$ 26,767,411</u>	<u>\$ 26,448,842</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 18,202,739		
Restricted cash and investments	3,323,594		
Per statement of net position - fiduciary funds			
Tax collection fund	5,206,018		
Private-Purpose Trust Fund	35,060		
Total Deposits and Investments	<u>\$ 26,767,411</u>		

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, 2016

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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, 2016, the banks had pledged various government securities in the amount of \$13,604,260 to secure the city's deposits.

The utility commission's investment in American Transmission Corporation (ATC) is measured at the net asset value (NAV) per share of ownership. As of December 31, 2016, the fair value of the investment was \$2,418,226. ATC was formed by approximately 25 utilities to plan, construct, maintain, monitor and own electric transmission facilities in Wisconsin. The utility elected to receive an investment in ATC at its inception rather than directly sell its transmission facilities. The utility owns less than 1/2 of 1 percent of ATC. The utility has no unfunded commitments at year end. The investment in ATC can only be redeemed by ATC or another existing member.

#### ***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.

The city does not have any deposits exposed to custodial credit risk.

##### ***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, 2016

**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>Debt Service</u>	<u>Utility Commission</u>	<u>Sewer Utility</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Receivables						
Gross receivables	\$ 3,239,262	\$ 950,848	\$ 2,848,255	\$ 187,264	\$ 5,043,177	\$12,268,806
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>(51,996)</u>	<u>-</u>	<u>(1,115,388)</u>	<u>(1,167,384)</u>
Net Total Receivables	<u>\$ 3,239,262</u>	<u>\$ 950,848</u>	<u>\$ 2,796,259</u>	<u>\$ 187,264</u>	<u>\$ 3,927,789</u>	<u>\$11,101,422</u>
Amounts not expected to be collected within one year	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 51,996</u>	<u>\$ 4,000</u>	<u>\$ 3,720,915</u>	<u>\$ 3,780,911</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	\$ 6,509,678	\$ -
Interfund interest - TIF advances	<u>-</u>	<u>424,504</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 6,509,678</u>	<u>\$ 424,504</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, 2016, 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. When it does, a liability to the state will be recorded.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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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.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

#### ***Equipment Replacement Account***

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

#### ***Impact Fee Account***

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

Following is a list of restricted assets at December 31, 2016:

	<u>Restricted Assets</u>
Redemption account	\$ 859,021
Reserve account	703,614
Depreciation account	120,124
Replacement account	1,628,885
Impact fee account	<u>11,950</u>
Total	<u>\$ 3,323,594</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

**D. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 6,828,542	\$ 82,200	\$ -	\$ 6,910,742
Land for right of way	834,070	-	-	834,070
Road infrastructure not being depreciated	5,155,152	77,935	18,800	5,214,287
Construction work in progress	<u>729,159</u>	<u>198,246</u>	<u>788,095</u>	<u>139,310</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>13,546,923</u>	<u>358,381</u>	<u>806,895</u>	<u>13,098,409</u>
Capital assets being depreciated/amortized				
Buildings	10,616,598	1,108,700	-	11,725,298
Intangibles	95,272	-	-	95,272
Equipment and furniture	9,809,317	402,839	137,455	10,074,701
Infrastructure	<u>18,107,229</u>	<u>233,806</u>	<u>75,400</u>	<u>18,265,635</u>
Total Capital Assets Being Depreciated/Amortized	<u>38,628,416</u>	<u>1,745,345</u>	<u>212,855</u>	<u>40,160,906</u>
Total Capital Assets	<u>52,175,339</u>	<u>2,103,726</u>	<u>1,019,750</u>	<u>53,259,315</u>
Less: Accumulated depreciation/amortization for				
Buildings	(6,762,144)	(224,174)	-	(6,986,318)
Intangibles	(58,667)	(9,527)	-	(68,194)
Equipment and furniture	(5,461,469)	(523,528)	120,563	(5,864,434)
Infrastructure	<u>(10,538,989)</u>	<u>(577,273)</u>	<u>75,400</u>	<u>(11,040,862)</u>
Total Accumulated Depreciation/Amortization	<u>(22,821,269)</u>	<u>(1,334,502)</u>	<u>195,963</u>	<u>(23,959,808)</u>
Net Capital Assets Being Depreciated/Amortized	<u>15,807,147</u>	<u>410,843</u>	<u>16,892</u>	<u>16,201,098</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 29,354,070</u>	<u>\$ 769,224</u>	<u>\$ 823,787</u>	<u>\$ 29,299,507</u>

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

#### D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

#### Governmental Activities

General government	\$ 78,334
Public safety	274,258
Public works	732,281
Culture, recreation, and education	249,270
Conservation and development	<u>359</u>
Total Governmental Activities Depreciation/Amortization Expense	<u><u>\$ 1,334,502</u></u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciation				
Land	\$ 384,006	\$ -	\$ -	\$ 384,006
Construction in progress	<u>266,497</u>	<u>301,884</u>	<u>448,800</u>	<u>119,581</u>
Total Capital Assets Not Being Depreciation	<u>650,503</u>	<u>301,884</u>	<u>448,800</u>	<u>503,587</u>
Capital assets being depreciated				
Electric system	28,400,394	274,028	28,615	28,645,807
Water system	13,718,378	206,492	13,440	13,911,430
Communications system	30,060,787	910,181	214,816	30,756,152
Sewer system	29,805,212	50,460	5,000	29,850,672
Stormwater system	<u>6,164,201</u>	<u>-</u>	<u>-</u>	<u>6,164,201</u>
Total Capital Assets Being Depreciated	<u>108,148,972</u>	<u>1,441,161</u>	<u>261,871</u>	<u>109,328,262</u>
Total Capital Assets	<u>108,799,475</u>	<u>1,743,045</u>	<u>710,671</u>	<u>109,831,849</u>
Less: Accumulated depreciation for				
Electric system	(15,198,762)	(991,612)	30,287	(16,160,087)
Water system	(4,140,679)	(344,447)	18,808	(4,466,318)
Communications system	(8,386,172)	(1,254,028)	214,816	(9,425,384)
Sewer system	(10,017,340)	(844,669)	5,000	(10,857,009)
Stormwater system	<u>(2,248,588)</u>	<u>(121,070)</u>	<u>-</u>	<u>(2,369,658)</u>
Total Accumulated Depreciation	<u>(39,991,541)</u>	<u>(3,555,826)</u>	<u>268,911</u>	<u>(43,278,456)</u>
Net Capital Assets Being Depreciated	<u>68,157,431</u>	<u>(2,114,665)</u>	<u>(7,040)</u>	<u>66,049,806</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 68,807,934</u></u>	<u><u>\$(1,812,781)</u></u>	<u><u>\$ 441,760</u></u>	<u><u>\$ 66,553,393</u></u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 309,850
Electric	956,036
Communications	1,209,064
Sewer	844,669
Storm	<u>121,070</u>

Total Business-type Activities Depreciation Expense	<u><u>\$ 3,440,689</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:

Receivable Fund	Payable Fund	Amount
General fund	Utility commission	\$ 759,042
General debt service	Utility commission	117,833
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	69,659
Sewer	Utility commission	<u>180,287</u>
Total - Fund Financial Statements		1,222,461
Less: Fund eliminations		<u>(345,586)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 876,875</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, 2016

**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 the 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%. \$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, TIF District No. 9, 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	\$ 16,097	\$ 16,097
General fund	General debt service fund	144,541	144,541
General fund	TIF District No. 3	1,141,864	1,141,864
General fund	TIF District No. 6	1,180,561	1,180,561
General fund	TIF District No. 7	17,403	17,403
General fund	TIF District No. 8	475,077	475,077
General fund	TIF District No. 9	10,000	10,000
Total - Fund Financial Statements		2,985,543	
Less: Fund eliminations		(2,985,543)	
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, 2016

**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:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Nonmajor governmental funds	\$ 28,263	Airport terminal funding
General debt service	Nonmajor governmental funds	178,690	Debt service payments
Nonmajor governmental funds	Nonmajor governmental funds	368,000	Increment sharing, playground equipment purchase
Nonmajor governmental funds	General fund	440,700	Move outstanding loan balance
General fund	Utility commission	<u>759,042</u>	Tax equivalent
Total - Fund Financial Statements		1,774,695	
Less: Fund eliminations		<u>(1,015,653)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 759,042</u></u>	

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

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016, 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	\$ 6,435,000	\$ 1,785,000	\$ 2,895,000	\$ 5,325,000	\$ 1,045,000
(Discounts)/Premiums	<u>41,352</u>	<u>-</u>	<u>41,352</u>	<u>-</u>	<u>-</u>
Sub-totals	<u>6,476,352</u>	<u>1,785,000</u>	<u>2,936,352</u>	<u>5,325,000</u>	<u>1,045,000</u>
Other Liabilities					
Vested compensated absences	547,324	138,059	112,399	572,984	116,434
Land contract	-	350,000	87,500	262,500	87,500
Net pension liability (asset)	<u>(561,721)</u>	<u>930,972</u>	<u>-</u>	<u>369,251</u>	<u>-</u>
Total Other Liabilities	<u>(14,397)</u>	<u>1,419,031</u>	<u>199,899</u>	<u>1,204,735</u>	<u>203,934</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 6,461,955</u>	<u>\$ 3,204,031</u>	<u>\$ 3,136,251</u>	<u>\$ 6,529,735</u>	<u>\$ 1,248,934</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 14,000,000	\$ 7,480,000	\$ 8,000,000	\$ 13,480,000	\$ 210,000
Revenue bonds	20,554,098	-	1,590,857	18,963,241	1,661,640
Notes payable	123,607	-	16,123	107,484	16,123
(Discounts)/Premiums	<u>-</u>	<u>183,303</u>	<u>3,216</u>	<u>180,087</u>	<u>-</u>
Sub-totals	<u>34,677,705</u>	<u>7,663,303</u>	<u>9,610,196</u>	<u>32,730,812</u>	<u>1,887,763</u>
Other Liabilities					
Vested compensated absences	240,526	48,419	74,760	214,185	67,133
Net pension liability (asset)	<u>(397,531)</u>	<u>658,847</u>	<u>-</u>	<u>261,316</u>	<u>-</u>
Total Other Liabilities	<u>(157,005)</u>	<u>707,266</u>	<u>74,760</u>	<u>475,501</u>	<u>67,133</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 34,520,700</u>	<u>\$ 8,370,569</u>	<u>\$ 9,684,956</u>	<u>\$ 33,206,313</u>	<u>\$ 1,954,896</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, 2016, was \$28,131,610. Total general obligation debt outstanding at year end was \$18,805,000.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**General Obligation Debt**

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

**Governmental Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>
General obligation refunding bonds	5/20/2013	3/1/2020	0.45 - 1.70	\$ 1,835,000	\$ 1,015,000
General obligation refunding bonds	5/5/2013	3/1/2023	1.20 - 1.80	3,225,000	2,525,000
General obligation refunding bonds	9/7/2016	12/1/2021	1.05 - 1.50	1,785,000	<u>1,785,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 5,325,000</u>

**Business-type Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>
General obligation refunding bonds	11/1/2009	12/1/2019	3.80%	\$ 6,000,000	\$ 6,000,000
General obligation refunding bonds	8/22/2016	3/1/2035	2.00 - 3.00	7,480,000	<u>7,480,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 13,480,000</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2017	\$ 1,045,000	\$ 68,485	\$ 210,000	\$ 419,048
2018	990,000	54,950	145,000	410,788
2019	930,000	41,340	6,145,000	407,888
2020	775,000	29,333	150,000	176,938
2021	560,000	19,935	150,000	173,938
2022-2026	1,025,000	18,113	820,000	821,987
2027-2031	-	-	2,210,000	703,425
2032-2035	-	-	3,650,000	218,281
Totals	<u>\$ 5,325,000</u>	<u>\$ 232,156</u>	<u>\$ 13,480,000</u>	<u>\$ 3,332,293</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, 2016

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

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

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2016, consists of the following:

**Business-type Activities Revenue Debt**

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>	
<u>Sewer Utility</u>						
Revenue bonds	5/1/2005	5/1/2025	2.565%	\$ 11,292,318	\$ 6,052,873	
Revenue bonds	5/1/2006	5/1/2025	2.365	2,981,335	1,600,101	
Revenue bonds	3/23/2011	5/1/2030	2.499	1,860,236	1,459,316	
Revenue bonds	5/1/2013	5/1/2033	2.625	3,096,378	<u>2,752,345</u>	(1)
Total Sewer Utility					<u>11,864,635</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 \$1,276,578. Total sewer gross revenues as defined were \$3,262,262. 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, 2016. The repayment schedule is for the amount issued.

Water Utility

Safe Drinking Water Loan	1/27/2010	5/1/2029	2.67%	\$ 385,163	\$ 287,298	
Revenue bonds	9/29/2011	5/1/2020	1.00 - 3.00	995,000	465,000	
Main Replacements and SCADA Improvements	7/7/2014	5/1/2029	1.70 - 3.75	895,000	<u>825,000</u>	
Total Water Utility					<u>1,577,298</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 paid was \$219,953. Total customer gross revenues were \$1,640,362. 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, 2016

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

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

**Revenue Debt (cont.)**

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

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>
<u>Electric Utility</u>					
Revenue refunding bonds	11/15/2011	12/1/2020	0.75 - 3.10%	\$ 1,470,000	\$ 690,000
Revenue bonds	2/21/2013	12/1/2023	0.65 - 2.70	940,000	650,000
Revenue bonds	10/24/2013	12/1/2022	0.80 - 3.50	2,145,000	<u>1,505,000</u>
				Total Electric Utility	<u>2,845,000</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 \$535,455. Total customer gross revenues were \$24,258,538. Annual principal and interest payments are expected to require 2% of gross revenues on average.

Other Enterprise Fund

Revenue refunding state trust fund loan	7/28/2015	3/15/2035	4.75%	\$ 2,676,308	\$ <u>2,676,308</u>
				Total Other Enterprise Fund	<u>2,676,308</u>

Total Business-type Activities - Revenue Debt \$ 18,963,241

All communications utility revenues are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest was not paid in 2016. Total customer gross revenues as defined were \$5,143,102. Annual principal and interest payments are expected to require 4% of gross revenues on average.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**Revenue Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2017	\$ 1,661,640	\$ 591,735
2018	1,762,370	493,785
2019	1,813,098	448,522
2020	1,859,388	400,007
2021	1,682,208	349,202
2022-2026	6,536,133	1,079,442
2027-2031	2,468,207	456,572
2032-2035	1,180,197	106,412
Totals	<u>\$ 18,963,241</u>	<u>\$ 3,925,677</u>

Business-type Activities Other Long-Term Obligations	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Notes payable	8/12/2013	8/28/2023	0%	\$ 161,226	<u>\$ 107,484</u>
Total Business-type Activities Other Long-Term Obligations					<u>\$ 107,484</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Other Long-Term Obligations	
	Principal	Interest
2017	\$ 16,123	\$ -
2018	16,123	-
2019	16,123	-
2020	16,123	-
2021	16,123	-
2022-2023	26,869	-
Totals	<u>\$ 107,484</u>	<u>\$ -</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

**Land Contract**

The city purchased property via a land contract that is intended to be used for future development of municipal buildings.

The land contract at December 31, 2016 consists of the following:

<b>Governmental Activities</b>	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Land Contract					
300 Vine Street	4/28/2016	5/1/2019	3%	\$ 350,000	\$ 262,500
Total Governmental Activities Land Contract					<u>\$ 262,500</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Land Contract</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 87,500	\$ 7,984
2018	87,500	5,323
2019	<u>87,500</u>	<u>2,661</u>
Totals	<u>\$ 262,500</u>	<u>\$ 15,968</u>

**Other Debt Information**

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

**Current Refunding**

On September 7, 2016, the city issued \$1,785,000 in general obligation bonds with an average coupon rate of 1.21% to refund \$1,755,000 of outstanding bonds with an average coupon rate of 3.75%. The net proceeds along with existing funds of the city were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$1,972,825 from 2016 through 2021. The cash flow requirements on the 2016 refunding bonds are \$1,849,023 from 2017 through 2021. 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 \$116,159.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

##### *Current Refunding* (cont.)

On August 22, 2016, the communications utility issued \$7,480,000 in revenue bonds with an average coupon rate of 2.24% to refund \$7,743,220 of outstanding bonds with an average coupon rate of 3.75%. 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 \$11,688,126 from 2017 through 2035. The cash flow requirements on the 2016 refunding bonds are \$10,128,292 from 2017 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 \$998,759.

##### *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 the 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 2016 as follows:

Operating revenues	\$ 3,253,061
Investment income	9,201
Less: Operation and maintenance expenses	<u>(1,352,480)</u>
Net Defined Earnings	<u>\$ 1,909,782</u>
Minimum Required Earnings per Resolution:	
Highest annual debt service 2005 CWF bonds	\$ 753,927
Highest annual debt service 2006 CWF bonds	197,556
Highest annual debt service 2011 CWF bonds	123,712
Highest annual debt service 2013 CWF bonds	<u>201,073</u>
Subtotal	1,276,268
Coverage factor	<u>1.10</u>
Minimum Required Earnings	<u>\$ 1,403,895</u>
Actual Debt Coverage	<u>1.50</u>

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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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, 2016, includes the following:

#### **Governmental Activities**

Net Investment in Capital Assets	
Land	\$ 12,959,099
Construction in progress	139,310
Other capital assets, net of accumulated depreciation/amortization	16,201,098
Less: Long-term debt outstanding	(5,587,500)
Plus: Noncapital debt proceeds	190,000
Total Net Investment in Capital Assets	<u>23,902,007</u>
Restricted	
Trust purposes	53,489
Housing and economic development	2,157,232
TIF projects	66,872
Park development	4,621
Room tax	22,328
Library	433,381
Total Restricted	<u>2,737,923</u>
Unrestricted	<u>4,249,941</u>
Total Governmental Activities Net Position	<u>\$ 30,889,871</u>

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### 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, 2016, include the following:

	General	General Debt Service	Nonmajor Funds	Totals
<b>Fund Balances</b>				
<b>Nonspendable:</b>				
Investment in mutual insurance company	\$ 200,515	\$ -	\$ -	\$ 200,515
Advances	2,985,543	-	-	2,985,543
Prepaid items	88,998	-	-	88,998
<b>Restricted for:</b>				
Public purpose	-	-	30,896	30,896
General city expenditures	-	-	22,328	22,328
Recreational and playground purposes	-	-	22,593	22,593
Loans	-	-	2,157,232	2,157,232
Library	-	-	433,381	433,381
Capital projects - TIF	-	-	66,872	66,872
Park improvements	-	-	4,621	4,621
<b>Committed to:</b>				
Sidewalk repairs	-	-	21,365	21,365
Solid waste and recycling activities	-	-	89,511	89,511
Fire protection	-	-	233,490	233,490
Drug education	-	-	7,726	7,726
Recreation	-	-	70,405	70,405
<b>Assigned to:</b>				
Capital projects	-	-	524,421	524,421
CIVMIC self-insurance retention	100,000	-	-	100,000
PILOT	759,042	-	-	759,042
<b>Unassigned (deficit):</b>	<u>1,566,225</u>	<u>(122,748)</u>	<u>(2,801,039)</u>	<u>(1,357,562)</u>
 <b>Total Fund Balances</b>	<u><u>\$ 5,700,323</u></u>	<u><u>\$ (122,748)</u></u>	<u><u>\$ 883,802</u></u>	<u><u>\$ 6,461,377</u></u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

***Business-type Activities***

Net Investment in Capital Assets	
Land	\$ 384,006
Construction in progress	119,581
Other capital assets, net of accumulated depreciation	66,049,806
Less: Long-term debt outstanding	(32,550,723)
Plus: Unspent capital related debt proceeds	703,614
Less: Unamortized debt premium	<u>(180,087)</u>
Total Net Investment in Capital Assets	<u>34,526,197</u>
Restricted	
Impact fees	11,950
Debt service	794,962
Equipment replacement	1,628,885
Depreciation	<u>120,124</u>
Total Restricted	<u>2,555,921</u>
Unrestricted	
	<u>17,324,446</u>
Total Business-type Activities Net Position	<u><u>\$ 54,406,564</u></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	\$ 1,548,849	\$ 24,004,753	\$ 5,121,074
Other operating revenues	90,328	67,528	15,806
Depreciation expense	(309,850)	(956,036)	(1,209,064)
Other operating expenses	<u>(784,102)</u>	<u>(21,096,476)</u>	<u>(3,198,065)</u>
Operating Income	<u>545,225</u>	<u>2,019,769</u>	<u>729,751</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**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	\$ 101	\$ 186,257	\$ 5,223
Miscellaneous non-operating income	-	259	4,215
Interest and amortization expense	(46,143)	(80,476)	(738,927)
Loss on early retirement	(16,328)	-	-
Capital contributions	7,968	8,582	72,998
Payment in lieu of taxes	(238,546)	(520,496)	-
Total Nonoperating Revenues (Expenses)	(292,948)	(405,874)	(656,491)
 <b>Change in Net Position</b>	 <b>\$ 252,277</b>	 <b>\$ 1,613,895</b>	 <b>\$ 73,260</b>

**I. 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 \$11,939 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.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

**I. COMPONENT UNIT (cont.)**

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

d. Property Held for Resale

Property held for resale represents properties purchased by the CDA with the intention to rehabilitate the property and resell it.

**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

	Carrying Value	Statement Balances	Associated Risks
Mutual funds - equity and bond funds	<u>\$ 2,675,768</u>	<u>\$ 2,675,768</u>	Credit risk, interest rate risk

**Credit Risk, Interest Rate Risk, and Fair Value Measurements**

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 and fair value measurements 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, 2016

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## NOTE IV - OTHER INFORMATION

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

**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.

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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#### 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:

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

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

**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 \$367,753 in contributions from the city.

Contribution rates as of December 31, 2016 are:

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

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

At December 31, 2016, the city reported a liability of \$630,567 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the city's proportion was 0.03880459%, which was a decrease of 0.00024851% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the city recognized pension expense of \$755,168.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

At December 31, 2016, 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	\$ 106,674	\$ 1,327,018
Changes in assumptions	441,172	-
Net differences between projected and actual earnings on pension plan investments	2,599,722	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,750	12,811
Employer contributions subsequent to the measurement date	361,343	-
Totals	\$ 3,510,661	\$ 1,339,829

\$361,343 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, 2017. 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
2017	\$ 818,982	\$ 324,924
2018	818,982	324,924
2019	818,982	324,924
2020	678,202	322,603
2021	14,170	42,454

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

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

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

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

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

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

#### 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>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

**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.

**Sensitivity of the city's proportionate share of the net pension liability to changes in the discount rate.** The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension liability 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 liability (asset)	\$4,422,809	\$630,567	\$(2,331,242)

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

At December 31, 2016, 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.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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## NOTE IV - OTHER INFORMATION (cont.)

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

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

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

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

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 1.0%.

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, 2016.

### ***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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

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

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

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

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

In 2015, a majority of WPPI Energy members ratified an eighteen year extension to their existing contracts. All but two of the remaining members ratified the same extension in 2016. The new contract expires at midnight on December 31, 2055.

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 \$411 million as of December 31, 2016.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

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

The governing body is made up of citizens from each community. Local representatives are appointed by the mayor. The governing body has authority to adopt its own budget and control the financial affairs of the district. The city made a payment totaling \$65,289 to the district for 2016. The city believes that the district will continue to provide services in the future at similar rates. The city does not have an equity interest in the joint venture.

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

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

On May 8, 2017 the Utility Commission approved the issuance of the 2017 G.O. Refunding Bonds in the amount of \$2,640,000.

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

#### *Utility Commission*

The electric utility has one significant customer who was responsible for 34% of operating revenues in 2016.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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

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

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

- > *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. 80, Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- > *Statement No. 81, Irrevocable Split-Interest Agreements*
- > *Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>TAXES</b>				
General property taxes	\$ 3,057,832	\$ 3,057,832	\$ 2,984,425	\$ (73,407)
Mobile home taxes	85,000	85,000	94,802	9,802
Room taxes	2,000	2,000	1,785	(215)
Payments in lieu of taxes	105,000	105,000	159,887	54,887
Interest on delinquent taxes	150	150	401	251
Total Taxes	3,249,982	3,249,982	3,241,300	(8,682)
<b>INTERGOVERNMENTAL REVENUES</b>				
State shared revenues	738,011	738,011	737,004	(1,007)
State expenditure restraint program	211,740	211,740	182,583	(29,157)
Fire insurance tax from state	20,000	20,000	22,578	2,578
State aid - exempt computers	16,630	16,630	16,478	(152)
State aid - law enforcement training	3,000	3,000	24,781	21,781
State aid - road allotment	435,775	435,775	435,561	(214)
State aid - connecting streets	49,372	49,372	48,875	(497)
State aid - aid to state facilities	4,000	4,000	4,397	397
County aid - airport	13,400	8,200	4,100	(4,100)
Total Intergovernmental Revenues	1,491,928	1,486,728	1,476,357	(10,371)
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage	13,500	13,500	14,130	630
Operators' license	3,000	3,000	3,185	185
Cigarette licenses	1,600	1,600	1,600	-
Amusement device licenses	550	550	565	15
Mobile home park licenses	550	550	1,176	626
Cable television franchise fees	110,000	107,000	128,777	21,777
Taxi cab	25	25	25	-
Bicycle licenses	60	60	55	(5)
Dog and cat licenses	6,500	6,500	6,961	461
Transient licenses	100	100	120	20
Sanitation license	-	-	900	900
Building permits	15,000	15,000	21,631	6,631
Electrical permits	6,500	6,500	9,442	2,942
Plumbing permits	3,500	3,500	5,353	1,853
Zoning permits	1,500	1,500	2,085	585
State permit seals	150	150	250	100
Other permits	100	100	40	(60)
Total Licenses and Permits	162,635	159,635	196,295	36,660
<b>FINES AND FORFEITURES</b>				
Court penalties and costs	199,500	199,500	217,073	17,573
Parking violations	12,500	12,500	8,330	(4,170)
Other law and ordinance violations	750	750	380	(370)
Total Fines and Forfeitures	212,750	212,750	225,783	13,033

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>PUBLIC CHARGES FOR SERVICES</b>				
Special assessment search	\$ 3,500	\$ 3,500	\$ 5,675	\$ 2,175
Clerk and treasurer fees	1,000	1,000	(1,751)	(2,751)
License publication fees	750	750	800	50
Land use inquiries	5,000	5,000	6,770	1,770
Photocopies	1,000	1,000	1,935	935
Police fees	3,500	3,500	10,665	7,165
Street maintenance	9,300	9,300	5,549	(3,751)
Weed and nuisance control	3,000	3,000	4,099	1,099
Parks	21,200	21,200	16,839	(4,361)
Other recreation programs	28,750	28,750	31,468	2,718
Adult volleyball fees	3,000	3,000	1,975	(1,025)
Adult basketball fees	1,500	1,500	-	(1,500)
Recycling	-	-	60	60
Youth soccer program	100	100	1,855	1,755
Youth tennis program	750	750	-	(750)
Swimming pools	38,000	38,000	39,564	1,564
Registration fees	10,000	10,000	11,777	1,777
BID security deposits	200	200	320	120
Trees	-	-	475	475
Sale of materials	10	10	25	15
Total Public Charges for Services	<u>130,560</u>	<u>130,560</u>	<u>138,100</u>	<u>7,540</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Local government services	<u>83,870</u>	<u>83,870</u>	<u>89,385</u>	<u>5,515</u>
<b>INVESTMENT INCOME</b>				
Investment income	6,000	6,000	17,946	11,946
Interest on city billings	<u>1,250</u>	<u>1,250</u>	<u>175</u>	<u>(1,075)</u>
Total Investment Income	<u>7,250</u>	<u>7,250</u>	<u>18,121</u>	<u>10,871</u>
<b>MISCELLANEOUS</b>				
Donations	9,460	9,460	10,224	764
Insurance recoveries	-	-	6,132	6,132
Workers compensation dividends	15,000	15,000	33,948	18,948
Rent	14,000	14,000	11,487	(2,513)
Other miscellaneous	<u>33,975</u>	<u>33,975</u>	<u>5,776</u>	<u>(28,199)</u>
Total Miscellaneous	<u>72,435</u>	<u>72,435</u>	<u>67,567</u>	<u>(4,868)</u>
<b>OTHER FINANCING SOURCES</b>				
Property sales	8,000	8,000	8,051	51
Transfers in	<u>800,000</u>	<u>800,000</u>	<u>787,305</u>	<u>(12,695)</u>
Total Other Financing Sources	<u>808,000</u>	<u>808,000</u>	<u>795,356</u>	<u>(12,644)</u>
Total Revenues and Other Financing Sources	<u>6,219,410</u>	<u>6,211,210</u>	<u>6,248,264</u>	<u>37,054</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Council	\$ 31,066	\$ 31,066	\$ 27,820	\$ 3,246
Municipal court	175,439	175,439	168,006	7,433
Legal	60,000	60,000	61,792	(1,792)
Mayor	7,459	7,459	6,677	782
Administrator	74,808	97,876	134,703	(36,827)
Legislative support	71,442	71,442	70,853	589
General administration	13,908	13,908	15,442	(1,534)
Elections	24,479	24,479	23,530	949
Financial management	279,961	256,932	219,916	37,016
Assessment of property	45,000	45,000	43,810	1,190
GIS/mapping	18,928	18,928	22,391	(3,463)
Buildings and plant	261,742	265,742	252,714	13,028
Property and liability insurance	150,000	150,000	148,307	1,693
Other general government	54,808	54,808	46,821	7,987
Total General Government	<u>1,269,040</u>	<u>1,273,079</u>	<u>1,242,782</u>	<u>30,297</u>
<b>PUBLIC SAFETY</b>				
Police	1,795,243	1,795,243	1,781,095	14,148
Fire protection	170,941	170,941	135,936	35,005
Hydrant rental	306,749	306,749	306,749	-
Ambulance	65,289	65,289	65,289	-
Building inspection	65,514	65,514	52,498	13,016
Emergency government	7,500	7,500	12,304	(4,804)
Emergency communication (911)	544,389	544,389	514,842	29,547
Total Public Safety	<u>2,955,625</u>	<u>2,955,625</u>	<u>2,868,713</u>	<u>86,912</u>
<b>HEALTH AND HUMAN SERVICES</b>				
Regulation and inspection	5,100	5,100	5,100	-
Animal control	150	150	-	150
Cemetery	16,000	16,000	16,000	-
Total Health and Human Services	<u>21,250</u>	<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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>PUBLIC WORKS</b>				
General public works	\$ 4,500	\$ 4,500	\$ 4,520	\$ (20)
Engineering	46,805	46,805	57,723	(10,918)
Machinery	95,138	95,138	94,723	415
Garages and sheds	162,029	162,029	144,938	17,091
Street maintenance	314,463	311,463	359,312	(47,849)
Tree and brush removal	22,012	22,012	27,242	(5,230)
Traffic control	58,616	58,616	52,581	6,035
Street cleaning	-	-	590	(590)
Snow and ice control	190,239	190,239	213,218	(22,979)
Street lighting	185,000	185,000	185,885	(885)
Sidewalks	7,203	7,203	376	6,827
Parking lot	1,837	1,837	1,829	8
Airport	238,516	169,010	75,808	93,202
Refuse and garbage collection	1,344	1,344	1,344	-
Total Public Works	<u>1,327,702</u>	<u>1,255,196</u>	<u>1,220,089</u>	<u>35,107</u>
<b>CULTURE, RECREATION, AND EDUCATION</b>				
Library	-	-	(828)	828
Parks	325,030	325,030	307,566	17,464
Recreation	40,599	40,599	32,107	8,492
Recreation administration	42,781	42,781	40,122	2,659
Celebration and entertainment	4,500	4,500	3,838	662
Recreation facilities	37,820	37,820	45,338	(7,518)
Swimming pool	95,713	95,713	92,513	3,200
Total Culture, Recreation, and Education	<u>546,443</u>	<u>546,443</u>	<u>520,656</u>	<u>25,787</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Tree planting	25,000	25,000	28,853	(3,853)
Nuisance control	4,000	4,000	3,473	527
Planning	47,087	47,087	46,341	746
Historic preservation	2,500	2,500	1,234	1,266
Economic development	35,525	45,525	40,710	4,815
Industrial development	28,250	28,250	17,497	10,753
Other conservation and development	25,000	25,000	8,002	16,998
Total Conservation and Development	<u>167,362</u>	<u>177,362</u>	<u>146,110</u>	<u>31,252</u>
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	440,700	(440,700)
Total Expenditures and Other Financing Uses	<u>6,287,422</u>	<u>6,228,955</u>	<u>6,460,150</u>	<u>(231,195)</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, 2016

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Net Change in Fund Balance</b>	\$ (68,012)	\$ (17,745)	\$ (211,886)	\$ (194,141)
FUND BALANCE - Beginning of Year	<u>5,912,209</u>	<u>5,912,209</u>	<u>5,912,209</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 5,844,197</u>	<u>\$ 5,894,464</u>	<u>\$ 5,700,323</u>	<u>\$ (194,141)</u>

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

**CITY OF REEDSBURG**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET) -  
WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2016

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability/(Asset)</u>	<u>Proportionate Share of the Net Pension Liability/(Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/16	0.03880459%	\$ 630,567	\$ 4,957,808	12.72%	98.20%
12/31/15	0.03905310%	(958,988)	4,956,357	19.35%	102.74%

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

<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>
12/31/16	\$ 361,343	\$ 361,343	\$ -	4,952,868	7.30%
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, 2016

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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 and occurred within the fiscal year.

The city is required to present the last ten 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, 2016

	Special Revenue Funds		
	Taxi Grant Fund	Park Fund	Triathlon Fund
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 4,621	\$ 39,818
Receivables			
Taxes	15,000	-	-
Accounts	-	-	-
Loans	-	-	-
Due from other governments	15,775	-	-
Due from other funds	-	-	-
	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 30,775</b>	<b>\$ 4,621</b>	<b>\$ 39,818</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 17,108	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits	-	-	-
Advances from other funds	16,097	-	-
Total Liabilities	33,205	-	-
Deferred Inflows of Resources			
Unearned revenues	15,000	-	-
Total Deferred Inflows of Resources	15,000	-	-
Fund Balances (Deficit)			
Restricted	-	4,621	-
Committed	-	-	39,818
Assigned	-	-	-
Unassigned (deficit)	(17,430)	-	-
Total Fund Balances (deficit)	(17,430)	4,621	39,818
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 30,775</b>	<b>\$ 4,621</b>	<b>\$ 39,818</b>

Special Revenue Funds

DARE Fund	Webb Endowment Fund	Nishan Park Concession Stand Fund	Room Tax Fund	CDBG Fund	EDA Fund	HCRI Fund
\$ 7,726	\$ 30,896	\$ 9,983	\$ 22,328	\$ 581,049	\$ 45,965	\$ 24,446
-	-	-	-	-	-	-
-	-	-	-	1,324,581	76,966	15,000
-	-	-	-	-	-	-
<u>\$ 7,726</u>	<u>\$ 30,896</u>	<u>\$ 9,983</u>	<u>\$ 22,328</u>	<u>\$ 1,905,630</u>	<u>\$ 122,931</u>	<u>\$ 39,446</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	11,820	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,820</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	30,896	-	22,328	1,893,810	122,931	39,446
7,726	-	9,983	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>7,726</u>	<u>30,896</u>	<u>9,983</u>	<u>22,328</u>	<u>1,893,810</u>	<u>122,931</u>	<u>39,446</u>
<u>\$ 7,726</u>	<u>\$ 30,896</u>	<u>\$ 9,983</u>	<u>\$ 22,328</u>	<u>\$ 1,905,630</u>	<u>\$ 122,931</u>	<u>\$ 39,446</u>

**CITY OF REEDSBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2016

	Special Revenue Funds		
	Home Loan Fund	Sidewalk Repair Fund	Solid Waste Fund
<b>ASSETS</b>			
Cash and investments	\$ 27,453	\$ 21,365	\$ 89,275
Receivables			
Taxes	-	3,026	385,677
Accounts	-	-	413
Loans	73,592	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
	<u>101,045</u>	<u>24,391</u>	<u>475,365</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 101,045</u></b>	<b><u>\$ 24,391</u></b>	<b><u>\$ 475,365</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 177
Accrued liabilities	-	-	-
Deposits	-	-	-
Advances from other funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>177</u>
Deferred Inflows of Resources			
Unearned revenues	-	3,026	385,677
Total Deferred Inflows of Resources	<u>-</u>	<u>3,026</u>	<u>385,677</u>
Fund Balances (Deficit)			
Restricted	101,045	-	-
Committed	-	21,365	89,511
Assigned	-	-	-
Unassigned (deficit)	-	-	-
Total Fund Balances (deficit)	<u>101,045</u>	<u>21,365</u>	<u>89,511</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 101,045</u></b>	<b><u>\$ 24,391</u></b>	<b><u>\$ 475,365</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
\$ 22,593	\$ 113,814	\$ 339,877	\$ 6,000	\$ 14,604	\$ 233,490	\$ -
-	400,690	-	-	9,500	-	73,447
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	32,004
<u>\$ 22,593</u>	<u>\$ 514,504</u>	<u>\$ 339,877</u>	<u>\$ 6,000</u>	<u>\$ 24,104</u>	<u>\$ 233,490</u>	<u>\$ 105,451</u>
\$ -	\$ 12,092	\$ -	\$ -	\$ -	\$ -	\$ -
-	8,218	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,141,864
-	20,310	-	-	-	-	1,141,864
-	400,690	-	-	9,500	-	73,447
-	400,690	-	-	9,500	-	73,447
22,593	93,504	339,877	-	-	-	-
-	-	-	6,000	14,604	233,490	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(1,109,860)
<u>22,593</u>	<u>93,504</u>	<u>339,877</u>	<u>6,000</u>	<u>14,604</u>	<u>233,490</u>	<u>(1,109,860)</u>
<u>\$ 22,593</u>	<u>\$ 514,504</u>	<u>\$ 339,877</u>	<u>\$ 6,000</u>	<u>\$ 24,104</u>	<u>\$ 233,490</u>	<u>\$ 105,451</u>

**CITY OF REEDSBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2016

	Capital Projects Funds		
	TIF District No. 4	TIF District No. 5	TIF District No. 6
<b>ASSETS</b>			
Cash and investments	\$ 8,362	\$ 3,005	\$ -
Receivables			
Taxes	388,884	73,808	19,792
Accounts	-	-	-
Loans	-	-	-
Due from other governments	-	-	-
Due from other funds	55,505	-	8,131
<b>TOTAL ASSETS</b>	<b>\$ 452,751</b>	<b>\$ 76,813</b>	<b>\$ 27,923</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 354
Accrued liabilities	-	-	-
Deposits	-	-	-
Advances from other funds	-	-	1,180,561
Total Liabilities	-	-	1,180,915
Deferred Inflows of Resources			
Unearned revenues	388,884	73,808	19,792
Total Deferred Inflows of Resources	388,884	73,808	19,792
Fund Balances (Deficit)			
Restricted	63,867	3,005	-
Committed	-	-	-
Assigned	-	-	-
Unassigned (deficit)	-	-	(1,172,784)
Total Fund Balances (deficit)	63,867	3,005	(1,172,784)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 452,751</b>	<b>\$ 76,813</b>	<b>\$ 27,923</b>

Capital Projects Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
TIF District No. 7	TIF District No. 8	TIF District No. 9	Capital Equipment Fund	General Capital Projects Fund	
\$ -	\$ -	\$ 1,515	\$ 84,788	\$ 494,552	\$ 2,227,525
16,718	44,920	-	325,000	665,000	2,421,462
-	-	-	-	-	413
-	-	-	-	-	1,490,139
-	-	-	-	-	15,775
-	-	-	-	-	95,640
<u>\$ 16,718</u>	<u>\$ 44,920</u>	<u>\$ 1,515</u>	<u>\$ 409,788</u>	<u>\$ 1,159,552</u>	<u>\$ 6,250,954</u>
\$ -	\$ -	\$ -	\$ 11,427	\$ 43,492	\$ 84,650
-	-	-	-	-	8,218
-	-	-	-	-	11,820
17,403	475,077	10,000	-	-	2,841,002
<u>17,403</u>	<u>475,077</u>	<u>10,000</u>	<u>11,427</u>	<u>43,492</u>	<u>2,945,690</u>
<u>16,718</u>	<u>44,920</u>	<u>-</u>	<u>325,000</u>	<u>665,000</u>	<u>2,421,462</u>
<u>16,718</u>	<u>44,920</u>	<u>-</u>	<u>325,000</u>	<u>665,000</u>	<u>2,421,462</u>
-	-	-	-	-	2,737,923
-	-	-	-	-	422,497
-	-	-	73,361	451,060	524,421
<u>(17,403)</u>	<u>(475,077)</u>	<u>(8,485)</u>	<u>-</u>	<u>-</u>	<u>(2,801,039)</u>
<u>(17,403)</u>	<u>(475,077)</u>	<u>(8,485)</u>	<u>73,361</u>	<u>451,060</u>	<u>883,802</u>
<u>\$ 16,718</u>	<u>\$ 44,920</u>	<u>\$ 1,515</u>	<u>\$ 409,788</u>	<u>\$ 1,159,552</u>	<u>\$ 6,250,954</u>

## CITY OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2016

	Special Revenue Funds		
	Taxi Grant Fund	Park Fund	Triathlon Fund
<b>REVENUES</b>			
Taxes	\$ 15,000	\$ -	\$ -
Intergovernmental	134,312	-	-
Public charges for services	-	4,800	32,643
Special assessments	-	-	-
Investment income	-	65	-
Miscellaneous	-	-	10,000
Total Revenues	149,312	4,865	42,643
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	181,467	-	-
Culture, recreation and education	-	-	3,722
Conservation and development	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Total Expenditures	181,467	-	3,722
Excess (deficiency) of revenues over expenditures	(32,155)	4,865	38,921
<b>OTHER FINANCING SOURCES (USES)</b>			
Land contract issued	-	-	-
Transfers in	-	-	-
Transfers out	-	(65,000)	-
Total Other Financing Sources (Uses)	-	(65,000)	-
<b>Net Change in Fund Balances</b>	(32,155)	(60,135)	38,921
FUND BALANCES (DEFICIT) - Beginning of Year	14,725	64,756	897
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ (17,430)	\$ 4,621	\$ 39,818

Special Revenue Funds

DARE Fund	Webb Endowment Fund	Nishan Park Concession Stand Fund	Room Tax Fund	CDBG Fund	EDA Fund	HCRI Fund
\$ -	\$ -	\$ -	\$ 71,416	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	970	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	6,549	22	11
<u>6,973</u>	<u>21,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,973</u>	<u>21,398</u>	<u>970</u>	<u>71,416</u>	<u>6,549</u>	<u>22</u>	<u>11</u>
-	-	-	-	-	-	-
3,292	-	-	-	-	-	-
-	-	-	-	-	-	-
-	45,000	750	20,450	-	-	-
-	-	-	57,123	23,986	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,292</u>	<u>45,000</u>	<u>750</u>	<u>77,573</u>	<u>23,986</u>	<u>-</u>	<u>-</u>
<u>3,681</u>	<u>(23,602)</u>	<u>220</u>	<u>(6,157)</u>	<u>(17,437)</u>	<u>22</u>	<u>11</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,681	(23,602)	220	(9,157)	(17,437)	22	11
<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>\$ 7,726</u>	<u>\$ 30,896</u>	<u>\$ 9,983</u>	<u>\$ 22,328</u>	<u>\$ 1,893,810</u>	<u>\$ 122,931</u>	<u>\$ 39,446</u>

**CITY OF REEDSBURG**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2016

	Special Revenue Funds		
	Home Loan Fund	Sidewalk Repair Fund	Solid Waste Fund
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	9,959
Public charges for services	-	-	394,464
Special assessments	-	8,151	-
Investment income	14	-	-
Miscellaneous	-	-	-
Total Revenues	14	8,151	404,423
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	1,835	394,442
Culture, recreation and education	-	-	-
Conservation and development	2,181	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Total Expenditures	2,181	1,835	394,442
Excess (deficiency) of revenues over expenditures	(2,167)	6,316	9,981
<b>OTHER FINANCING SOURCES (USES)</b>			
Land contract issued	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
<b>Net Change in Fund Balances</b>	(2,167)	6,316	9,981
FUND BALANCES (DEFICIT) - Beginning of Year	103,212	15,049	79,530
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 101,045	\$ 21,365	\$ 89,511

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
\$ -	\$ 392,833	\$ -	\$ -	\$ 9,500	\$ -	\$ 58,866
-	255,339	-	-	-	-	345
-	22,778	-	-	15	51,424	-
-	-	-	-	-	-	51,675
202	-	442	-	-	744	-
-	15,789	5,106	-	11,707	25,042	-
<u>202</u>	<u>686,739</u>	<u>5,548</u>	<u>-</u>	<u>21,222</u>	<u>77,210</u>	<u>110,886</u>
-	-	-	-	-	-	2,408
-	-	-	-	-	80,083	-
-	-	-	-	-	-	-
-	668,073	8,007	-	19,222	-	-
-	-	-	-	-	-	90,882
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>668,073</u>	<u>8,007</u>	<u>-</u>	<u>19,222</u>	<u>80,083</u>	<u>93,290</u>
<u>202</u>	<u>18,666</u>	<u>(2,459)</u>	<u>-</u>	<u>2,000</u>	<u>(2,873)</u>	<u>17,596</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	100,000
-	-	-	-	-	-	(22,775)
-	-	-	-	-	-	77,225
202	18,666	(2,459)	-	2,000	(2,873)	94,821
<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>\$ 22,593</u>	<u>\$ 93,504</u>	<u>\$ 339,877</u>	<u>\$ 6,000</u>	<u>\$ 14,604</u>	<u>\$ 233,490</u>	<u>\$ (1,109,860)</u>

## CITY OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2016

	Capital Projects Funds		
	TIF District No. 4	TIF District No. 5	TIF District No. 6
<b>REVENUES</b>			
Taxes	\$ 389,314	\$ 76,424	\$ 15,847
Intergovernmental	1,116	575	1,263
Public charges for services	-	-	-
Special assessments	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Total Revenues	390,430	76,999	17,110
<b>EXPENDITURES</b>			
Current			
General government	8,607	1,698	377
Public safety	-	-	-
Public works	-	-	-
Culture, recreation and education	-	-	-
Conservation and development	80,144	150	675,533
Capital Outlay	-	-	350,000
Debt Service			
Principal	-	-	87,500
Total Expenditures	88,751	1,848	1,113,410
Excess (deficiency) of revenues over expenditures	301,679	75,151	(1,096,300)
<b>OTHER FINANCING SOURCES (USES)</b>			
Land contract issued	-	-	350,000
Transfers in	-	-	640,700
Transfers out	(333,135)	(92,360)	-
Total Other Financing Sources (Uses)	(333,135)	(92,360)	990,700
<b>Net Change in Fund Balances</b>	(31,456)	(17,209)	(105,600)
FUND BALANCES (DEFICIT) - Beginning of Year	95,323	20,214	(1,067,184)
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 63,867	\$ 3,005	\$ (1,172,784)

Capital Projects Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
TIF District No. 7	TIF District No. 8	TIF District No. 9	Capital Equipment Fund	General Capital Projects Fund	
\$ 16,821	\$ -	\$ -	\$ 325,000	\$ 665,000	\$ 2,036,021
-	72	-	-	-	402,981
-	-	-	-	-	507,094
-	-	-	-	-	59,826
-	-	-	-	-	8,049
-	-	-	8,360	-	104,375
<u>16,821</u>	<u>72</u>	<u>-</u>	<u>333,360</u>	<u>665,000</u>	<u>3,118,346</u>
371	1	7,892	-	-	21,354
-	-	-	-	-	83,375
-	-	-	-	-	577,744
-	-	-	-	-	765,224
150	456,150	593	-	-	1,386,892
-	-	-	245,825	661,188	1,257,013
-	-	-	-	-	87,500
<u>521</u>	<u>456,151</u>	<u>8,485</u>	<u>245,825</u>	<u>661,188</u>	<u>4,179,102</u>
<u>16,300</u>	<u>(456,079)</u>	<u>(8,485)</u>	<u>87,535</u>	<u>3,812</u>	<u>(1,060,756)</u>
-	-	-	-	-	350,000
-	-	-	3,000	65,000	808,700
<u>(30,420)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,263)</u>	<u>(574,953)</u>
<u>(30,420)</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>36,737</u>	<u>583,747</u>
(14,120)	(456,079)	(8,485)	90,535	40,549	(477,009)
<u>(3,283)</u>	<u>(18,998)</u>	<u>-</u>	<u>(17,174)</u>	<u>410,511</u>	<u>1,360,811</u>
<u>\$ (17,403)</u>	<u>\$ (475,077)</u>	<u>\$ (8,485)</u>	<u>\$ 73,361</u>	<u>\$ 451,060</u>	<u>\$ 883,802</u>

## CITY OF REEDSBURG

### STATEMENT OF CASH FLOWS COMPONENT UNITS For the Year Ended December 31, 2016

	Community Development Authority	Herbert H Webb Trust	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Paid to primary government	\$ -	\$ (46,643)	\$ (46,643)
Paid to suppliers for goods and services	(17,321)	(27,532)	(44,853)
Net Cash Flows From Operating Activities	<u>(17,321)</u>	<u>(74,175)</u>	<u>(91,496)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	-	62,060	62,060
Net Cash Flows From Investing Activities	<u>-</u>	<u>62,060</u>	<u>62,060</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Received from city and private parties	18,321	-	18,321
Net Cash Flows From Noncapital Financing Activities	<u>18,321</u>	<u>-</u>	<u>18,321</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,000	(12,115)	(11,115)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>10,939</u>	<u>26,069</u>	<u>37,008</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 11,939</u>	<u>\$ 13,954</u>	<u>\$ 25,893</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating loss	\$ -	\$ (74,175)	\$ (74,175)
Changes in assets and liabilities			
Property held for resale	(17,321)	-	(17,321)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (17,321)</u>	<u>\$ (74,175)</u>	<u>\$ (91,496)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and investments - statement of net position	\$ 11,939	\$ 2,675,768	\$ 2,687,707
Less: Noncash equivalents	-	(2,661,814)	(2,661,814)
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 11,939</u>	<u>\$ 13,954</u>	<u>\$ 25,893</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Unrealized gain on investments	<u>\$ -</u>	<u>\$ 137,725</u>	