

# **CITY OF REEDSBURG**

Reedsburg, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

# 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, 2017, 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.

## **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, 2017 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 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 9, 2018

# CITY OF REEDSBURG

## STATEMENT OF NET POSITION As of December 31, 2017

	Governmental Activities	Business-type Activities	Totals	Component Units
<b>ASSETS</b>				
Cash and investments	\$ 5,484,373	\$ 13,980,639	\$ 19,465,012	\$ 3,055,100
Receivables (net)				
Taxes receivable	6,455,218	-	6,455,218	-
Accounts	133,939	2,507,170	2,641,109	-
Other	-	518,296	518,296	-
Special assessments	4,000	4,000	8,000	-
Loans	1,856,315	-	1,856,315	70,000
Due from other governmental units	24,663	-	24,663	-
Internal balances	447,553	(447,553)	-	-
Due from component units	27,539	-	27,539	-
Inventories and prepaid items	99,535	1,038,370	1,137,905	17,321
Other assets	-	2,732,737	2,732,737	-
Restricted assets				
Cash and investments	-	3,730,026	3,730,026	-
Investment in mutual insurance company	200,515	-	200,515	-
Capital Assets				
Land and other nondepreciable assets	12,924,842	383,906	13,308,748	-
Construction in progress	236,968	1,433,468	1,670,436	-
Other capital assets, net of depreciation	15,728,108	64,975,770	80,703,878	-
Total Assets	<u>43,623,568</u>	<u>90,856,829</u>	<u>134,480,397</u>	<u>3,142,421</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	<u>1,429,238</u>	<u>1,004,416</u>	<u>2,433,654</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	140,524	2,315,910	2,456,434	619
Accrued liabilities	159,235	414,099	573,334	-
Due to primary government	-	-	-	27,539
Deposits	7,908	-	7,908	-
Unearned revenue	-	132,790	132,790	-
Noncurrent Liabilities				
Due within one year	1,207,257	2,504,705	3,711,962	-
Due in more than one year	4,529,474	29,085,817	33,615,291	-
Total Liabilities	<u>6,044,398</u>	<u>34,453,321</u>	<u>40,497,719</u>	<u>28,158</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	6,450,171	-	6,450,171	-
Pension related amounts	592,068	410,167	1,002,235	-
Total Deferred Inflows of Resources	<u>7,042,239</u>	<u>410,167</u>	<u>7,452,406</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	24,554,918	36,319,993	60,874,911	-
Restricted	2,852,535	2,297,675	5,150,210	2,961,261
Unrestricted	<u>4,558,716</u>	<u>18,380,089</u>	<u>22,938,805</u>	<u>153,002</u>
<b>TOTAL NET POSITION</b>	<u>\$ 31,966,169</u>	<u>\$ 56,997,757</u>	<u>\$ 88,963,926</u>	<u>\$ 3,114,263</u>

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,612,823	\$ 228,123	\$ -	\$ -
Public safety	3,518,889	501,945	40,695	-
Public works	2,703,986	449,710	731,179	7,400
Health and human services	21,000	-	-	-
Culture, recreation and education	1,617,396	185,425	267,286	-
Conservation and development	588,296	660	55,500	-
Interest and fiscal charges	125,123	-	-	-
Total Governmental Activities	10,187,513	1,365,863	1,094,660	7,400
Business-type Activities				
Water	1,222,817	1,605,506	-	66,714
Electric	22,180,733	23,979,942	-	55,253
Communications	5,206,134	5,277,518	-	204,919
Sewer	2,646,122	3,265,964	-	-
Stormwater	536,800	485,474	-	-
Total Business-type Activities	31,792,606	34,614,404	-	326,886
Total Primary Government	\$ 41,980,119	\$ 35,980,267	\$ 1,094,660	\$ 334,286
Component Units				
Herbert H Webb Trust	\$ 124,094	\$ -	\$ -	\$ -
Community Development Authority	-	-	29,125	-
Total Component Units	\$ 124,094	\$ -	\$ 29,125	\$ -
General Revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Property taxes, levied for TIF districts				
Other taxes				
Intergovernmental revenues not restricted to specific programs				
Investment income				
Public gifts and grants				
Miscellaneous				
Total General Revenues				
Transfers				
Total General Revenues and Transfers				
<b>Change in net position</b>				
NET POSITION - Beginning of Year				
<b>NET POSITION - END OF YEAR</b>				

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Units
\$ (1,384,700)	\$ -	\$ (1,384,700)	\$ -
(2,976,249)	-	(2,976,249)	-
(1,515,697)	-	(1,515,697)	-
(21,000)	-	(21,000)	-
(1,164,685)	-	(1,164,685)	-
(532,136)	-	(532,136)	-
(125,123)	-	(125,123)	-
<u>(7,719,590)</u>	<u>-</u>	<u>(7,719,590)</u>	<u>-</u>
-	449,403	449,403	-
-	1,854,462	1,854,462	-
-	276,303	276,303	-
-	619,842	619,842	-
-	(51,326)	(51,326)	-
-	<u>3,148,684</u>	<u>3,148,684</u>	<u>-</u>
<u>(7,719,590)</u>	<u>3,148,684</u>	<u>(4,570,906)</u>	<u>-</u>
-	-	-	(124,094)
-	-	-	<u>29,125</u>
-	-	-	<u>(94,969)</u>
4,547,828	-	4,547,828	-
950,848	-	950,848	-
617,569	-	617,569	-
325,027	-	325,027	-
934,854	-	934,854	-
119,461	375,870	495,331	389,664
891	-	891	-
<u>311,712</u>	<u>54,337</u>	<u>366,049</u>	<u>-</u>
<u>7,808,190</u>	<u>430,207</u>	<u>8,238,397</u>	<u>389,664</u>
<u>987,698</u>	<u>(987,698)</u>	<u>-</u>	<u>-</u>
<u>8,795,888</u>	<u>(557,491)</u>	<u>8,238,397</u>	<u>389,664</u>
1,076,298	2,591,193	3,667,491	294,695
<u>30,889,871</u>	<u>54,406,564</u>	<u>85,296,435</u>	<u>2,819,568</u>
<u>\$ 31,966,169</u>	<u>\$ 56,997,757</u>	<u>\$ 88,963,926</u>	<u>\$ 3,114,263</u>

See accompanying notes to financial statements.

## CITY OF REEDSBURG

### BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2017

	General	General Debt Service	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>				
Cash and investments	\$ 2,951,245	\$ 117,845	\$ 2,415,283	\$ 5,484,373
Receivables				
Taxes receivable	3,170,334	893,307	2,391,577	6,455,218
Accounts	106,519	-	27,420	133,939
Special assessments	4,000	-	-	4,000
Loans	-	-	1,856,315	1,856,315
Due from other governments	2,693	-	21,970	24,663
Due from other funds	760,698	-	95,640	856,338
Prepaid items	99,535	-	-	99,535
Advances to other funds	2,720,660	-	-	2,720,660
Due from component unit	-	-	27,539	27,539
Investment in mutual insurance company	200,515	-	-	200,515
<b>TOTAL ASSETS</b>	<b>\$ 10,016,199</b>	<b>\$ 1,011,152</b>	<b>\$ 6,835,744</b>	<b>\$ 17,863,095</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 70,137	\$ -	\$ 70,387	\$ 140,524
Accrued liabilities	123,142	-	8,769	131,911
Deposits	-	-	7,908	7,908
Due to other funds	313,145	95,640	-	408,785
Advances from other funds	-	144,541	2,576,119	2,720,660
Total Liabilities	506,424	240,181	2,663,183	3,409,788
Deferred Inflows of Resources				
Unearned revenues	3,165,287	893,307	2,391,577	6,450,171
Unavailable revenues	424,504	-	-	424,504
Total Deferred Inflows of Resources	3,589,791	893,307	2,391,577	6,874,675
Fund Balances (Deficit)				
Nonspendable	3,020,710	-	-	3,020,710
Restricted	-	-	2,852,535	2,852,535
Committed	-	-	449,679	449,679
Assigned	860,698	-	499,772	1,360,470
Unassigned (deficit)	2,038,576	(122,336)	(2,021,002)	(104,762)
Total Fund Balances (Deficit)	5,919,984	(122,336)	1,780,984	7,578,632
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 10,016,199</b>	<b>\$ 1,011,152</b>	<b>\$ 6,835,744</b>	<b>\$ 17,863,095</b>

See accompanying notes to financial statements.

## CITY OF REEDSBURG

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2017

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Total Fund Balances - Governmental Funds	\$	7,578,632
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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		12,924,842
Construction in progress		236,968
Other capital assets		15,728,108

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.		(180,096)
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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.		1,429,238
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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.		(592,068)
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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		(4,780,000)
Compensated absences		(601,635)
Accrued interest		(27,324)
Land contract		<u>(175,000)</u>

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>31,966,169</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, 2017

	General	General Debt Service	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>				
Taxes	\$ 3,362,589	\$ 950,848	\$ 2,127,835	\$ 6,441,272
Intergovernmental	1,252,336	-	706,108	1,958,444
Licenses and permits	269,478	-	-	269,478
Fines, forfeitures and penalties	228,828	-	-	228,828
Public charges for services	172,459	-	542,088	714,547
Intergovernmental charges for services	83,822	-	-	83,822
Special assessments	-	-	62,900	62,900
Investment income	31,162	-	13,772	44,934
Miscellaneous	79,072	-	423,946	503,018
Total Revenues	5,479,746	950,848	3,876,649	10,307,243
<b>EXPENDITURES</b>				
Current				
General government	1,182,289	1,833	43,914	1,228,036
Public safety	3,027,039	-	70,587	3,097,626
Health and human services	21,000	-	-	21,000
Public works	1,147,824	-	684,973	1,832,797
Culture, recreation and education	510,754	-	777,981	1,288,735
Conservation and development	162,390	-	192,598	354,988
Capital Outlay	-	-	1,661,419	1,661,419
Debt Service				
Principal	-	1,045,000	87,500	1,132,500
Interest and fiscal charges	-	80,763	7,984	88,747
Total Expenditures	6,051,296	1,127,596	3,526,956	10,705,848
Excess (deficiency) of revenues over expenditures	(571,550)	(176,748)	349,693	(398,605)
<b>OTHER FINANCING SOURCES (USES)</b>				
Property sales	23,863	-	4,299	28,162
Transfers in	767,348	177,160	552,371	1,496,879
Transfers out	-	-	(509,181)	(509,181)
Debt issued	-	-	500,000	500,000
Total Other Financing Sources (Uses)	791,211	177,160	547,489	1,515,860
<b>Net Change in Fund Balances</b>	219,661	412	897,182	1,117,255
FUND BALANCES (DEFICIT) - Beginning of Year	5,700,323	(122,748)	883,802	6,461,377
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 5,919,984	\$ (122,336)	\$ 1,780,984	\$ 7,578,632

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, 2017

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Net change in fund balances - total governmental funds \$ 1,117,255

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	1,661,419
Some items are reported as capital outlay were not capitalized	(381,803)
Some items are reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	21,857
Depreciation is reported in the government-wide financial statements	(1,320,859)
Net book value of assets retired	(390,203)

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	(500,000)
Principal repaid	1,132,500

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	(28,651)
Accrued interest	4,124
Net pension liability	189,155
Deferred outflows of resources related to pensions	(621,012)
Deferred inflows of resources related to pensions	192,516

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,076,298**

**CITY OF REEDSBURG**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2017

	Business-type Activities - Enterprise Funds			Totals
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 11,985,914	\$ 1,672,320	\$ 322,405	\$ 13,980,639
Accounts receivable (net)	2,302,235	204,935	-	2,507,170
Other accounts receivable	473,246	-	-	473,246
Interest receivable	45,050	-	-	45,050
Due from other funds	313,145	219,210	69,729	602,084
Prepaid items	114,655	-	-	114,655
Inventories	923,715	-	-	923,715
Restricted Assets				
Cash and investments	224,286	-	-	224,286
Total Current Assets	<u>16,382,246</u>	<u>2,096,465</u>	<u>392,134</u>	<u>18,870,845</u>
Noncurrent Assets				
Restricted Assets				
Cash and investments	986,485	2,519,255	-	3,505,740
Capital Assets				
Land	252,145	72,687	59,074	383,906
Construction work in progress	71,908	1,361,560	-	1,433,468
Property and equipment	74,970,477	29,899,426	6,595,057	111,464,960
Less: Accumulated depreciation	(32,277,614)	(11,694,831)	(2,516,745)	(46,489,190)
Other Assets				
Organization costs	167,867	-	-	167,867
Accumulated amortization of organization costs	(69,647)	-	-	(69,647)
Private parking lighting (net of accumulated depreciation)	26,069	-	-	26,069
Investment in ATC	2,608,448	-	-	2,608,448
Special assessments	-	4,000	-	4,000
Total Noncurrent Assets	<u>46,736,138</u>	<u>22,162,097</u>	<u>4,137,386</u>	<u>73,035,621</u>
Total Assets	<u>63,118,384</u>	<u>24,258,562</u>	<u>4,529,520</u>	<u>91,906,466</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	<u>840,028</u>	<u>94,123</u>	<u>70,265</u>	<u>1,004,416</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	Totals
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 1,950,181	\$ 303,232	\$ 62,497	\$ 2,315,910
Accrued liabilities	328,775	8,489	7,864	345,128
Due to other funds	1,049,637	-	-	1,049,637
Current portion of general obligation debt	685,000	-	-	685,000
Notes payable	16,123	-	-	16,123
Compensated absences (current portion)	93,774	10,912	-	104,686
Lease payable (current portion)	-	-	32,645	32,645
Other liabilities	9,127	46,133	-	55,260
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds payable	654,280	1,011,971	-	1,666,251
Accrued interest payable	13,711	-	-	13,711
Total Current Liabilities	<u>4,800,608</u>	<u>1,380,737</u>	<u>103,006</u>	<u>6,284,351</u>
Noncurrent Liabilities				
Long-Term Debt				
Unamortized debt premium	333,964	-	-	333,964
General obligation debt payable	15,195,000	-	-	15,195,000
Lease payable	-	-	171,846	171,846
Revenue bonds payable	3,129,239	9,865,704	-	12,994,943
Notes payable	75,238	-	-	75,238
Other Liabilities				
Net pension liability	112,312	16,831	6,575	135,718
Compensated absences	174,766	4,342	-	179,108
Unearned revenues	132,790	-	-	132,790
Total Noncurrent Liabilities	<u>19,153,309</u>	<u>9,886,877</u>	<u>178,421</u>	<u>29,218,607</u>
Total Liabilities	<u>23,953,917</u>	<u>11,267,614</u>	<u>281,427</u>	<u>35,502,958</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related amounts	<u>347,440</u>	<u>35,254</u>	<u>27,473</u>	<u>410,167</u>
<b>NET POSITION</b>				
Net investment in capital assets	23,625,931	8,761,167	3,932,895	36,319,993
Restricted for				
Depreciation	256,762	-	-	256,762
Debt service	211,000	-	-	211,000
Equipment replacement	-	1,798,474	-	1,798,474
Impact fees	31,439	-	-	31,439
Unrestricted	<u>15,531,923</u>	<u>2,490,176</u>	<u>357,990</u>	<u>18,380,089</u>
<b>TOTAL NET POSITION</b>	<u>\$ 39,657,055</u>	<u>\$ 13,049,817</u>	<u>\$ 4,290,885</u>	<u>\$ 56,997,757</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, 2017

	Business-type Activities - Enterprise Funds			Totals
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	
<b>OPERATING REVENUES</b>				
Public charges for services	\$ 30,862,966	\$ 3,265,964	\$ 485,474	\$ 34,614,404
Total Operating Revenues	<u>30,862,966</u>	<u>3,265,964</u>	<u>485,474</u>	<u>34,614,404</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	25,272,492	1,515,160	384,100	27,171,752
Depreciation	2,511,079	845,822	147,087	3,503,988
Total Operating Expenses	<u>27,783,571</u>	<u>2,360,982</u>	<u>531,187</u>	<u>30,675,740</u>
Operating Income (Loss)	<u>3,079,395</u>	<u>904,982</u>	<u>(45,713)</u>	<u>3,938,664</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	356,005	19,865	-	375,870
Interest and amortization expense	(805,836)	(285,140)	(5,613)	(1,096,589)
Loss on early retirement	(20,277)	-	-	(20,277)
Miscellaneous	54,337	-	-	54,337
Total Nonoperating Revenues (Expenses)	<u>(415,771)</u>	<u>(265,275)</u>	<u>(5,613)</u>	<u>(686,659)</u>
Income (Loss) Before Contributions and Transfers	<u>2,663,624</u>	<u>639,707</u>	<u>(51,326)</u>	<u>3,252,005</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	326,886	-	-	326,886
Transfers out	(760,698)	(27,500)	(199,500)	(987,698)
Total Contributions and Transfers	<u>(433,812)</u>	<u>(27,500)</u>	<u>(199,500)</u>	<u>(660,812)</u>
<b>Change in Net Position</b>	<u>2,229,812</u>	<u>612,207</u>	<u>(250,826)</u>	<u>2,591,193</u>
NET POSITION - Beginning of Year	<u>37,427,243</u>	<u>12,437,610</u>	<u>4,541,711</u>	<u>54,406,564</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 39,657,055</u>	<u>\$ 13,049,817</u>	<u>\$ 4,290,885</u>	<u>\$ 56,997,757</u>

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			Totals
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 30,462,864	\$ 3,205,370	\$ 485,404	\$ 34,153,638
Received from other funds for services	179,714	-	-	179,714
Paid to suppliers for goods and services	(22,890,577)	(1,093,441)	(121,747)	(24,105,765)
Paid to employees for services	(2,103,237)	(349,519)	(198,116)	(2,650,872)
Net Cash Flows From Operating Activities	<u>5,648,764</u>	<u>1,762,410</u>	<u>165,541</u>	<u>7,576,715</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	265,119	19,865	-	284,984
Investment in ATC	(144,386)	-	-	(144,386)
Net Cash Flows From Investing Activities	<u>120,733</u>	<u>19,865</u>	<u>-</u>	<u>140,598</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to municipality for tax equivalent Transfers	(759,042)	-	-	(759,042)
Net Cash Flows From Noncapital Financing Activities	<u>(759,042)</u>	<u>(27,500)</u>	<u>(199,500)</u>	<u>(986,042)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt issued	8,610,000	-	-	8,610,000
Debt retired	(9,541,210)	(986,960)	(40,130)	(10,568,300)
Interest paid	(870,662)	(289,310)	-	(1,159,972)
Debt issuance costs	(140,190)	-	-	(140,190)
Premium received	173,091	-	-	173,091
Acquisition and construction of capital assets	(1,937,584)	(1,158,352)	(186,235)	(3,282,171)
Capital contributions received	278,076	-	-	278,076
Net Cash Flows From Capital and Related Financing Activities	<u>(3,428,479)</u>	<u>(2,434,622)</u>	<u>(226,365)</u>	<u>(6,089,466)</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,581,976	(679,847)	(260,324)	641,805
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>11,614,709</u>	<u>4,871,422</u>	<u>582,729</u>	<u>17,068,860</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 13,196,685</u>	<u>\$ 4,191,575</u>	<u>\$ 322,405</u>	<u>\$ 17,710,665</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 3,079,395	\$ 904,982	\$ (45,713)	\$ 3,938,664
Nonoperating revenue	35,123	-	-	35,123
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	2,511,079	845,822	147,087	3,503,988
Depreciation charged to other funds	44,314	-	-	44,314
Depreciation on non-utility plant	17,152	-	-	17,152
Changes in assets and liabilities				
Accounts receivable	20,778	(21,671)	-	(893)
Due from other funds	-	(38,923)	(70)	(38,993)
Prepaid items	(12,856)	-	-	(12,856)
Inventories	23,331	-	-	23,331
Accounts payable	(36,098)	31,271	61,365	56,538
Due to other funds	(291,167)	-	-	(291,167)
Compensated absences	54,355	15,254	-	69,609
Other current liabilities	41,979	1,603	1,206	44,788
Pension related deferrals and liabilities	159,581	24,072	1,666	185,319
Commitment to community	1,798	-	-	1,798
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 5,648,764</b>	<b>\$ 1,762,410</b>	<b>\$ 165,541</b>	<b>\$ 7,576,715</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>				
Cash and investments	\$ 11,985,914	\$ 1,672,320	\$ 322,405	\$ 13,980,639
Restricted cash and investments				
Restricted cash and investments - current	224,286	-	-	224,286
Restricted cash and investments - noncurrent	986,485	2,519,255	-	3,505,740
<b>CASH AND CASH EQUIVALENTS</b>	<b>\$ 13,196,685</b>	<b>\$ 4,191,575</b>	<b>\$ 322,405</b>	<b>\$ 17,710,665</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
ATC dividends reinvested	\$ (45,836)	\$ -	\$ -	
Amortization of debt premium	\$ 19,214	\$ -	\$ -	
Interest paid by municipality	\$ 17,015	\$ -	\$ -	
Capital contributions	\$ 48,810	\$ -	\$ -	
Asset acquired through capital lease	\$ -	\$ -	\$ 244,621	

See accompanying notes to financial statements.

**CITY OF REEDSBURG**

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 As of December 31, 2017

	Agency Fund	Private- Purpose Trust Fund
	Tax Collection Fund	Nishan Community Aid for the Poor
<b>ASSETS</b>		
Cash and investments	\$ 5,995,969	\$ 90
Property taxes receivable	2,061,649	-
Total Assets	8,057,618	90
<b>LIABILITIES</b>		
Due to other taxing units	8,057,618	-
Total Liabilities	8,057,618	-
<b>NET POSITION</b>		
Held in trust for private trust activities	-	90
<b>TOTAL NET POSITION</b>	\$ -	\$ 90

See accompanying notes to financial statements.

**CITY OF REEDSBURG**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
For the Year Ended December 31, 2017

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	Nishan Community Aid for the Poor
<b>ADDITIONS</b>	
Investment income	\$ 30
Total Additions	<u>30</u>
<b>DEDUCTIONS</b>	
Health and human services	<u>35,000</u>
Total Deductions	<u>35,000</u>
<b>Change in Net Position</b>	(34,970)
NET POSITION - Beginning of Year	<u>35,060</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 90</u></u>

# CITY OF REEDSBURG

## COMBINING STATEMENT OF NET POSITION COMPONENT UNITS December 31, 2017

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	Community Development Authority	Herbert H. Webb Trust	Totals
<b>ASSETS</b>			
Cash and investments	\$ 66,300	\$ 2,988,800	\$ 3,055,100
Loans receivable	70,000	-	70,000
Property held for resale	17,321	-	17,321
Total Assets	<u>153,621</u>	<u>2,988,800</u>	<u>3,142,421</u>
<b>LIABILITIES</b>			
Accounts payable	619	-	619
Due to primary government	-	27,539	27,539
Total Liabilities	<u>619</u>	<u>27,539</u>	<u>28,158</u>
<b>NET POSITION</b>			
Restricted for Trust purposes	-	2,961,261	2,961,261
Unrestricted	<u>153,002</u>	<u>-</u>	<u>153,002</u>
<b>TOTAL NET POSITION</b>	<u>\$ 153,002</u>	<u>\$ 2,961,261</u>	<u>\$ 3,114,263</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, 2017

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	Community Development Authority	Herbert H. Webb Trust	Totals
<b>OPERATING EXPENSES</b>			
Operation and maintenance	\$ 50,971	\$ 73,123	\$ 124,094
Total Operating Expenses	<u>50,971</u>	<u>73,123</u>	<u>124,094</u>
Operating Loss	<u>(50,971)</u>	<u>(73,123)</u>	<u>(124,094)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	5,803	383,861	389,664
Miscellaneous	<u>29,125</u>	<u>-</u>	<u>29,125</u>
Total Nonoperating Revenues (Expenses)	<u>34,928</u>	<u>383,861</u>	<u>418,789</u>
Change in net position	(16,043)	310,738	294,695
NET POSITION - Beginning of Year	<u>169,045</u>	<u>2,650,523</u>	<u>2,819,568</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 153,002</u>	<u>\$ 2,961,261</u>	<u>\$ 3,114,263</u>

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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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, 2017

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

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

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

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

The government-wide financial statements include the Community Development Authority of the City of Reedsburg ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the CDA, and also create a potential financial benefit to or burden on the city. See Note III.J. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2017. 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, 2017. See Note III.J. The trust does not issue separate financial statements.

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

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

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The city does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

Financial statements of the city are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the city or meets the following criteria:

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

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

The city reports the following major governmental 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.
- 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 Fund - accounts for operations of the water, electric, and communications systems
- Sewer Utility - accounts for operations of the sewer system

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

---

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

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

The city reports the following nonmajor governmental and enterprise funds:

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

Taxi Grant Fund	Park Fund
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	

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

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

---

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

---

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

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

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

Tax Collection Fund

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

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

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the city's utility commission, sewer utility, and stormwater utility and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

---

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

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

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

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

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

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, 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.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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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*

#### **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 library trust funds is regulated by Chapter 112. That section gives broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The city has not adopted an investment policy.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on 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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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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.)***

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, 2017, 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 funds.

Property tax calendar - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale - 2017 delinquent real estate taxes	October 2020

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

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

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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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.)***

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 \$873,028.

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

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

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

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

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

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

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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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**

###### ***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 acquisition 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

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

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

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

---

### 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.)***

##### **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.

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.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2017 are determined on the basis of current salary rates and include salary related payments.

##### **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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

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 \$2,124,212, made up of three issues.

##### ***10. Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

##### ***11. Equity Classifications***

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

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

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

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Council, Finance Committee or management may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

The city has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 25% of the subsequent year's budgeted general fund expenditures. The balance at year-end was \$2,067,638, or 34%, and is included in unassigned general fund balance.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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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.)***

See Note III. H. for further information.

Fiduciary fund equity is classified as held in trust for community aid on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the village believes it is in compliance with all significant restrictions. Net position of \$90 was available for the year ended December, 31, 2017.

#### ***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.

#### ***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 November 20, 2017 that were effective January 1, 2018. 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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

### **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 (cont.)**

***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.

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

**A. BUDGETARY INFORMATION**

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

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

Funds	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures and Other Financing Uses Over Budget
Taxi Grant Fund	\$ 204,350	\$ 288,084	\$ 83,734
DARE Fund	2,000	5,081	3,081
Triathlon Fund	7,500	35,154	27,654
Library- County Funding	680,390	685,186	4,796
Fireworks Fund	14,972	22,093	7,121
TIF District No. 4	231,584	398,296	166,712
TIF District No. 5	44,880	77,191	32,311
TIF District No. 7	16,915	31,300	14,385
TIF District No. 9	5,930	30,756	24,826
General Capital Projects	665,450	1,166,479	501,029
Nishan Community Aid for Poor	60	35,000	34,940
Rescue Fund	50,000	65,506	15,506

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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, 2017, the following individual funds held a deficit balance:

Fund	Amount	Reason
General Debt Service	\$ (122,336)	Unfunded debt payments
Taxi Grant Fund	(40,074)	Expenditures exceeding grant revenue
Tax Incremental District No. 3	(683,322)	Costs exceeding increment
Tax Incremental District No. 6	(817,897)	Costs exceeding increment
Tax Incremental District No. 7	(31,985)	Costs exceeding increment
Tax Incremental District No. 8	(408,483)	Costs exceeding increment
Tax Incremental District No. 9	(39,241)	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.

#### ***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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

### NOTE III - DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 14,985,254	\$ 14,335,479	Custodial credit
U.S. agencies - implicitly guaranteed	619,921	619,921	Credit, custodial credit, concentration of credit, interest rate
LGIP	12,703,635	12,703,635	Credit
Other debt securities	881,787	881,787	Credit, custodial credit, concentration of credit, interest rate
Petty cash	500	-	N/A
Total Deposits and Investments	<u>\$ 29,191,097</u>	<u>\$ 28,540,822</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 19,465,012		
Restricted cash and investments	3,730,026		
Per statement of net position - fiduciary funds			
Tax collection fund	5,995,969		
Private-Purpose Trust Fund	90		
Total Deposits and Investments	<u>\$ 29,191,097</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.

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, 2017, the banks had pledged various government securities in the amount of \$14,344,121 to secure the city's deposits.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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, 2017, the fair value of the investment was \$2,608,448. 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.

The city categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Other debt securities - uses a market basis approach of its underlying securities
- > U.S. agency securities - uses a market based approach which considers yield, price of comparable securities, coupon rate, maturity, credit quality and dealer-provided prices

Investment Type	December 31, 2017			
	Level 1	Level 2	Level 3	Total
U.S. agencies - implicitly guaranteed	\$ -	\$ 619,921	\$ -	\$ 619,921
Other debt securities	-	881,787	-	881,787
Total	\$ -	\$ 1,501,708	\$ -	\$ 1,501,708

#### ***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.

##### **Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

***Custodial Credit Risk*** (cont.)

**Investments** (cont.)

As of December 31, 2017, the city's investments were exposed to custodial credit risk as follows:

Neither Insured nor Registered and Held by Counterparty's Trust Department or Agent not in the City's Name		
U.S. agencies - implicitly guaranteed	\$	619,921
Other debt securities		881,787
Total Neither Insured nor Registered and Held by Counterparty's Trust Department or Agent not in the City's Name	\$	1,501,708

***Credit Risk***

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

As of December 31, 2017, the city's investments were rated as follows:

Investment Type	Standard & Poors
U.S. agencies - implicitly guaranteed	AA+
Other debt securities	AA+

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

Local Government Investment Pool

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

***Interest Rate Risk***

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

As of December 31, 2017, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-5	6+
U.S. agencies - implicitly guaranteed	\$ 619,921	\$ -	\$ -	\$ 619,921
Other debt securities	881,787	-	-	881,787
<b>Totals</b>	<b>\$ 1,501,708</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,501,708</b>

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

**B. RECEIVABLES**

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

	General Fund	Debt Service	Utility Commission	Sewer Utility	Nonmajor and Other Funds	Totals
Receivables						
Gross receivables	\$ 3,283,546	\$ 893,307	\$ 2,872,527	\$ 208,935	\$ 5,190,233	\$12,448,548
Less: Allowance for uncollectibles	-	-	(51,996)	-	(892,951)	(944,947)
<b>Net Total Receivables</b>	<b>\$ 3,283,546</b>	<b>\$ 893,307</b>	<b>\$ 2,820,531</b>	<b>\$ 208,935</b>	<b>\$ 4,297,282</b>	<b>\$11,503,601</b>
Amounts not expected to be collected within one year (gross)	\$ 4,000	\$ -	\$ 51,996	\$ 4,000	\$ 3,622,294	\$ 3,682,290

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

**B. RECEIVABLES (cont.)**

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 6,450,171	\$ -
Interfund interest - TIF advances	-	424,504
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 6,450,171</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, 2017, 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.

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***Long-Term Debt Accounts***

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

***Equipment Replacement Account***

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

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**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, 2017:

	<u>Restricted Assets</u>
Redemption account	\$ 945,067
Reserve account	698,284
Depreciation account	256,762
Replacement account	1,798,474
Impact fee account	<u>31,439</u>
Total	<u><u>\$ 3,730,026</u></u>

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017, 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	\$ 6,910,742	\$ -	\$ 256,373	\$ 6,654,369
Land for right of way	834,070	108,162	-	942,232
Road infrastructure not being depreciated	5,214,287	132,054	18,100	5,328,241
Construction work in progress	<u>139,310</u>	<u>97,658</u>	<u>-</u>	<u>236,968</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>13,098,409</u>	<u>337,874</u>	<u>274,473</u>	<u>13,161,810</u>
Capital assets being depreciated/amortized				
Buildings	11,725,298	96,400	42,972	11,778,726
Intangibles	95,272	-	-	95,272
Equipment and furniture	10,074,701	471,038	533,204	10,012,535
Infrastructure	<u>18,265,635</u>	<u>396,161</u>	<u>35,500</u>	<u>18,626,296</u>
Total Capital Assets Being Depreciated/Amortized	<u>40,160,906</u>	<u>963,599</u>	<u>611,676</u>	<u>40,512,829</u>
Total Capital Assets	<u>53,259,315</u>	<u>1,301,473</u>	<u>886,149</u>	<u>53,674,639</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Less: Accumulated depreciation/amortization for				
Buildings	\$ (6,986,318)	\$ (226,848)	\$ 1,076	\$ (7,212,090)
Intangibles	(68,194)	(6,018)	-	(74,212)
Equipment and furniture	(5,864,434)	(502,067)	422,470	(5,944,031)
Infrastructure	<u>(11,040,862)</u>	<u>(585,926)</u>	<u>72,400</u>	<u>(11,554,388)</u>
 Total Accumulated Depreciation/Amortization	 <u>(23,959,808)</u>	 <u>(1,320,859)</u>	 <u>495,946</u>	 <u>(24,784,721)</u>
 Net Capital Assets Being Depreciated/Amortized	 <u>16,201,098</u>	 <u>(357,260)</u>	 <u>115,730</u>	 <u>15,728,108</u>
 Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	 <u>\$ 29,299,507</u>	 <u>\$ (19,386)</u>	 <u>\$ 390,203</u>	 <u>\$ 28,889,918</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 81,203
Public safety	248,259
Public works	744,955
Culture, recreation, and education	<u>246,442</u>
 Total Governmental Activities Depreciation/Amortization Expense	 <u>\$ 1,320,859</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital assets not being depreciation				
Land	\$ 384,006	\$ -	\$ 100	\$ 383,906
Construction in progress	<u>119,581</u>	<u>1,373,030</u>	<u>59,143</u>	<u>1,433,468</u>
Total Capital Assets Not Being Depreciation	<u>503,587</u>	<u>1,373,030</u>	<u>59,243</u>	<u>1,817,374</u>
Capital assets being depreciated				
Electric system	28,645,807	602,233	266,320	28,981,720
Water system	13,911,430	198,834	172,166	13,938,098
Communications system	30,756,152	1,300,807	6,300	32,050,659
Sewer system	29,850,672	56,754	8,000	29,899,426
Stormwater system	<u>6,164,201</u>	<u>430,856</u>	<u>-</u>	<u>6,595,057</u>
Total Capital Assets Being Depreciated	<u>109,328,262</u>	<u>2,589,484</u>	<u>452,786</u>	<u>111,464,960</u>
Total Capital Assets	<u>109,831,849</u>	<u>3,962,514</u>	<u>512,029</u>	<u>113,282,334</u>
Less: Accumulated depreciation for				
Electric system	(16,160,087)	(1,011,796)	279,187	(16,892,696)
Water system	(4,466,318)	(327,784)	171,453	(4,622,649)
Communications system	(9,425,384)	(1,338,827)	1,942	(10,762,269)
Sewer system	(10,857,009)	(845,822)	8,000	(11,694,831)
Stormwater system	<u>(2,369,658)</u>	<u>(147,087)</u>	<u>-</u>	<u>(2,516,745)</u>
Total Accumulated Depreciation	<u>(43,278,456)</u>	<u>(3,671,316)</u>	<u>460,582</u>	<u>(46,489,190)</u>
Net Capital Assets Being Depreciated	<u>66,049,806</u>	<u>(1,081,832)</u>	<u>(7,796)</u>	<u>64,975,770</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 66,553,393</u>	<u>\$ 291,198</u>	<u>\$ 51,447</u>	<u>\$ 66,793,144</u>

Depreciation expense was charged to functions as follows:

<b>Business-type Activities</b>	
Electric	\$ 948,871
Water	308,080
Communications	1,254,128
Sewer	845,822
Electric	<u>147,087</u>
Total Business-type Activities Depreciation Expense	<u>\$ 3,503,988</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

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

***Interfund Receivables/Payables***

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

Receivable Fund	Payable Fund	Amount
General fund	Utility commission	\$ 760,698
Utility commission	General fund	313,145
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	69,729
Sewer	Utility commission	<u>219,210</u>
Total - Fund Financial Statements		1,458,422
Less: Fund eliminations		<u>(1,010,869)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 447,553</u></u>

All amounts are due within one year.

The principal purpose of these interfunds resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

***Advances***

The general fund is advancing funds to TIF Districts No. 3, No. 6, and No. 8. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. The general fund previously charged TIF No. 3, No. 6, and No. 8 interest on the advance based on the average outstanding advance balance during the year at a rate of 5%. \$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.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

***Advances (cont.)***

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	\$ 45,159	\$ 45,159
General fund	General debt service fund	144,541	144,541
General fund	TIF District No. 3	711,541	711,541
General fund	TIF District No. 6	1,325,145	1,325,145
General fund	TIF District No. 7	31,985	31,985
General fund	TIF District No. 8	434,932	434,932
General fund	TIF District No. 9	27,357	27,357
Total - Fund Financial Statements		2,720,660	
Less: Fund eliminations		(2,720,660)	
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, 2017

**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 debt service	Nonmajor governmental funds	\$ 177,160	Debt service payments
Nonmajor governmental funds	Nonmajor governmental funds	325,371	Increment sharing
General fund	Nonmajor governmental funds	6,650	Capital projects funding
Nonmajor governmental funds	Nonmajor enterprise fund	199,500	Capital projects funding
Nonmajor governmental funds	Sewer	27,500	Capital projects funding
General fund	Utility commission	<u>760,698</u>	Tax equivalent
Total - Fund Financial Statements		1,496,879	
Less: Fund eliminations		<u>(509,181)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 987,698</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, 2017

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

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017, 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	\$ 5,325,000	\$ 500,000	\$ 1,045,000	\$ 4,780,000	\$ 990,000
Sub-totals	<u>5,325,000</u>	<u>500,000</u>	<u>1,045,000</u>	<u>4,780,000</u>	<u>990,000</u>
Other Liabilities					
Vested compensated absences	572,984	145,085	116,434	601,635	129,757
Land contract	262,500	-	87,500	175,000	87,500
Net pension liability	369,251	-	189,155	180,096	-
Total Other Liabilities	<u>1,204,735</u>	<u>145,085</u>	<u>393,089</u>	<u>956,731</u>	<u>217,257</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 6,529,735</u>	<u>\$ 645,085</u>	<u>\$ 1,438,089</u>	<u>\$ 5,736,731</u>	<u>\$ 1,207,257</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 13,480,000	\$ 8,610,000	\$ 6,210,000	\$ 15,880,000	\$ 685,000
Revenue bonds	18,963,241	-	4,302,047	14,661,194	1,666,251
Notes payable	107,484	-	16,123	91,361	16,123
(Discounts)/Premiums	180,087	173,091	19,214	333,964	-
Sub-totals	<u>32,730,812</u>	<u>8,783,091</u>	<u>10,547,384</u>	<u>30,966,519</u>	<u>2,367,374</u>
Other Liabilities					
Vested compensated absences	214,185	78,886	9,277	283,794	104,686
Capital leases	-	244,621	40,130	204,491	32,645
Net pension liability	261,316	-	125,598	135,718	-
Total Other Liabilities	<u>475,501</u>	<u>323,507</u>	<u>175,005</u>	<u>624,003</u>	<u>137,331</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 33,206,313</u>	<u>\$ 9,106,598</u>	<u>\$ 10,722,389</u>	<u>\$ 31,590,522</u>	<u>\$ 2,504,705</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, 2017, was \$28,442,300. Total general obligation debt outstanding at year-end was \$20,660,000.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**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, 2017</u>
General obligation refunding bonds	5/20/2013	3/1/2020	0.45 - 1.70%	\$ 1,835,000	\$ 735,000
General obligation refunding bonds	5/5/2013	3/1/2023	1.20 - 1.80	3,225,000	2,225,000
General obligation refunding bonds	9/7/2016	12/1/2021	1.05 - 1.50	1,785,000	1,320,000
State trust fund loan	10/18/2017	3/15/2037	4.00	500,000	<u>500,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 4,780,000</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, 2017</u>
General obligation refunding bonds	8/22/2016	3/1/2035	2.00 - 3.00%	\$ 7,480,000	\$ 7,270,000
General obligation refunding bonds	6/29/2017	3/1/2035	2.00 - 3.50	2,610,000	2,610,000
General obligation refunding bonds	9/18/2017	3/1/2029	1.55 - 3.00	6,000,000	<u>6,000,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 15,880,000</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**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
2018	\$ 990,000	\$ 59,950	\$ 685,000	\$ 397,757
2019	940,563	73,825	710,000	372,700
2020	794,041	52,219	730,000	353,750
2021	579,857	41,871	750,000	334,869
2022	530,651	31,500	770,000	316,038
2023-2027	631,276	81,722	4,105,000	1,330,704
2028-2032	141,456	51,908	4,815,000	825,629
2033-2037	172,156	21,205	3,315,000	153,731
Totals	<u>\$ 4,780,000</u>	<u>\$ 414,200</u>	<u>\$ 15,880,000</u>	<u>\$ 4,085,178</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, 2017

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

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

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2017, 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, 2017</u>	
<u>Sewer Utility</u>						
Revenue bonds	5/1/2005	5/1/2025	2.565%	\$ 11,292,318	\$ 5,446,424	
Revenue bonds	5/1/2006	5/1/2025	2.365	2,981,335	1,438,476	
Revenue bonds	3/23/2011	5/1/2030	2.499	1,860,236	1,370,968	
Revenue bonds	5/1/2013	5/1/2033	2.625	3,096,378	<u>2,621,807</u>	(1)
Total Sewer Utility					<u>10,877,675</u>	

The sewer utility has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in, 2005, 2006, 2011, and 2013. Proceeds from the bonds provided financing for the sewer systems. The bonds are solely from sewer revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require 24% of sewer revenues. The total principal and interest remaining to be paid on the bonds is \$12,418,173. Principal and interest paid in the current year and total customer net revenues were \$1,276,269 and \$3,285,829, respectively.

(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, 2017. The repayment schedule is for the amount issued.

Water Utility

Safe Drinking Water Loan	1/27/2010	5/1/2029	2.67%	\$ 385,163	\$ 268,519	
Revenue bonds	9/29/2011	5/1/2020	1.00 - 3.00	995,000	355,000	
Main Replacements and SCADA Improvements	7/7/2014	5/1/2029	1.70 - 3.75	895,000	<u>780,000</u>	
Total Water Utility					<u>1,403,519</u>	

The water utility has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in, 2010, 2011, and 2014. Proceeds from the bonds provided financing for the water systems. The bonds are solely from water revenues and are payable through 2029. Annual principal and interest payments on the bonds are expected to require 9% of water revenues. The total principal and interest remaining to be paid on the bonds is \$1,638,345. Principal and interest paid in the current year and total customer net revenues were \$216,844 and \$1,605,506, respectively.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

**Revenue Debt (cont.)**

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

Electric Utility

Revenue refunding bonds	11/15/2011	12/1/2020	0.75 - 3.10%	1,470,000	525,000
Revenue bonds	2/21/2013	12/1/2023	0.65 - 2.70	940,000	575,000
Revenue bonds	10/24/2013	12/1/2022	0.80 - 3.50	2,145,000	<u>1,280,000</u>
				Total Electric Utility	<u>2,380,000</u>

The electric utility has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in, 2011 and 2013. Proceeds from the bonds provided financing for the electric systems. The bonds are solely from electric revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require 2% of electric revenues. The total principal and interest remaining to be paid on the bonds is \$2,591,325. Principal and interest paid in the current year and total customer net revenues were \$538,725 and \$23,979,942, respectively.

Total Business-type Activities - Revenue Debt \$ 14,661,194

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,666,251	\$ 368,366
2019	1,712,413	327,669
2020	1,754,238	283,618
2021	1,571,746	238,126
2022	1,619,951	195,713
2023-2027	4,661,948	462,575
2028-2032	1,477,047	107,988
2033	<u>197,600</u>	<u>2,593</u>
Totals	<u>\$ 14,661,194</u>	<u>\$ 1,986,648</u>

<b>Business-type Activities</b>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
<u>Other Long-Term Obligations</u>					
Notes payable	8/12/2013	8/28/2023	0%	\$ 161,226	<u>\$ 91,361</u>
Total Business-type Activities Other Long-Term Obligations					<u>\$ 91,361</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Other Long-Term Obligations	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 16,123	\$ -
2019	16,123	-
2020	16,123	-
2021	16,123	-
2022	16,123	-
2023-2027	<u>10,746</u>	<u>-</u>
Totals	<u>\$ 91,361</u>	<u>\$ -</u>

**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, 2017 consists of the following:

<u>Governmental Activities</u> <u>Land Contract</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
300 Vine Street	4/28/2016	5/1/2019	3%	\$ 350,000	<u>\$ 175,000</u>
Total Governmental Activities Land Contract					<u>\$ 175,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities Land Contract	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 87,500	\$ 5,323
2019	<u>87,500</u>	<u>2,661</u>
Totals	<u>\$ 175,000</u>	<u>\$ 7,984</u>

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

Estimated payments of compensated absences 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 June 29, 2017, new bonds in the amount of \$2,610,000 were issued by the utility commission with an average interest rate of 2.67% to refund \$2,640,406 of outstanding revenue state trust fund loan bonds with an average interest rate of 4.75%. The net proceeds were used to prepay a portion of the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded debt prior to the current refunding was \$3,987,700 from 2018 through 2035. The cash flow requirements on the new refunding bonds are \$3,433,127 from 2018 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 \$440,403.

On September 18, 2017, new bonds in the amount of \$6,000,000 were issued by the utility commission with an average interest rate of 1.92% to refund \$6,000,000 of outstanding general obligation bonds with an average coupon rate of 3.80%. The net proceeds were used to prepay a portion of the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded debt prior to the current refunding was \$6,570,000 from 2018 through 2019. The cash flow requirements on the new refunding bonds are \$6,804,807 from 2018 through 2029. 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 \$225,038.

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

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

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

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

***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 2017 as follows:

Operating revenues	\$ 3,265,964
Investment income	19,865
Less: Operation and maintenance expenses	<u>(1,515,160)</u>
Net Defined Earnings	<u>\$ 1,770,669</u>
Minimum Required Earnings per Resolution:	
Highest annual debt service 2005 CWF bonds	\$ 753,728
Highest annual debt service 2006 CWF bonds	197,511
Highest annual debt service 2011 CWF bonds	123,685
Highest annual debt service 2013 CWF bonds	<u>201,028</u>
Subtotal	1,275,952
Coverage factor	<u>1.10</u>
Minimum Required Earnings	<u>\$ 1,403,547</u>
Actual Debt Coverage	<u>1.39</u>

**G. LEASE DISCLOSURES**

***Lessee - Capital Leases***

In 2017 the stormwater utility acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$244,621, which are included in capital assets in the business-type activities. The future lease payments as of December 31, 2017, are as follows:

<u>Years</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 32,645	\$ 7,485	\$ 40,130
2019	33,840	6,290	40,130
2020	35,079	5,051	40,130
2021	36,363	3,767	40,130
2022	<u>66,564</u>	<u>2,436</u>	<u>69,000</u>
Totals	<u>\$ 204,491</u>	<u>\$ 25,029</u>	<u>\$ 229,520</u>

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

Net position reported on the government wide statement of net position at December 31, 2017, includes the following:

#### ***Governmental Activities***

Net Investment in Capital Assets	
Land	\$ 12,924,842
Construction in progress	236,968
Capital assets, net of accumulated depreciation	15,728,108
Less: Long-term debt outstanding	(4,955,000)
Plus: Noncapital debt outstanding	<u>620,000</u>
Total Net Investment in Capital Assets	<u>24,554,918</u>
Restricted	
Trust purposes	99,258
Housing and economic development	2,148,805
TIF projects	55,505
Park development	59,081
Room tax	34,068
Library	<u>455,818</u>
Total Restricted	<u>2,852,535</u>
Unrestricted	<u>4,558,716</u>
Total Governmental Activities Net Position	<u>\$ 31,966,169</u>

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

##### Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017, 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	2,720,660	-	-	2,720,660
Prepaid items	99,535	-	-	99,535
Sub-total	3,020,710	-	-	3,020,710
<b>Restricted for:</b>				
Public purpose	-	-	76,665	76,665
General city expenditures	-	-	34,068	34,068
Recreational and playground purposes	-	-	22,593	22,593
Loans	-	-	2,148,805	2,148,805
Library	-	-	455,818	455,818
Capital projects - TIF	-	-	55,505	55,505
Park improvements	-	-	59,081	59,081
Sub-total	-	-	2,852,535	2,852,535
<b>Committed to:</b>				
Sidewalk repairs	-	-	24,943	24,943
Solid waste and recycling activities	-	-	103,727	103,727
Fire protection	-	-	266,670	266,670
Drug education	-	-	8,599	8,599
Recreation	-	-	45,740	45,740
Sub-total	-	-	449,679	449,679
<b>Assigned to:</b>				
Capital projects	-	-	499,772	499,772
CIVMIC self-insurance retention	100,000	-	-	100,000
PILOT	760,698	-	-	760,698
Sub-total	860,698	-	499,772	1,360,470
<b>Unassigned (deficit):</b>	2,038,576	(122,336)	(2,021,002)	(104,762)
<b>Total Fund Balances (Deficit)</b>	<b>\$ 5,919,984</b>	<b>\$ (122,336)</b>	<b>\$ 1,780,984</b>	<b>\$ 7,578,632</b>

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

#### *Business-type Activities*

Net Investment in Capital Assets	
Land	\$ 383,906
Construction in progress	1,433,468
Capital assets, net of accumulated depreciation	64,975,770
Less: Long-term debt outstanding	(30,837,046)
Plus: Unspent capital related debt proceeds	697,859
Less: Unamortized debt premium	<u>(333,964)</u>
Total Net Investment in Capital Assets	<u>36,319,993</u>
Restricted	
Impact fees	31,439
Debt service	211,000
Equipment replacement	1,798,474
Depreciation	<u>256,762</u>
Total Restricted	<u>2,297,675</u>
Unrestricted	
	<u>18,380,089</u>
Total Business-type Activities Net Position	<u>\$ 56,997,757</u>

### I. SEGMENT INFORMATION

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

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

	Water Utility	Electric Utility	Communications Utility
Charges for services	\$ 1,502,367	\$ 23,915,749	\$ 5,260,977
Other operating revenues	103,139	64,193	16,541
Depreciation expense	(308,080)	(948,871)	(1,254,128)
Other operating expenses	<u>(851,531)</u>	<u>(21,157,551)</u>	<u>(3,263,410)</u>
Operating Income	<u>445,895</u>	<u>1,873,520</u>	<u>759,980</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

	<u>Water Utility</u>	<u>Electric Utility</u>	<u>Communications Utility</u>
Nonoperating Revenues (Expenses)			
Investment earnings	\$ 2,094	\$ 326,679	\$ 27,232
Miscellaneous non-operating income	-	32,226	22,111
Interest and amortization expense	(42,929)	(74,311)	(688,596)
Loss on early retirement	(20,277)	-	-
Capital contributions	66,714	55,253	204,919
Payment in lieu of taxes	<u>(239,898)</u>	<u>(520,800)</u>	<u>-</u>
<b>Change in Net Position</b>	<u><u>\$ 211,599</u></u>	<u><u>\$ 1,692,567</u></u>	<u><u>\$ 325,646</u></u>

**J. COMPONENT UNITS**

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

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

At year end, the carrying amount of the CDA's deposits was \$66,300 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, 2017

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

**J. 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 - other than bonds	\$ 2,988,800	\$ 2,988,800	Custodial credit
Total Deposits and Investments	\$ 2,988,800	\$ 2,988,800	

**Custodial Credit Risk**

**Deposits**

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

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

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

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

##### b. Deposits and Investments (cont.)

#### *Custodial Credit Risk* (cont.)

### **Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The trust does not have any investments 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.

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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 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
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
2016	0.5	(5)

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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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. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$360,284 in contributions from the city.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2017, the city reported a liability of \$315,814 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the city's proportion was 0.03831581%, which was a decrease of 0.00048878% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the city recognized pension expense of \$808,773.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

At December 31, 2017, 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	\$ 120,420	\$ 993,207
Changes in assumptions	330,195	-
Net differences between projected and actual earnings on pension plan investments	1,572,493	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,905	9,028
Employer contributions subsequent to the measurement date	401,641	-
Totals	\$ 2,433,654	\$ 1,002,235

\$401,641 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 in the year ended December 31, 2018. 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
2018	\$ 738,186	\$ 320,879
2019	738,186	320,879
2020	605,576	318,558
2021	(50,573)	41,919
2022	638	-

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
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 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

### 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:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	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, 2017

### 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 3.78%. 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 (asset) to changes in the discount rate.** The following presents the city's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	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)	\$4,154,732	\$315,814	\$(2,640,328)

**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, 2017, 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, 2017

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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%.

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 is refundable upon withdrawal from the commission and 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, 2017.

### ***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, 2017

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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.

Forty-nine members, representing approximately 98% of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining two members have long-term contracts through December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$388 million as of December 31, 2017.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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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 \$75,690 to the district for 2017. 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 EVENT***

On April 11, 2018 the city issued sanitary sewerage system revenue bonds in the amount of \$1,519,666 with an interest rate of 1.056%. This amount will be used for improvements to the sewer system.

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

#### *Utility Commission*

The electric utility has one significant customer who was responsible for 35% of operating revenues in 2017.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>TAXES</b>				
General property taxes	\$ 3,132,638	\$ 3,132,638	\$ 3,132,638	\$ -
Mobile home taxes	85,000	85,000	97,802	12,802
Room taxes	2,000	2,000	2,430	430
Payments in lieu of taxes	128,000	128,000	129,423	1,423
Interest on delinquent taxes	500	500	296	(204)
Total Taxes	<u>3,348,138</u>	<u>3,348,138</u>	<u>3,362,589</u>	<u>14,451</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State shared revenues	738,011	738,011	701,873	(36,138)
Fire insurance tax from state	20,000	20,000	24,652	4,652
State aid - exempt computers	16,000	16,000	17,223	1,223
State aid - law enforcement training	8,500	8,500	10,089	1,589
State aid - road allotment	484,476	484,476	440,873	(43,603)
State aid - connecting streets	49,371	49,371	49,523	152
State aid - aid to state facilities	4,000	4,000	4,003	3
County aid - airport	4,100	4,100	4,100	-
Total Intergovernmental Revenues	<u>1,324,458</u>	<u>1,324,458</u>	<u>1,252,336</u>	<u>(72,122)</u>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage	16,000	16,000	24,116	8,116
Operators' license	5,000	5,000	11,845	6,845
Cigarette licenses	1,600	1,600	1,300	(300)
Amusement device licenses	550	550	570	20
Mobile home park licenses	550	550	-	(550)
Cable television franchise fees	105,000	105,000	131,267	26,267
Taxi cab	25	25	-	(25)
Bicycle licenses	60	60	10	(50)
Dog and cat licenses	6,500	6,500	7,833	1,333
Transient licenses	100	100	148	48
Sanitation license	450	450	-	(450)
Building permits	21,000	21,000	55,776	34,776
Electrical permits	8,000	8,000	17,413	9,413
Plumbing permits	4,500	4,500	16,096	11,596
Zoning permits	2,500	2,500	2,193	(307)
State permit seals	150	150	850	700
Other permits	100	100	61	(39)
Total Licenses and Permits	<u>172,085</u>	<u>172,085</u>	<u>269,478</u>	<u>97,393</u>
<b>FINES AND FORFEITURES</b>				
Court penalties and costs	199,300	199,300	216,279	16,979
Parking violations	11,000	11,000	12,139	1,139
Other law and ordinance violations	500	500	410	(90)
Total Fines and Forfeitures	<u>210,800</u>	<u>210,800</u>	<u>228,828</u>	<u>18,028</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>PUBLIC CHARGES FOR SERVICES</b>				
Special assessment search	\$ 3,500	\$ 3,500	\$ 6,575	\$ 3,075
Clerk and treasurer fees	1,000	1,000	907	(93)
License publication fees	750	750	825	75
Land use inquiries	5,500	5,500	5,634	134
Photocopies	1,400	1,400	2,219	819
Police fees	5,500	5,500	11,107	5,607
Sidewalks	200	200	-	(200)
Street maintenance	9,400	9,400	9,038	(362)
Weed and nuisance control	2,900	2,900	4,539	1,639
Parks	21,500	21,500	16,152	(5,348)
Other recreation programs	30,600	30,600	28,572	(2,028)
Adult volleyball fees	2,500	2,500	2,225	(275)
Adult basketball fees	3,000	3,000	-	(3,000)
Recycling	25	25	-	(25)
Youth soccer program	1,000	1,000	2,074	1,074
Youth tennis program	750	750	-	(750)
Swimming pools	38,000	38,000	37,084	(916)
Registration fees	10,000	10,000	5,305	(4,695)
Bid security deposits	200	200	140	(60)
Trees	600	600	520	(80)
Sale of materials	10	10	203	193
Airport	49,500	49,500	39,340	(10,160)
Total Public Charges for Services	<u>187,835</u>	<u>187,835</u>	<u>172,459</u>	<u>(15,376)</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Local government services	<u>86,450</u>	<u>86,450</u>	<u>83,822</u>	<u>(2,628)</u>
<b>INVESTMENT INCOME</b>				
Investment income	8,000	8,000	30,719	22,719
Interest on city billings	<u>1,250</u>	<u>1,250</u>	<u>443</u>	<u>(807)</u>
Total Investment Income	<u>9,250</u>	<u>9,250</u>	<u>31,162</u>	<u>21,912</u>
<b>MISCELLANEOUS</b>				
Donations	11,000	11,000	11,000	-
Insurance recoveries	2,000	2,000	6,266	4,266
Workers compensation dividends	21,048	21,048	24,047	2,999
Rent	27,945	27,945	29,138	1,193
Other miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>8,621</u>	<u>6,621</u>
Total Miscellaneous	<u>63,993</u>	<u>63,993</u>	<u>79,072</u>	<u>15,079</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES</b>				
Property sales	\$ 3,000	\$ 3,000	\$ 23,863	\$ 20,863
Transfers in	<u>777,400</u>	<u>777,400</u>	<u>767,348</u>	<u>(10,052)</u>
Total Other Financing Sources	<u>780,400</u>	<u>780,400</u>	<u>791,211</u>	<u>10,811</u>
Total Revenues and Other Financing Sources	<u>6,183,409</u>	<u>6,183,409</u>	<u>6,270,957</u>	<u>87,548</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Council	31,066	31,066	28,781	2,285
Municipal court	172,330	172,330	172,454	(124)
Legal	60,000	92,500	85,135	7,365
Mayor	7,459	7,459	7,705	(246)
Administrator	64,624	62,624	66,861	(4,237)
Legislative support	46,913	46,913	50,978	(4,065)
General administration	15,908	15,908	26,527	(10,619)
Elections	32,378	32,378	10,248	22,130
Financial management	252,665	252,665	211,973	40,692
Assessment of property	40,000	40,000	43,644	(3,644)
GIS/mapping	12,662	12,662	14,791	(2,129)
Buildings and plant	271,846	271,846	244,173	27,673
Property and liability insurance	143,746	143,746	172,373	(28,627)
Other general government	<u>35,820</u>	<u>66,820</u>	<u>46,646</u>	<u>20,174</u>
Total General Government	<u>1,187,417</u>	<u>1,248,917</u>	<u>1,182,289</u>	<u>66,628</u>
<b>PUBLIC SAFETY</b>				
Police	1,932,719	1,883,719	1,886,509	(2,790)
Fire protection	170,949	170,949	156,408	14,541
Hydrant rental	306,749	306,749	306,749	-
Ambulance	74,424	74,424	75,690	(1,266)
Building inspection	59,768	59,768	52,643	7,125
Emergency government	10,500	12,170	6,917	5,253
Emergency communication (911)	<u>528,150</u>	<u>550,150</u>	<u>542,123</u>	<u>8,027</u>
Total Public Safety	<u>3,083,259</u>	<u>3,057,929</u>	<u>3,027,039</u>	<u>30,890</u>
<b>HEALTH AND HUMAN SERVICES</b>				
Regulation and inspection	-	-	5,000	(5,000)
Animal control	150	150	-	150
Cemetery	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
Total Health and Human Services	<u>16,150</u>	<u>16,150</u>	<u>21,000</u>	<u>(4,850)</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, 2017

	<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	\$ 25,500	\$ 25,500	\$ 5,663	\$ 19,837
Engineering	51,453	51,453	55,340	(3,887)
Machinery	96,807	96,807	92,905	3,902
Garages and sheds	140,096	140,096	138,006	2,090
Street maintenance	303,033	303,033	327,415	(24,382)
Tree and brush removal	25,652	25,652	23,217	2,435
Traffic control	62,921	62,921	43,485	19,436
Snow and ice control	196,577	196,577	150,531	46,046
Street lighting	185,000	185,000	179,714	5,286
Sidewalks	16,333	16,333	543	15,790
Parking lot	1,837	1,837	1,837	-
Airport	129,875	129,875	127,830	2,045
Refuse and garbage collection	<u>1,344</u>	<u>1,344</u>	<u>1,338</u>	<u>6</u>
Total Public Works	<u>1,236,428</u>	<u>1,236,428</u>	<u>1,147,824</u>	<u>88,604</u>
<b>CULTURE, RECREATION, AND EDUCATION</b>				
Parks	309,258	309,258	290,971	18,287
Recreation	39,750	39,750	34,418	5,332
Recreation administration	44,459	44,459	43,884	575
Celebration and entertainment	3,500	3,500	4,291	(791)
Recreation facilities	37,500	37,500	38,417	(917)
Swimming pool	100,051	100,051	98,295	1,756
Art	<u>5,000</u>	<u>5,000</u>	<u>478</u>	<u>4,522</u>
Total Culture, Recreation, and Education	<u>539,518</u>	<u>539,518</u>	<u>510,754</u>	<u>28,764</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Tree planting	25,000	25,000	23,541	1,459
Nuisance control	3,000	3,000	1,796	1,204
Planning	47,657	47,657	47,173	484
Historic preservation	2,500	2,500	1,717	783
Economic development	45,700	45,700	45,597	103
Industrial development	28,250	28,250	25,297	2,953
Other conservation and development	25,000	21,500	17,269	4,231
Capital Outlay	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total Conservation and Development	<u>181,107</u>	<u>177,607</u>	<u>162,390</u>	<u>15,217</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING USES</b>				
Transfers out	\$ 500	\$ 500	\$ -	\$ 500
Total Expenditures and Other Financing Uses	<u>6,244,379</u>	<u>6,277,049</u>	<u>6,051,296</u>	<u>225,753</u>
<b>Net Change in Fund Balance</b>	(60,970)	(93,640)	219,661	313,301
FUND BALANCE - Beginning of Year	<u>5,700,323</u>	<u>5,700,323</u>	<u>5,700,323</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 5,639,353</u>	<u>\$ 5,606,683</u>	<u>\$ 5,919,984</u>	<u>\$ 313,301</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, 2017

<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>
12/31/17	0.03831581%	\$ 315,814	\$ 4,959,220	6.37%	99.12%
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, 2017

<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>
12/31/17	\$ 401,641	\$ 401,641	\$ -	\$ 5,456,920	7.36%
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, 2017

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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, 2017

	Special Revenue Funds		
	Taxi Grant Fund	Park Fund	Triathlon Fund
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 59,081	\$ 14,339
Receivables			
Taxes	15,000	-	-
Accounts	-	-	-
Loans	-	-	-
Due from other governments	21,970	-	-
Due from component units	-	-	-
Due from other funds	-	-	-
	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 36,970</b>	<b>\$ 59,081</b>	<b>\$ 14,339</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 16,885	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits	-	-	-
Advances from other funds	45,159	-	-
Total Liabilities	62,044	-	-
Deferred Inflows of Resources			
Unearned revenues	15,000	-	-
Total Deferred Inflows of Resources	15,000	-	-
Fund Balances (Deficit)			
Restricted	-	59,081	-
Committed	-	-	14,339
Assigned	-	-	-
Unassigned (deficit)	(40,074)	-	-
Total Fund Balances (deficit)	(40,074)	59,081	14,339
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 36,970</b>	<b>\$ 59,081</b>	<b>\$ 14,339</b>

Special Revenue Funds

DARE Fund	Webb Endowment Fund	Nishan Park Concession Stand Fund	Room Tax Fund	CDBG Fund	EDA Fund	HCRI Fund
\$ 8,599	\$ 49,126	\$ 10,734	\$ 34,068	\$ 734,780	\$ 20,601	\$ 13,185
-	-	-	-	-	-	-
-	-	-	-	1,175,757	101,966	10,000
-	27,539	-	-	-	-	-
<u>8,599</u>	<u>76,665</u>	<u>10,734</u>	<u>34,068</u>	<u>1,910,537</u>	<u>122,567</u>	<u>23,185</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	7,908	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,908</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	76,665	-	34,068	1,902,629	122,567	23,185
8,599	-	10,734	-	-	-	-
-	-	-	-	-	-	-
<u>8,599</u>	<u>76,665</u>	<u>10,734</u>	<u>34,068</u>	<u>1,902,629</u>	<u>122,567</u>	<u>23,185</u>
<u>\$ 8,599</u>	<u>\$ 76,665</u>	<u>\$ 10,734</u>	<u>\$ 34,068</u>	<u>\$ 1,910,537</u>	<u>\$ 122,567</u>	<u>\$ 23,185</u>

**CITY OF REEDSBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2017

	Special Revenue Funds		
	Home Loan Fund	Sidewalk Repair Fund	Solid Waste Fund
<b>ASSETS</b>			
Cash and investments	\$ 31,832	\$ 24,943	\$ 103,840
Receivables			
Taxes	-	520	394,669
Accounts	-	-	88
Loans	68,592	-	-
Due from other governments	-	-	-
Due from component units	-	-	-
Due from other funds	-	-	-
	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 100,424</b>	<b>\$ 25,463</b>	<b>\$ 498,597</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 201
Accrued liabilities	-	-	-
Deposits	-	-	-
Advances from other funds	-	-	-
Total Liabilities	-	-	201
Deferred Inflows of Resources			
Unearned revenues	-	520	394,669
Total Deferred Inflows of Resources	-	520	394,669
Fund Balances (Deficit)			
Restricted	100,424	-	-
Committed	-	24,943	103,727
Assigned	-	-	-
Unassigned (deficit)	-	-	-
Total Fund Balances (deficit)	100,424	24,943	103,727
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 100,424</b>	<b>\$ 25,463</b>	<b>\$ 498,597</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	\$ 129,739	\$ 343,966	\$ 6,000	\$ 14,767	\$ 266,670	\$ -
-	405,498	-	-	9,500	-	73,085
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	32,004
<u>\$ 22,593</u>	<u>\$ 535,237</u>	<u>\$ 343,966</u>	<u>\$ 6,000</u>	<u>\$ 24,267</u>	<u>\$ 266,670</u>	<u>\$ 105,089</u>
\$ -	\$ 9,118	\$ -	\$ -	\$ 100	\$ -	\$ 3,785
-	8,769	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	711,541
-	17,887	-	-	100	-	715,326
-	405,498	-	-	9,500	-	73,085
-	405,498	-	-	9,500	-	73,085
22,593	111,852	343,966	-	-	-	-
-	-	-	6,000	14,667	266,670	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(683,322)
<u>22,593</u>	<u>111,852</u>	<u>343,966</u>	<u>6,000</u>	<u>14,667</u>	<u>266,670</u>	<u>(683,322)</u>
<u>\$ 22,593</u>	<u>\$ 535,237</u>	<u>\$ 343,966</u>	<u>\$ 6,000</u>	<u>\$ 24,267</u>	<u>\$ 266,670</u>	<u>\$ 105,089</u>

**CITY OF REEDSBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2017

	Capital Projects Funds		
	TIF District No. 4	TIF District No. 5	TIF District No. 6
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ -
Receivables			
Taxes	333,739	74,084	21,700
Accounts	-	-	-
Loans	-	-	500,000
Due from other governments	-	-	-
Due from component units	-	-	-
Due from other funds	<u>55,505</u>	<u>-</u>	<u>8,131</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 389,244</u></b>	<b><u>\$ 74,084</u></b>	<b><u>\$ 529,831</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 883
Accrued liabilities	-	-	-
Deposits	-	-	-
Advances from other funds	<u>-</u>	<u>-</u>	<u>1,325,145</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,326,028</u>
Deferred Inflows of Resources			
Unearned revenues	<u>333,739</u>	<u>74,084</u>	<u>21,700</u>
Total Deferred Inflows of Resources	<u>333,739</u>	<u>74,084</u>	<u>21,700</u>
Fund Balances (Deficit)			
Restricted	55,505	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(817,897)</u>
Total Fund Balances (deficit)	<u>55,505</u>	<u>-</u>	<u>(817,897)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 389,244</u></b>	<b><u>\$ 74,084</u></b>	<b><u>\$ 529,831</u></b>

Capital Projects Funds

TIF District No. 7	TIF District No. 8	TIF District No. 9	Capital Equipment Fund	General Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 91,427	\$ 434,993	\$ 2,415,283
17,032	56,750	-	325,000	665,000	2,391,577
-	27,332	-	-	-	27,420
-	-	-	-	-	1,856,315
-	-	-	-	-	21,970
-	-	-	-	-	27,539
-	-	-	-	-	95,640
<u>\$ 17,032</u>	<u>\$ 84,082</u>	<u>\$ -</u>	<u>\$ 416,427</u>	<u>\$ 1,099,993</u>	<u>\$ 6,835,744</u>
\$ -	\$ 883	\$ 11,884	\$ 3,524	\$ 23,124	\$ 70,387
-	-	-	-	-	8,769
-	-	-	-	-	7,908
31,985	434,932	27,357	-	-	2,576,119
<u>31,985</u>	<u>435,815</u>	<u>39,241</u>	<u>3,524</u>	<u>23,124</u>	<u>2,663,183</u>
<u>17,032</u>	<u>56,750</u>	<u>-</u>	<u>325,000</u>	<u>665,000</u>	<u>2,391,577</u>
<u>17,032</u>	<u>56,750</u>	<u>-</u>	<u>325,000</u>	<u>665,000</u>	<u>2,391,577</u>
-	-	-	-	-	2,852,535
-	-	-	-	-	449,679
-	-	-	87,903	411,869	499,772
(31,985)	(408,483)	(39,241)	-	-	(2,021,002)
<u>(31,985)</u>	<u>(408,483)</u>	<u>(39,241)</u>	<u>87,903</u>	<u>411,869</u>	<u>1,780,984</u>
<u>\$ 17,032</u>	<u>\$ 84,082</u>	<u>\$ -</u>	<u>\$ 416,427</u>	<u>\$ 1,099,993</u>	<u>\$ 6,835,744</u>

## CITY OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2017

	Special Revenue Funds		
	Taxi Grant Fund	Park Fund	Triathlon Fund
<b>REVENUES</b>			
Taxes	\$ 15,000	\$ -	\$ -
Intergovernmental	226,193	-	-
Public charges for services	-	54,400	9,675
Special assessments	-	-	-
Investment income	-	60	-
Miscellaneous	19,948	-	-
Total Revenues	261,141	54,460	9,675
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	288,084	-	-
Culture, recreation and education	-	-	35,154
Conservation and development	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	288,084	-	35,154
Excess (deficiency) of revenues over expenditures	(26,943)	54,460	(25,479)
<b>OTHER FINANCING SOURCES (USES)</b>			
Property sales	4,299	-	-
Debt issued	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	4,299	-	-
<b>Net Change in Fund Balances</b>	(22,644)	54,460	(25,479)
FUND BALANCES (DEFICIT) - Beginning of Year	(17,430)	4,621	39,818
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ (40,074)	\$ 59,081	\$ 14,339

Special Revenue Funds

DARE Fund	Webb Endowment Fund	Nishan Park Concession Stand Fund	Room Tax Fund	CDBG Fund	EDA Fund	HCRI Fund
\$ -	\$ -	\$ -	\$ 95,076	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	751	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	11,967	16	13
<u>5,954</u>	<u>73,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,954</u>	<u>73,501</u>	<u>751</u>	<u>95,076</u>	<u>11,967</u>	<u>16</u>	<u>13</u>
-	-	-	-	-	-	-
5,081	-	-	-	-	-	-
-	-	-	-	-	-	-
-	27,732	-	7,700	-	-	-
-	-	-	75,636	3,148	380	16,274
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,081</u>	<u>27,732</u>	<u>-</u>	<u>83,336</u>	<u>3,148</u>	<u>380</u>	<u>16,274</u>
<u>873</u>	<u>45,769</u>	<u>751</u>	<u>11,740</u>	<u>8,819</u>	<u>(364)</u>	<u>(16,261)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
873	45,769	751	11,740	8,819	(364)	(16,261)
<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>\$ 8,599</u>	<u>\$ 76,665</u>	<u>\$ 10,734</u>	<u>\$ 34,068</u>	<u>\$ 1,902,629</u>	<u>\$ 122,567</u>	<u>\$ 23,185</u>

## CITY OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2017

	Special Revenue Funds		
	Home Loan Fund	Sidewalk Repair Fund	Solid Waste Fund
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	10,490
Public charges for services	-	-	396,793
Special assessments	-	7,400	-
Investment income	16	-	-
Miscellaneous	-	-	-
Total Revenues	16	7,400	407,283
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	3,822	393,067
Culture, recreation and education	-	-	-
Conservation and development	637	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	637	3,822	393,067
Excess (deficiency) of revenues over expenditures	(621)	3,578	14,216
<b>OTHER FINANCING SOURCES (USES)</b>			
Property sales	-	-	-
Debt issued	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
<b>Net Change in Fund Balances</b>	(621)	3,578	14,216
FUND BALANCES (DEFICIT) - Beginning of Year	101,045	21,365	89,511
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 100,424	\$ 24,943	\$ 103,727

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
\$ -	\$ 400,690	\$ -	\$ -	\$ 9,500	\$ -	\$ 73,447
-	257,670	-	-	-	-	236
-	22,931	-	-	6,256	51,282	-
-	-	-	-	-	-	55,500
-	-	989	-	-	711	-
-	<u>22,243</u>	<u>3,216</u>	-	<u>6,400</u>	<u>46,693</u>	-
-	<u>703,534</u>	<u>4,205</u>	-	<u>22,156</u>	<u>98,686</u>	<u>129,183</u>
-	-	-	-	-	-	4,271
-	-	-	-	-	65,506	-
-	-	-	-	-	-	-
-	685,186	116	-	22,093	-	-
-	-	-	-	-	-	1,150
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>685,186</u>	<u>116</u>	-	<u>22,093</u>	<u>65,506</u>	<u>5,421</u>
-	<u>18,348</u>	<u>4,089</u>	-	<u>63</u>	<u>33,180</u>	<u>123,762</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	325,371
-	-	-	-	-	-	(22,595)
-	-	-	-	-	-	<u>302,776</u>
-	18,348	4,089	-	63	33,180	426,538
<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>\$ 111,852</u>	<u>\$ 343,966</u>	<u>\$ 6,000</u>	<u>\$ 14,667</u>	<u>\$ 266,670</u>	<u>\$ (683,322)</u>

## CITY OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2017

	Capital Projects Funds		
	TIF District No. 4	TIF District No. 5	TIF District No. 6
<b>REVENUES</b>			
Taxes	\$ 388,884	\$ 73,808	\$ 19,792
Intergovernmental	1,050	378	1,093
Public charges for services	-	-	-
Special assessments	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Total Revenues	389,934	74,186	20,885
<b>EXPENDITURES</b>			
Current			
General government	2,769	632	20,686
Public safety	-	-	-
Public works	-	-	-
Culture, recreation and education	-	-	-
Conservation and development	21,150	1,150	49,828
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	87,500
Interest and fiscal charges	-	-	7,984
Total Expenditures	23,919	1,782	165,998
Excess (deficiency) of revenues over expenditures	366,015	72,404	(145,113)
<b>OTHER FINANCING SOURCES (USES)</b>			
Property sales	-	-	-
Debt issued	-	-	500,000
Transfers in	-	-	-
Transfers out	(374,377)	(75,409)	-
Total Other Financing Sources (Uses)	(374,377)	(75,409)	500,000
<b>Net Change in Fund Balances</b>	(8,362)	(3,005)	354,887
FUND BALANCES (DEFICIT) - Beginning of Year	63,867	3,005	(1,172,784)
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 55,505	\$ -	\$ (817,897)

Capital Projects Funds

TIF District No. 7	TIF District No. 8	TIF District No. 9	Capital Equipment Fund	General Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 16,718	\$ 44,920	\$ -	\$ 325,000	\$ 665,000	\$ 2,127,835
-	37	-	104,832	104,129	706,108
-	-	-	-	-	542,088
-	-	-	-	-	62,900
-	-	-	-	-	13,772
-	<u>27,332</u>	-	<u>500</u>	<u>218,159</u>	<u>423,946</u>
<u>16,718</u>	<u>72,289</u>	-	<u>430,332</u>	<u>987,288</u>	<u>3,876,649</u>
-	-	14,356	600	600	43,914
-	-	-	-	-	70,587
-	-	-	-	-	684,973
-	-	-	-	-	777,981
1,150	5,695	16,400	-	-	192,598
-	-	-	502,190	1,159,229	1,661,419
-	-	-	-	-	87,500
-	-	-	-	-	<u>7,984</u>
<u>1,150</u>	<u>5,695</u>	<u>30,756</u>	<u>502,790</u>	<u>1,159,829</u>	<u>3,526,956</u>
<u>15,568</u>	<u>66,594</u>	<u>(30,756)</u>	<u>(72,458)</u>	<u>(172,541)</u>	<u>349,693</u>
-	-	-	-	-	4,299
-	-	-	-	-	500,000
-	-	-	87,000	140,000	552,371
<u>(30,150)</u>	-	-	-	<u>(6,650)</u>	<u>(509,181)</u>
<u>(30,150)</u>	-	-	<u>87,000</u>	<u>133,350</u>	<u>547,489</u>
(14,582)	66,594	(30,756)	14,542	(39,191)	897,182
<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>\$ (31,985)</u>	<u>\$ (408,483)</u>	<u>\$ (39,241)</u>	<u>\$ 87,903</u>	<u>\$ 411,869</u>	<u>\$ 1,780,984</u>

## CITY OF REEDSBURG

### STATEMENT OF CASH FLOWS COMPONENT UNITS For the Year Ended December 31, 2017

	Community Development Authority	Herbert H Webb Trust	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Paid to primary government	\$ -	\$ (43,668)	\$ (43,668)
Paid to suppliers for goods and services	(50,352)	(29,455)	(79,807)
Net Cash Flows From Operating Activities	<u>(50,352)</u>	<u>(73,123)</u>	<u>(123,475)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	5,803	132,063	137,866
Net Cash Flows From Investing Activities	<u>5,803</u>	<u>132,063</u>	<u>137,866</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Received from city and private parties	29,125	-	29,125
Proceeds from sales of property held for resale	69,785	-	69,785
Net Cash Flows From Noncapital Financing Activities	<u>98,910</u>	<u>-</u>	<u>98,910</u>
<b>Net Change in Cash and Cash Equivalents</b>	54,361	58,940	113,301
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>11,939</u>	<u>13,954</u>	<u>25,893</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 66,300</u>	<u>\$ 72,894</u>	<u>\$ 139,194</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating loss	\$ (50,971)	\$ (73,123)	\$ (124,094)
Changes in assets and liabilities			
Accounts payable	619	-	619
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (50,352)</u>	<u>\$ (73,123)</u>	<u>\$ (123,475)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and investments - statement of net position	\$ 66,300	\$ 2,988,800	\$ 3,055,100
Less: Noncash equivalents	<u>-</u>	<u>(2,915,906)</u>	<u>(2,915,906)</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 66,300</u>	<u>\$ 72,894</u>	<u>\$ 139,194</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Unrealized gain on investments	<u>\$ -</u>	<u>\$ 251,798</u>	