

CITY OF REEDSBURG

Reedsburg, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

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, 2018, 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, 2018 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 5, 2019

CITY OF REEDSBURG

STATEMENT OF NET POSITION As of December 31, 2018

	Governmental Activities	Business-type Activities	Totals	Component Units
ASSETS				
Cash and investments	\$ 5,345,968	\$ 16,471,563	\$ 21,817,531	\$ 2,829,038
Receivables (net)				
Taxes receivable	6,797,731	-	6,797,731	-
Accounts	196,981	2,412,677	2,609,658	-
Other	-	481,064	481,064	-
Special assessments	4,000	4,000	8,000	-
Loans	1,731,822	-	1,731,822	70,000
Due from other governmental units	29,085	-	29,085	-
Internal balances	756,245	(756,245)	-	-
Due from component unit	30,554	-	30,554	-
Inventories and prepaid items	96,815	1,131,581	1,228,396	-
Other assets	-	2,900,069	2,900,069	17,321
Restricted assets				
Cash and investments	-	4,211,485	4,211,485	-
Net pension asset	634,866	509,898	1,144,764	-
Investment in mutual insurance company	200,515	-	200,515	-
Capital Assets				
Land and other nondepreciable assets	13,599,468	383,906	13,983,374	-
Construction in progress	-	677,948	677,948	-
Other capital assets, net of depreciation	<u>17,193,988</u>	<u>66,630,325</u>	<u>83,824,313</u>	<u>-</u>
Total Assets	<u>46,618,038</u>	<u>95,058,271</u>	<u>141,676,309</u>	<u>2,916,359</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	<u>1,193,039</u>	<u>923,415</u>	<u>2,116,454</u>	<u>-</u>
LIABILITIES				
Accounts payable	457,390	2,298,549	2,755,939	1,072
Accrued liabilities	238,845	383,708	622,553	-
Due to primary government	-	-	-	30,554
Deposits	7,908	-	7,908	-
Unearned revenue	-	137,126	137,126	-
Noncurrent Liabilities				
Due within one year	1,232,269	2,636,553	3,868,822	-
Due in more than one year	<u>4,600,074</u>	<u>27,367,512</u>	<u>31,967,586</u>	<u>-</u>
Total Liabilities	<u>6,536,486</u>	<u>32,823,448</u>	<u>39,359,934</u>	<u>31,626</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	6,800,583	-	6,800,583	-
Pension related amounts	<u>1,224,813</u>	<u>1,034,147</u>	<u>2,258,960</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>8,025,396</u>	<u>1,034,147</u>	<u>9,059,543</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	27,495,956	38,699,063	66,195,019	-
Restricted	3,505,384	3,967,774	7,473,158	2,737,283
Unrestricted	<u>2,247,855</u>	<u>19,457,254</u>	<u>21,705,109</u>	<u>147,450</u>
TOTAL NET POSITION	<u>\$ 33,249,195</u>	<u>\$ 62,124,091</u>	<u>\$ 95,373,286</u>	<u>\$ 2,884,733</u>

See accompanying notes to financial statements.

CITY OF REEDSBURG

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,349,198	\$ 211,524	\$ -	\$ -
Public safety	3,646,028	582,973	41,333	-
Public works	2,495,846	507,807	709,492	1,674,684
Health and human services	16,000	-	-	-
Culture, recreation and education	1,593,794	261,975	259,768	-
Conservation and development	1,875,726	305	-	-
Interest and fiscal charges	133,508	-	-	-
Total Governmental Activities	11,110,100	1,564,584	1,010,593	1,674,684
Business-type Activities				
Water	1,316,458	1,647,226	-	130,140
Electric	20,977,621	23,172,461	-	114,590
Communications	4,987,955	5,533,769	-	35,317
Sewer	2,792,733	3,730,105	-	618,105
Stormwater	484,878	550,172	-	-
Total Business-type Activities	30,559,645	34,633,733	-	898,152
Total Primary Government	\$ 41,669,745	\$ 36,198,317	\$ 1,010,593	\$ 2,572,836
Component Units				
Herbert H Webb Trust	\$ 110,089	\$ -	\$ -	\$ -
Community Development Authority	13,165	-	-	-
Total Component Units	\$ 123,254	\$ -	\$ -	\$ -
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 (loss)				
Public gifts and grants				
Gain on disposal of assets				
Miscellaneous				
Total General Revenues				
Transfers				
Total General Revenues and Transfers				
Change in net position				
NET POSITION - Beginning of Year				
NET POSITION - END OF YEAR				

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Units
\$ (1,137,674)	\$ -	\$ (1,137,674)	\$ -
(3,021,722)	-	(3,021,722)	-
396,137	-	396,137	-
(16,000)	-	(16,000)	-
(1,072,051)	-	(1,072,051)	-
(1,875,421)	-	(1,875,421)	-
(133,508)	-	(133,508)	-
<u>(6,860,239)</u>	<u>-</u>	<u>(6,860,239)</u>	<u>-</u>
-	460,908	460,908	-
-	2,309,430	2,309,430	-
-	581,131	581,131	-
-	1,555,477	1,555,477	-
-	<u>65,294</u>	<u>65,294</u>	<u>-</u>
-	<u>4,972,240</u>	<u>4,972,240</u>	<u>-</u>
<u>(6,860,239)</u>	<u>4,972,240</u>	<u>(1,887,999)</u>	<u>-</u>
-	-	-	(110,089)
-	-	-	(13,165)
-	-	-	(123,254)
4,583,255	-	4,583,255	-
893,307	-	893,307	-
576,391	-	576,391	-
351,287	-	351,287	-
928,322	-	928,322	-
173,895	434,444	608,339	(106,801)
103	-	103	-
6,100	-	6,100	-
<u>248,096</u>	<u>102,159</u>	<u>350,255</u>	<u>525</u>
<u>7,760,756</u>	<u>536,603</u>	<u>8,297,359</u>	<u>(106,276)</u>
<u>382,509</u>	<u>(382,509)</u>	<u>-</u>	<u>-</u>
<u>8,143,265</u>	<u>154,094</u>	<u>8,297,359</u>	<u>(106,276)</u>
1,283,026	5,126,334	6,409,360	(229,530)
<u>31,966,169</u>	<u>56,997,757</u>	<u>88,963,926</u>	<u>3,114,263</u>
<u>\$ 33,249,195</u>	<u>\$ 62,124,091</u>	<u>\$ 95,373,286</u>	<u>\$ 2,884,733</u>

See accompanying notes to financial statements.

CITY OF REEDSBURG

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

	General	General Debt Service	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 2,495,750	\$ -	\$ 2,850,218	\$ 5,345,968
Receivables				
Taxes receivable	3,251,617	811,614	2,734,500	6,797,731
Customer accounts receivable	84,671	-	112,310	196,981
Special assessments	4,000	-	-	4,000
Loans	-	-	1,731,822	1,731,822
Due from other governments	5,830	-	23,255	29,085
Due from other funds	780,144	-	95,640	875,784
Prepaid items	96,815	-	-	96,815
Advances to other funds	2,966,842	-	-	2,966,842
Due from component unit	-	-	30,554	30,554
Investment in mutual insurance company	200,515	-	-	200,515
	<u>\$ 9,886,184</u>	<u>\$ 811,614</u>	<u>\$ 7,578,299</u>	<u>\$ 18,276,097</u>
TOTAL ASSETS				
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 122,791	\$ -	\$ 330,963	\$ 453,754
Accrued liabilities	136,005	-	11,008	147,013
Deposits	-	-	7,908	7,908
Due to other funds	5,317	95,640	-	100,957
Advances from other funds	-	9,105	2,957,737	2,966,842
Total Liabilities	<u>264,113</u>	<u>104,745</u>	<u>3,307,616</u>	<u>3,676,474</u>
Deferred Inflows of Resources				
Unearned revenue	3,254,469	811,614	2,734,500	6,800,583
Unavailable revenues	424,504	-	100,600	525,104
Total Deferred Inflows of Resources	<u>3,678,973</u>	<u>811,614</u>	<u>2,835,100</u>	<u>7,325,687</u>
Fund Balances (Deficit)				
Nonspendable	3,264,172	-	-	3,264,172
Restricted	-	-	2,870,518	2,870,518
Committed	-	-	592,832	592,832
Assigned	873,356	-	512,924	1,386,280
Unassigned (deficit)	1,805,570	(104,745)	(2,540,691)	(839,866)
Total Fund Balances (Deficit)	<u>5,943,098</u>	<u>(104,745)</u>	<u>1,435,583</u>	<u>7,273,936</u>
	<u>\$ 9,886,184</u>	<u>\$ 811,614</u>	<u>\$ 7,578,299</u>	<u>\$ 18,276,097</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				

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, 2018

Total Fund Balances - Governmental Funds	\$	7,273,936
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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 and other nondepreciable items		13,599,468
Other capital assets, net of depreciation		17,193,988

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.		525,104
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The net pension asset does not relate to current financial resources and is not reported in the governmental funds.		634,866
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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.		1,193,039
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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.		(1,224,813)
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Internal service funds are reported in the statement of net position as governmental activities.		(23,340)
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Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable		(5,125,000)
Compensated absences		(619,843)
Accrued interest		(90,710)
Land contract		(87,500)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>33,249,195</u>
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CITY OF REEDSBURG

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	General	General Debt Service	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	\$ 3,337,190	\$ 893,307	\$ 2,173,743	\$ 6,404,240
Intergovernmental	1,267,908	-	874,098	2,142,006
Licenses and permits	251,357	-	-	251,357
Fines and forfeitures	336,290	-	-	336,290
Public charges for services	155,671	-	707,087	862,758
Intergovernmental charges for services	90,914	-	-	90,914
Special assessments	-	-	4,044	4,044
Investment income	110,364	-	8,277	118,641
Miscellaneous revenues	133,699	-	972,833	1,106,532
Total Revenues	5,683,393	893,307	4,740,082	11,316,782
EXPENDITURES				
Current				
General government	1,072,956	971	48,386	1,122,313
Public safety	3,294,568	-	58,649	3,353,217
Health and human services	16,000	-	-	16,000
Public works	1,241,556	-	794,836	2,036,392
Culture, recreation and education	571,012	-	844,441	1,415,453
Conservation and development	199,077	-	1,048,968	1,248,045
Capital Outlay	-	-	3,389,948	3,389,948
Debt Service				
Principal	-	990,000	87,500	1,077,500
Interest and fiscal charges	-	59,950	5,323	65,273
Total Expenditures	6,395,169	1,050,921	6,278,051	13,724,141
Excess (deficiency) of revenues over expenditures	(711,776)	(157,614)	(1,537,969)	(2,407,359)
OTHER FINANCING SOURCES (USES)				
Property sales	500	-	5,601	6,101
Transfers in	761,562	175,205	317,532	1,254,299
Transfers out	(27,172)	-	(465,565)	(492,737)
Debt issued	-	-	1,335,000	1,335,000
Total Other Financing Sources (Uses)	734,890	175,205	1,192,568	2,102,663
Net Change in Fund Balances	23,114	17,591	(345,401)	(304,696)
FUND BALANCES (DEFICIT) - Beginning of Year	5,919,984	(122,336)	1,780,984	7,578,632
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 5,943,098	\$ (104,745)	\$ 1,435,583	\$ 7,273,936

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, 2018

Net change in fund balances - total governmental funds	\$	(304,696)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		3,389,948
Some items are reported as capital outlay were not capitalized		(818,059)
Depreciation is reported in the government-wide financial statements		(1,347,754)
Net book value of assets retired		(119,077)

Contributed capital assets are reported as revenues in the government-wide financial statements.		798,480
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Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		100,600
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued		(1,335,000)
Principal repaid		1,077,500

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		(18,208)
Accrued interest		(63,386)
Net pension asset/liability		814,962
Deferred outflows of resources related to pensions		(236,199)
Deferred inflows of resources related to pensions		(632,745)

Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities		<u>(23,340)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>1,283,026</u>
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CITY OF REEDSBURG

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Utility		Nonmajor Enterprise Fund - Stormwater Fund	Totals	
	Commission	Sewer			
ASSETS					
Current Assets					
Cash and investments	\$ 13,386,686	\$ 2,725,413	\$ 359,464	\$ 16,471,563	\$ -
Accounts receivable (net)	2,248,721	163,956	-	2,412,677	-
Other accounts receivable	437,486	-	-	437,486	-
Interest receivable	43,578	-	-	43,578	-
Due from other funds	5,317	184,783	68,912	259,012	-
Prepaid items	80,285	-	-	80,285	-
Inventories	1,051,296	-	-	1,051,296	-
Restricted Assets					
Cash and investments	227,183	765,802	-	992,985	-
Total Current Assets	17,480,552	3,839,954	428,376	21,748,882	-
Noncurrent Assets					
Restricted Assets					
Cash and investments	1,234,120	1,984,380	-	3,218,500	-
Net pension asset	394,903	80,638	34,357	509,898	-
Capital Assets					
Land	252,145	72,687	59,074	383,906	-
Construction work in progress	677,948	-	-	677,948	-
Property and equipment	77,282,413	32,254,879	6,715,740	116,253,032	-
Less: Accumulated depreciation	(34,457,079)	(12,474,380)	(2,691,248)	(49,622,707)	-
Other Assets					
Organization costs	167,867	-	-	167,867	-
Accumulated amortization of organization costs	(74,683)	-	-	(74,683)	-
Private parking lighting (net of accumulated depreciation)	18,371	-	-	18,371	-
Investment in ATC	2,788,514	-	-	2,788,514	-
Special assessments receivable	-	4,000	-	4,000	-
Total Noncurrent Assets	48,284,519	21,922,204	4,117,923	74,324,646	-
Total Assets	65,765,071	25,762,158	4,546,299	96,073,528	-
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	730,784	132,281	60,350	923,415	-

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	Totals	
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 2,120,925	\$ 173,652	\$ 3,972	\$ 2,298,549	\$ 3,636
Accrued liabilities	302,492	11,237	7,746	321,475	1,122
Due to other funds	1,015,257	-	-	1,015,257	18,582
Current portion of general obligation debt	710,000	-	-	710,000	-
Other liabilities	16,123	-	-	16,123	-
Compensated absences	108,879	9,531	-	118,410	-
Lease payable	-	-	33,840	33,840	-
Notes payable	9,483	-	-	9,483	-
Liabilities Payable from Restricted Assets					
Revenue bonds payable	674,794	1,083,386	-	1,758,180	-
Accrued interest payable	9,206	43,544	-	52,750	-
Total Current Liabilities	<u>4,967,159</u>	<u>1,321,350</u>	<u>45,558</u>	<u>6,334,067</u>	<u>23,340</u>
Noncurrent Liabilities					
Long-Term Debt					
Unamortized debt premium	296,576	-	-	296,576	-
State trust fund loans payable	14,485,000	-	-	14,485,000	-
Lease payable	-	-	138,006	138,006	-
Revenue bonds payable	2,454,445	9,739,689	-	12,194,134	-
Notes payable	59,116	-	-	59,116	-
Other Liabilities					
Compensated absences	189,730	4,950	-	194,680	-
Unearned revenues	137,126	-	-	137,126	-
Total Noncurrent Liabilities	<u>17,621,993</u>	<u>9,744,639</u>	<u>138,006</u>	<u>27,504,638</u>	<u>-</u>
Total Liabilities	<u>22,589,152</u>	<u>11,065,989</u>	<u>183,564</u>	<u>33,838,705</u>	<u>23,340</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	<u>781,516</u>	<u>185,725</u>	<u>66,906</u>	<u>1,034,147</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	25,757,232	9,030,111	3,911,720	38,699,063	-
Restricted for					
Depreciation	398,137	-	-	398,137	-
Debt service	221,243	719,258	-	940,501	-
Equipment replacement	-	1,984,380	-	1,984,380	-
Impact fees	134,858	-	-	134,858	-
Pension	394,903	80,638	34,357	509,898	-
Unrestricted (deficit)	<u>16,218,814</u>	<u>2,828,338</u>	<u>410,102</u>	<u>19,457,254</u>	<u>(23,340)</u>
TOTAL NET POSITION	<u>\$ 43,125,187</u>	<u>\$ 14,642,725</u>	<u>\$ 4,356,179</u>	<u>\$ 62,124,091</u>	<u>\$ (23,340)</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, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	Totals	
OPERATING REVENUES					
Public charges for services	\$ 30,353,456	\$ 3,730,105	\$ 550,172	\$ 34,633,733	\$ 423,381
Total Operating Revenues	<u>30,353,456</u>	<u>3,730,105</u>	<u>550,172</u>	<u>34,633,733</u>	<u>423,381</u>
OPERATING EXPENSES					
Operation and maintenance	24,296,129	1,634,715	303,786	26,234,630	446,721
Depreciation	<u>2,497,507</u>	<u>891,010</u>	<u>174,503</u>	<u>3,563,020</u>	<u>-</u>
Total Operating Expenses	<u>26,793,636</u>	<u>2,525,725</u>	<u>478,289</u>	<u>29,797,650</u>	<u>446,721</u>
Operating Income (Loss)	<u>3,559,820</u>	<u>1,204,380</u>	<u>71,883</u>	<u>4,836,083</u>	<u>(23,340)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	397,013	37,431	-	434,444	-
Interest and amortization expense	(488,398)	(267,008)	(6,589)	(761,995)	-
Miscellaneous	<u>102,159</u>	<u>-</u>	<u>-</u>	<u>102,159</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>10,774</u>	<u>(229,577)</u>	<u>(6,589)</u>	<u>(225,392)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	<u>3,570,594</u>	<u>974,803</u>	<u>65,294</u>	<u>4,610,691</u>	<u>(23,340)</u>
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	280,047	508,752	-	788,799	-
Capital contributions - muni	379,053	109,353	-	488,406	-
Transfers out	<u>(761,562)</u>	<u>-</u>	<u>-</u>	<u>(761,562)</u>	<u>-</u>
Total Contributions and Transfers	<u>(102,462)</u>	<u>618,105</u>	<u>-</u>	<u>515,643</u>	<u>-</u>
Change in Net Position	3,468,132	1,592,908	65,294	5,126,334	(23,340)
NET POSITION - Beginning of Year	<u>39,657,055</u>	<u>13,049,817</u>	<u>4,290,885</u>	<u>56,997,757</u>	<u>-</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 43,125,187</u>	<u>\$ 14,642,725</u>	<u>\$ 4,356,179</u>	<u>\$ 62,124,091</u>	<u>\$ (23,340)</u>

See accompanying notes to financial statements.

CITY OF REEDSBURG

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 30,065,191	\$ 3,805,511	\$ 550,989	\$ 34,421,691	\$ 423,381
Received from other funds for services	788,478	-	-	788,478	-
Paid to suppliers for goods and services	(22,456,203)	(1,305,536)	(162,254)	(23,923,993)	(352,817)
Paid to employees for services	(1,885,863)	(358,003)	(190,863)	(2,434,729)	(70,564)
Net Cash Flows From Operating Activities	<u>6,511,603</u>	<u>2,141,972</u>	<u>197,872</u>	<u>8,851,447</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	333,956	37,431	-	371,387	-
Investment in ATC	(115,537)	-	-	(115,537)	-
Net Cash Flows From Investing Activities	<u>218,419</u>	<u>37,431</u>	<u>-</u>	<u>255,850</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Paid to municipality for tax equivalent	(760,698)	-	-	(760,698)	-
Net Cash Flows From Noncapital Financing Activities	<u>(760,698)</u>	<u>-</u>	<u>-</u>	<u>(760,698)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt issued	-	957,371	-	957,371	-
Debt retired	(1,355,402)	(1,011,971)	(32,645)	(2,400,018)	-
Interest paid	(523,429)	(269,597)	(7,485)	(800,511)	-
Acquisition and construction of capital assets	(3,017,341)	(981,488)	(120,683)	(4,119,512)	-
Grant proceeds received	-	410,302	-	410,302	-
Capital contributions received	578,152	-	-	578,152	-
Net Cash Flows From Capital and Related Financing Activities	<u>(4,318,020)</u>	<u>(895,383)</u>	<u>(160,813)</u>	<u>(5,374,216)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	1,651,304	1,284,020	37,059	2,972,383	-
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>13,196,685</u>	<u>4,191,575</u>	<u>322,405</u>	<u>17,710,665</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 14,847,989</u>	<u>\$ 5,475,595</u>	<u>\$ 359,464</u>	<u>\$ 20,683,048</u>	<u>\$ -</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	Totals	Governmental Activities - Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 3,559,820	\$ 1,204,380	\$ 71,883	\$ 4,836,083	\$ (23,340)
Nonoperating revenue	64,771	-	-	64,771	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	2,497,507	891,010	174,503	3,563,020	-
Depreciation charged to other funds	49,435	-	-	49,435	-
Depreciation on nonutility plant	12,734	-	-	12,734	-
Changes in assets, liabilities, and deferred items					
Accounts receivable	89,274	40,979	-	130,253	-
Due from other funds	-	34,427	817	35,244	-
Prepaid items	34,370	-	-	34,370	-
Inventories	(127,581)	-	-	(127,581)	-
Accounts payable	(16,420)	(45,643)	(58,525)	(120,588)	3,636
Due to other funds	289,599	-	-	289,599	18,582
Compensated absences	30,069	(773)	-	29,296	-
Other current liabilities	(12,772)	2,748	778	(9,246)	1,122
Unearned revenues	4,336	-	-	4,336	-
Pension related deferrals and liabilities	36,105	14,844	8,416	59,365	-
Commitment to community	356	-	-	356	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 6,511,603</u>	<u>\$ 2,141,972</u>	<u>\$ 197,872</u>	<u>\$ 8,851,447</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and investments	\$ 13,386,686	\$ 2,725,413	\$ 359,464	\$ 16,471,563	\$ -
Restricted cash and investments					
Restricted cash and investments - current	227,183	765,802	-	992,985	-
Restricted cash and investments - noncurrent	1,234,120	1,984,380	-	3,218,500	-
CASH AND CASH EQUIVALENTS	<u>\$ 14,847,989</u>	<u>\$ 5,475,595</u>	<u>\$ 359,464</u>	<u>\$ 20,683,048</u>	<u>\$ -</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
ATC dividends reinvested	\$ (64,529)	\$ -	\$ -	\$ -	\$ -
Amortization of debt premium	\$ 37,388	\$ -	\$ -	\$ -	\$ -
Capital contributions	\$ 80,948	\$ 207,803	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF REEDSBURG

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 As of December 31, 2018

	Agency Fund	Private- Purpose Trust Fund
	Tax Collection Fund	Nishan Community Aid for the Poor
ASSETS		
Cash and investments	\$ 6,008,824	\$ 90
Property taxes receivable	2,030,847	-
Total Assets	8,039,671	90
LIABILITIES		
Due to other taxing units	8,039,671	-
Total Liabilities	8,039,671	-
NET POSITION		
Held in trust for private trust activities	-	90
TOTAL NET POSITION	\$ -	\$ 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, 2018

	Nishan Community Aid for the Poor
ADDITIONS	
Investment income	\$ <u> -</u>
DEDUCTIONS	
Change in Net Position	-
NET POSITION - Beginning of Year	<u> 90</u>
NET POSITION - END OF YEAR	<u><u> 90</u></u>

See accompanying notes to financial statements.

CITY OF REEDSBURG

COMBINING STATEMENT OF NET POSITION COMPONENT UNITS December 31, 2018

	Community Development Authority	Herbert H. Webb Trust	Totals
ASSETS			
Cash and investments	\$ 61,201	\$ 2,767,837	\$ 2,829,038
Loans receivable	70,000	-	70,000
Property held for resale	17,321	-	17,321
Total Assets	148,522	2,767,837	2,916,359
LIABILITIES			
Accounts payable	1,072	-	1,072
Due to primary government	-	30,554	30,554
Total Liabilities	1,072	30,554	31,626
NET POSITION			
Restricted for Trust purposes	-	2,737,283	2,737,283
Unrestricted net position	147,450	-	147,450
TOTAL NET POSITION	\$ 147,450	\$ 2,737,283	\$ 2,884,733

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, 2018

	<u>Community Development Authority</u>	<u>Herbert H. Webb Trust</u>	<u>Totals</u>
OPERATING EXPENSES			
Operation and maintenance	\$ 13,165	\$ 110,089	\$ 123,254
Total Operating Expenses	<u>13,165</u>	<u>110,089</u>	<u>123,254</u>
Operating Loss	<u>(13,165)</u>	<u>(110,089)</u>	<u>(123,254)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	7,088	(113,889)	(106,801)
Miscellaneous revenues	<u>525</u>	<u>-</u>	<u>525</u>
Total Nonoperating Revenues (Expenses)	<u>7,613</u>	<u>(113,889)</u>	<u>(106,276)</u>
Change in net position	(5,552)	(223,978)	(229,530)
NET POSITION - Beginning of Year	<u>153,002</u>	<u>2,961,261</u>	<u>3,114,263</u>
NET POSITION - END OF YEAR	<u>\$ 147,450</u>	<u>\$ 2,737,283</u>	<u>\$ 2,884,733</u>

See accompanying notes to financial statements.

CITY OF REEDSBURG

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CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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, 2018. The CDA does not issue separate financial statements.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units (cont.)

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, 2018. 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.

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.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

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, 2018

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	Airport

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:

Internal Service Fund - used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

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

Nishan Community Aid for the Poor

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

Tax Collection Fund

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

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

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

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

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

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

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, 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, 2018

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

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

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

The city has not adopted an investment policy.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on 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, 2018

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.)

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, 2018, 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 - 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale - 2018 delinquent real estate taxes	October 2021

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible 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, 2018

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.)

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 \$651,844.

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, 2018

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, 2018

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, 2018, 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, 2018

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

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

9. Long-Term Obligations/Conduit Debt (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 \$1,352,370, 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, 2018

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

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 29% of the subsequent year's budgeted general fund expenditures. The balance at year-end was \$1,805,570, or 27%, and is included in unassigned general fund balance.

See Note III. H. for further information.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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.)

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, 2018.

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.

Stormwater

Current rates were approved by the city council and made effective as of January 1, 2016.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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.)

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	Actual Expenditures	Excess Expenditures Over Budget
General Fund	\$ 6,149,506	\$ 6,422,341	\$ 272,835
Taxi Grant Fund	225,270	229,586	4,316
DARE Fund	3,500	4,574	1,074
Triathlon Fund	10,000	57,320	47,320
Room Tax Fund	80,250	93,768	13,518
CDBG Fund	-	2,600	2,600
EDA Fund	-	5,440	5,440
Rescue Fund	50,000	54,075	4,075
Airport Fund	174,124	176,516	2,392
TIF District No. 3	36,910	54,074	17,164
TIF District No. 5	44,730	74,468	29,738
TIF District No. 9	981,983	2,141,830	1,159,847

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.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

C. DEFICIT BALANCES

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

As of December 31, 2018, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
General Debt Service	\$ (104,745)	Unfunded debt payments
Taxi Grant Fund	(55,985)	Expenditures exceeding grant revenue
Tax Incremental District No. 3	(398,711)	Costs exceeding increment
Tax Incremental District No. 6	(870,284)	Costs exceeding increment
Tax Incremental District No. 7	(15,393)	Costs exceeding increment
Tax Incremental District No. 8	(354,247)	Costs exceeding increment
Tax Incremental District No. 9	(846,071)	Costs exceeding increment

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

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

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

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 15,759,893	\$ 14,696,857	Custodial credit
U.S. agencies - implicitly guaranteed	1,503,211	1,503,211	Credit, custodial credit, concentration of credit, interest rate
Certificates of deposit (negotiable)	5,768,820	5,768,820	Credit, custodial credit, concentration of credit, interest rate
LGIP	9,005,506	9,005,506	Credit
Petty cash	500	-	N/A
Total Deposits and Investments	\$ 32,037,930	\$ 30,974,394	

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

A. DEPOSITS AND INVESTMENTS (cont.)

Reconciliation to financial statements	
Per statement of net position	
Unrestricted cash and investments	\$ 21,817,531
Restricted cash and investments	4,211,485
Per statement of net position - fiduciary funds	
Tax collection fund	6,008,824
Private-Purpose Trust Fund	<u>90</u>
 Total Deposits and Investments	 <u><u>\$ 32,037,930</u></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, 2018, the banks had pledged various government securities in the amount of \$16,136,554 to secure the city's deposits.

The utility commission's investment in American Transmission Corporation (ATC) is measured at the net asset value (NAV) per share of ownership. As of December 31, 2018, the fair value of the investment was \$2,788,514. 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.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

- > Certificates of deposit (negotiable) - uses a market based approach
- > 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, 2018			
	Level 1	Level 2	Level 3	Total
U.S. agencies - implicitly guaranteed	\$ -	\$ 1,503,211	\$ -	\$ 1,503,211
Certificates of deposit (negotiable)	<u>5,768,820</u>	<u>-</u>	<u>-</u>	<u>5,768,820</u>
Total	<u>\$ 5,768,820</u>	<u>\$ 1,503,211</u>	<u>\$ -</u>	<u>\$ 7,272,031</u>

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.

As of December 31, 2018, 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	<u>\$ 1,503,211</u>
---------------------------------------	---------------------

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, 2018, the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>
U.S. agencies - implicitly guaranteed	AA+

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

The city also held investments in the following investments which are not rated:

Local Government Investment Pool

Certificates of deposit (negotiable)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2018, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Associated Bank, National Association	Certificates of deposit (negotiable)	37.18%

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, 2018, 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	\$ 1,503,211	\$ -	\$ -	\$ 1,503,211
Certificates of deposit (negotiable)	<u>5,768,820</u>	<u>4,307,306</u>	<u>1,461,514</u>	<u>-</u>
Totals	<u>\$ 7,272,031</u>	<u>\$ 4,307,306</u>	<u>\$ 1,461,514</u>	<u>\$ 1,503,211</u>

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

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

B. RECEIVABLES

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

	<u>General Fund</u>	<u>Debt Service</u>	<u>Utility Commission</u>	<u>Sewer Utility</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Receivables						
Gross receivables	\$ 3,346,118	\$ 811,614	\$ 2,781,781	\$ 167,956	\$ 5,262,511	\$ 12,369,980
Less: Allowance for uncollectibles	-	-	(51,996)	-	(660,624)	(712,620)
Net Total Receivables	<u>\$ 3,346,118</u>	<u>\$ 811,614</u>	<u>\$ 2,729,785</u>	<u>\$ 167,956</u>	<u>\$ 4,601,887</u>	<u>\$ 11,657,360</u>
Amounts not expected to be collected within one year	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 51,996</u>	<u>\$ 4,000</u>	<u>\$ 3,053,070</u>	<u>\$ 3,113,066</u>

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 6,800,583	\$ -
Interfund interest - TIF advances	-	424,504
Developer receivable	-	100,600
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 6,800,583</u>	<u>\$ 525,104</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, 2018, the city has not exceeded the maximum amount of program income that it may retain or the amount of time for which funds may be held without use. When it does, a liability to the state will be recorded.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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.

Net Pension Asset

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

Impact Fee Account

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

Following is a list of restricted assets at December 31, 2018:

	<u>Restricted Assets</u>
Redemption account	\$ 992,985
Reserve account	701,125
Depreciation account	398,137
Replacement account	1,984,380
Impact fee account	134,858
Net pension asset	<u>1,144,764</u>
Total	<u>\$ 5,356,249</u>

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 6,654,369	\$ -	\$ 4,920	\$ 6,649,449
Land for right of way	942,232	-	-	942,232
Road infrastructure not being depreciated	5,328,241	786,051	106,505	6,007,787
Construction work in progress	<u>236,968</u>	-	<u>236,968</u>	-
Total Capital Assets Not Being Depreciated/Amortized	<u>13,161,810</u>	<u>786,051</u>	<u>348,393</u>	<u>13,599,468</u>
Capital assets being depreciated/amortized				
Buildings	11,778,726	25,539	-	11,804,265
Intangibles	95,272	-	-	95,272
Equipment and furniture	10,012,535	460,394	127,352	10,345,577
Infrastructure	<u>18,626,296</u>	<u>2,335,353</u>	<u>318,917</u>	<u>20,642,732</u>
Total Capital Assets Being Depreciated/Amortized	<u>40,512,829</u>	<u>2,821,286</u>	<u>446,269</u>	<u>42,887,846</u>
Total Capital Assets	<u>53,674,639</u>	<u>3,607,337</u>	<u>794,662</u>	<u>56,487,314</u>
Less: Accumulated depreciation/amortization for				
Buildings	(7,212,090)	(227,358)	-	(7,439,448)
Intangibles	(74,212)	(6,018)	-	(80,230)
Equipment and furniture	(5,944,031)	(489,104)	119,700	(6,313,435)
Infrastructure	<u>(11,554,388)</u>	<u>(625,274)</u>	<u>318,917</u>	<u>(11,860,745)</u>
Total Accumulated Depreciation/Amortization	<u>(24,784,721)</u>	<u>(1,347,754)</u>	<u>438,617</u>	<u>(25,693,858)</u>
Net Capital Assets Being Depreciated/Amortized	<u>15,728,108</u>	<u>1,473,532</u>	<u>7,652</u>	<u>17,193,988</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 28,889,918</u>	<u>\$ 2,259,583</u>	<u>\$ 356,045</u>	<u>\$ 30,793,456</u>

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 81,203
Public safety	239,317
Public works	771,068
Culture, recreation, and education	<u>256,166</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 1,347,754</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciation				
Land	\$ 383,906	\$ -	\$ -	\$ 383,906
Construction in progress	<u>1,433,468</u>	<u>2,452,600</u>	<u>3,208,120</u>	<u>677,948</u>
Total Capital Assets Not Being Depreciation	<u>1,817,374</u>	<u>2,452,600</u>	<u>3,208,120</u>	<u>1,061,854</u>
Capital assets being depreciated				
Electric system	28,981,720	787,862	210,670	29,558,912
Water system	13,938,098	1,055,154	48,176	14,945,076
Communications system	32,050,659	888,031	160,265	32,778,425
Sewer system	29,899,426	2,466,914	111,461	32,254,879
Stormwater system	<u>6,595,057</u>	<u>120,683</u>	<u>-</u>	<u>6,715,740</u>
Total Capital Assets Being Depreciated	<u>111,464,960</u>	<u>5,318,644</u>	<u>530,572</u>	<u>116,253,032</u>
Total Capital Assets	<u>113,282,334</u>	<u>7,771,244</u>	<u>3,738,692</u>	<u>117,314,886</u>
Less: Accumulated depreciation for				
Electric system	(16,892,696)	(1,001,707)	199,324	(17,695,079)
Water system	(4,622,649)	(355,974)	48,255	(4,930,368)
Communications system	(10,762,269)	(1,229,628)	160,265	(11,831,632)
Sewer system	(11,694,831)	(891,010)	111,461	(12,474,380)
Stormwater system	<u>(2,516,745)</u>	<u>(174,503)</u>	<u>-</u>	<u>(2,691,248)</u>
Total Accumulated Depreciation	<u>(46,489,190)</u>	<u>(3,652,822)</u>	<u>519,305</u>	<u>(49,622,707)</u>
Net Capital Assets Being Depreciated	<u>64,975,770</u>	<u>1,665,822</u>	<u>11,267</u>	<u>66,630,325</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 66,793,144</u>	<u>\$ 4,118,422</u>	<u>\$ 3,219,387</u>	<u>\$ 67,692,179</u>

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Electric	\$ 958,683
Water	308,135
Communications	1,230,689
Sewer	891,010
Storm	<u>174,503</u>

Total Business-type Activities Depreciation Expense	<u><u>\$ 3,563,020</u></u>
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Depreciation expense does not agree to the increases in accumulated depreciation due to joint metering, salvage, and cost of removal.

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General fund	Utility commission	\$ 761,562
General fund	Internal service fund	18,582
Utility commission	General fund	5,317
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	68,912
Sewer	Utility commission	<u>184,783</u>
Total - Fund Financial Statements		1,134,796
Less: Fund eliminations		<u>(378,551)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 756,245</u></u>

All amounts are due within one year.

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

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

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

Advances

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

The general fund is also advancing funds to the taxi, TIF District No. 7, TIF District No. 9, and general debt service funds. No interest is being charged on these advances and no repayment schedules have been established.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	Taxi fund	\$ 61,486	\$ 61,486
General fund	General debt service fund	9,105	9,105
General fund	TIF District No. 3	429,251	429,251
General fund	TIF District No. 6	1,376,996	1,376,996
General fund	TIF District No. 7	15,393	15,393
General fund	TIF District No. 8	354,247	354,247
General fund	TIF District No. 9	720,364	720,364
Total - Fund Financial Statements		2,966,842	
Less: Fund eliminations		(2,966,842)	
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, 2018

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	\$ 175,205	Debt service payments
Nonmajor governmental funds	Nonmajor governmental funds	290,360	Increment sharing
General fund	Utility commission	761,562	Tax equivalent
Nonmajor governmental funds	General fund	<u>27,172</u>	Establish the airport fund
Total - Fund Financial Statements		1,254,299	
Less: Fund eliminations		(492,737)	
Less: Assets transferred from governmental activities to business-type activities		<u>(379,053)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 382,509</u></u>	

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

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 4,780,000	\$ 1,335,000	\$ 990,000	\$ 5,125,000	\$ 1,005,858
Sub-totals	4,780,000	1,335,000	990,000	5,125,000	1,005,858
Other Liabilities					
Vested compensated absences	601,635	147,965	129,757	619,843	138,911
Land contract	175,000	-	87,500	87,500	87,500
Total Other Liabilities	776,635	147,965	217,257	707,343	226,411
Total Governmental Activities Long-Term Liabilities	\$ 5,556,635	\$ 1,482,965	\$ 1,207,257	\$ 5,832,343	\$ 1,232,269
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 15,880,000	\$ -	\$ 685,000	\$ 15,195,000	\$ 710,000
Revenue bonds	14,661,194	957,371	1,666,251	13,952,314	1,758,180
Notes payable	91,361	-	16,122	75,239	16,123
(Discounts)/Premiums	333,964	-	37,388	296,576	-
Sub-totals	30,966,519	957,371	2,404,761	29,519,129	2,484,303
Other Liabilities					
Vested compensated absences	283,794	52,369	23,073	313,090	118,410
Capital leases	204,491	-	32,645	171,846	33,840
Total Other Liabilities	488,285	52,369	55,718	484,936	152,250
Total Business-type Activities Long-Term Liabilities	\$ 31,454,804	\$ 1,009,740	\$ 2,460,479	\$ 30,004,065	\$ 2,636,553

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, 2018, was \$30,012,380. Total general obligation debt outstanding at year-end was \$20,320,000.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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, 2018</u>
General obligation refunding bonds	5/20/2013	3/1/2020	0.45 - 1.70	\$ 1,835,000	\$ 445,000
General obligation refunding bonds	5/5/2013	3/1/2023	1.20 - 1.80	3,225,000	1,925,000
General obligation refunding bonds	9/7/2016	12/1/2021	1.05 - 1.50	1,785,000	920,000
State trust fund loan	10/18/2017	3/15/2037	4.00	500,000	500,000
State trust fund loan	1/16/18	3/15/2032	4.00	1,335,000	<u>1,335,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 5,125,000</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, 2018</u>
General obligation refunding bonds	8/22/2016	3/1/2035	2.00 - 3.00%	\$ 7,480,000	\$ 7,125,000
General obligation refunding bonds	6/29/2017	3/1/2035	2.00 - 3.50	2,610,000	2,510,000
General obligation refunding bonds	9/18/2017	3/1/2029	1.55 - 3.00	6,000,000	<u>5,560,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 15,195,000</u>

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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
2019	\$ 1,005,858	\$ 135,711	\$ 710,000	\$ 372,700
2020	870,294	103,146	730,000	353,750
2021	659,299	89,609	750,000	334,869
2022	613,271	76,060	770,000	316,038
2023	622,402	63,087	790,000	299,063
2024-2028	604,720	224,543	4,185,000	1,243,050
2029-2033	608,786	93,296	5,020,000	698,464
2034-2037	140,370	14,319	2,240,000	69,488
Totals	<u>\$ 5,125,000</u>	<u>\$ 799,771</u>	<u>\$ 15,195,000</u>	<u>\$ 3,687,422</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, 2018

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2018, 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, 2018</u>	
<u>Sewer Utility</u>						
Revenue bonds	5/1/2005	5/1/2025	2.565	\$ 11,292,318	\$ 4,824,418	
Revenue bonds	5/1/2006	5/1/2025	2.365	2,981,335	1,273,030	
Revenue bonds	3/23/2011	5/1/2030	2.499	1,860,236	1,280,412	
Revenue bonds	5/1/2013	5/1/2033	2.625	3,096,378	2,487,844	(1)
Revenue bonds	4/11/2018	5/1/2037	1.060	957,371	<u>957,371</u>	
Total Sewer Utility					<u>10,823,075</u>	

The sewer utility has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in, 2005, 2006, 2011, 2013, and 2018. Proceeds from the bonds provided financing for the sewer systems. The bonds are solely from sewer revenues and are payable through 2037. Annual principal and interest payments on the bonds are expected to require 17% of sewer revenues. The total principal and interest remaining to be paid on the bonds is \$12,198,820. Principal and interest paid in the current year and total customer gross revenues were \$1,281,269 and \$3,767,536, 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, 2018. The repayment schedule is for the amount issued.

Water Utility

Safe Drinking Water Loan	1/27/2010	5/1/2029	2.67	\$ 385,163	\$ 249,239	
Revenue bonds	9/29/2011	5/1/2020	1.00 - 3.00	995,000	240,000	
Main Replacements and SCADA Improvements	7/7/2014	5/1/2029	1.70 - 3.75	895,000	<u>730,000</u>	
Total Water Utility					<u>1,219,239</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 8% of water revenues. The total principal and interest remaining to be paid on the bonds is \$1,414,991. Principal and interest paid in the current year and total customer gross revenues were \$223,354 and \$1,663,231, respectively.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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	350,000
Revenue bonds	2/21/2013	12/1/2023	0.65 - 2.70	940,000	500,000
Revenue bonds	10/24/2013	12/1/2022	0.80 - 3.50	2,145,000	<u>1,060,000</u>
				Total Electric Utility	<u>1,910,000</u>

Total Business-type Activities - Revenue Debt \$ 13,952,314

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 \$2,056,015. Principal and interest paid in the current year and total customer gross revenues were \$535,310 and \$23,565,724, respectively.

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,758,180	\$ 337,537
2020	1,800,488	293,000
2021	1,618,484	247,017
2022	1,667,183	204,108
2023	1,396,603	159,123
2024-2028	3,948,981	382,915
2029-2033	1,544,670	89,181
2034-2037	<u>217,725</u>	<u>4,631</u>
Totals	<u><u>\$ 13,952,314</u></u>	<u><u>\$ 1,717,512</u></u>

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

F. LONG-TERM OBLIGATIONS (cont.)

Business-type Activities	Date of	Final	Interest	Original	Balance
<u>Other Long-Term Obligations</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>December 31, 2018</u>
Notes payable - LED street lights	8/12/2013	8/28/2023	0%	\$ 161,226	<u>\$ 75,239</u>
Total Business-type Activities Other Long-Term Obligations					<u><u>\$ 75,239</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Other Long-Term Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 16,123	\$ -
2020	16,123	-
2021	16,123	-
2022	16,123	-
2023	<u>10,747</u>	<u>-</u>
Totals	<u><u>\$ 75,239</u></u>	<u><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.

Land Contract at December 31, 2018 consists of the following:

Governmental Activities	Date of	Final	Interest	Original	Balance
<u>Land Contract</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>December 31, 2018</u>
300 Vine Street	4/28/2016	5/1/2019	3%	\$ 350,000	<u>\$ 87,500</u>
Total Governmental Activities Land Contract					<u><u>\$ 87,500</u></u>

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

F. LONG-TERM OBLIGATIONS (cont.)

Land Contract (cont.)

Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Governmental Activities Land Contract</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ <u>87,500</u>	\$ <u>2,661</u>
Totals	\$ <u>87,500</u>	\$ <u>2,661</u>

Other Debt Information

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

Bond Covenant Disclosures

Insurance

The sewer utility is covered under the 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, 2018

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 2018 as follows:

Operating revenues	\$ 3,730,105
Investment income	37,431
Less: Operation and maintenance expenses	<u>(1,634,715)</u>
Net Defined Earnings	<u>\$ 2,132,821</u>
Minimum Required Earnings per Resolution:	
Highest annual debt service 2005 CWF bonds	\$ 753,523
Highest annual debt service 2006 CWF bonds	197,464
Highest annual debt service 2011 CWF bonds	123,656
Highest annual debt service 2013 CWF bonds	200,982
Highest annual debt service 2018 CWF bonds	<u>55,635</u>
Subtotal	1,331,260
Coverage factor	<u>1.10</u>
Minimum Required Earnings	<u>\$ 1,464,386</u>
Actual Debt Coverage	<u>1.60</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, 2018, are as follows:

<u>Years</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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>\$ 171,846</u>	<u>\$ 17,544</u>	<u>\$ 189,390</u>

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2018, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land and other nondepreciable assets	\$ 13,599,468
Capital assets, net of accumulated depreciation	17,193,988
Less: Long-term debt outstanding	(5,212,500)
Plus: Noncapital debt outstanding	<u>1,915,000</u>
Total Net Investment in Capital Assets	<u>27,495,956</u>
Restricted	
Trust purposes	126,034
Housing and economic development	2,144,255
TIF projects	54,041
Park development	66,337
Room tax	44,154
Library	435,697
Pension	<u>634,866</u>
Total Restricted	<u>3,505,384</u>
Unrestricted	<u>2,247,855</u>
Total Governmental Activities Net Position	<u>\$ 33,249,195</u>

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2018, include the following:

	General	General Debt Service	Nonmajor Funds	Totals
Fund Balances				
Nonspendable:				
Investment in mutual insurance company	\$ 200,515	\$ -	\$ -	\$ 200,515
Advances	2,966,842	-	-	2,966,842
Prepaid items	96,815	-	-	96,815
Sub-total	3,264,172	-	-	3,264,172
Restricted for:				
Public purpose	-	-	102,832	102,832
General city expenditures	-	-	44,154	44,154
Recreational and playground purposes	-	-	23,202	23,202
Loans	-	-	2,144,255	2,144,255
Library	-	-	435,697	435,697
Capital projects - TIF	-	-	54,041	54,041
Park improvements	-	-	66,337	66,337
Sub-total	-	-	2,870,518	2,870,518
Committed to:				
Sidewalk repairs	-	-	25,887	25,887
Solid waste and recycling activities	-	-	134,541	134,541
Fire protection	-	-	295,384	295,384
Drug education	-	-	8,584	8,584
Recreation	-	-	128,436	128,436
Sub-total	-	-	592,832	592,832
Assigned to:				
Capital projects	-	-	512,924	512,924
CIVMIC self-insurance retention	100,000	-	-	100,000
PILOT	761,562	-	-	761,562
Arts	11,794	-	-	11,794
Sub-total	873,356	-	512,924	1,386,280
Unassigned (deficit):	1,805,570	(104,745)	(2,540,691)	(839,866)
Total Fund Balances (Deficit)	\$ 5,943,098	\$ (104,745)	\$ 1,435,583	\$ 7,273,936

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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	677,948
Capital assets, net of accumulated depreciation	66,630,325
Less: Long-term debt outstanding	(29,394,399)
Plus: Unspent capital related debt proceeds	697,859
Less: Unamortized debt premium	<u>(296,576)</u>
Total Net Investment in Capital Assets	<u>38,699,063</u>
Restricted	
Impact fees	134,858
Debt service	940,501
Equipment replacement	1,984,380
Pension	509,898
Depreciation	<u>398,137</u>
Total Restricted	<u>3,967,774</u>
Unrestricted	<u>19,457,254</u>
Total Business-type Activities Net Position	<u>\$ 62,124,091</u>

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

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	\$ 1,540,372	\$ 23,107,416	\$ 5,517,138
Other operating revenues	106,854	65,045	16,631
Depreciation expense	(308,135)	(958,683)	(1,230,689)
Other operating expenses	(969,890)	(19,953,930)	(3,372,309)
Operating Income	369,201	2,259,848	930,771
Investment earnings	5,574	362,643	28,796
Miscellaneous non-operating income	10,430	30,619	61,110
Interest and amortization expense	(38,433)	(65,008)	(384,957)
Capital contributions	509,193	114,590	35,317
Payment in lieu of taxes	(238,512)	(523,050)	-
CHANGE IN NET POSITION	\$ 617,453	\$ 2,179,642	\$ 671,037

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 \$61,201 and is part of the city's commingled cash. The deposits are not exposed to custodial credit risk.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

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

c. Cash and Cash Equivalents

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

d. Property Held for Resale

Property held for resale represents properties purchased by the CDA with the intention to rehabilitate the property and resell it. Amounts are recorded at historical cost to the city.

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	<u>\$ 2,767,837</u>	<u>\$ 2,767,837</u>	Custodial credit
Total Deposits and Investments	<u><u>\$ 2,767,837</u></u>	<u><u>\$ 2,767,837</u></u>	

The trust 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.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

J. COMPONENT UNITS (cont.)

HERBERT H. WEBB TRUST (cont.)

b. Deposits and Investments (cont.)

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

- > Documented trade history in exact security

Investment Type	December 31, 2018			Total
	Level 1	Level 2	Level 3	
Mutual funds - other than bonds	\$ 2,699,500	\$ 68,337	\$ -	\$ 2,767,837
Total	<u>\$ 2,699,500</u>	<u>\$ 68,337</u>	<u>\$ -</u>	<u>\$ 2,767,837</u>

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.

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.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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

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

The WRS also provides death and disability benefits for employees.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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)
2017	2.0	4.0

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

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 \$401,640 in contributions from the city.

Contribution rates for the plan year reported as of December 31, 2018 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 (asset)/liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the city reported an (asset)/liability of \$1,144,764 for its proportionate share of the net pension (asset)/liability. The net pension (asset)/liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension (asset)/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, 2017, the city's proportion was 0.03855570%, which was an increase of 0.00023989% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the city recognized pension expense of \$514,516.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2018, 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	\$ 1,454,451	\$ 680,344
Changes in assumptions	226,183	-
Net differences between projected and actual earnings on pension plan investments	-	1,573,372
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,316	5,244
Employer contributions subsequent to the measurement date	424,504	-
Totals	\$ 2,116,454	\$ 2,258,960

\$424,504 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. 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 and Deferred Inflows of Resources (net)
2019	\$ 123,530
2020	(8,062)
2021	(389,478)
2022	(295,755)
2023	2,755

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair 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, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	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

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 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension (asset)/liability	\$2,961,896	\$(1,144,764)	\$(4,265,953)

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, 2018, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

Public Entity Risk Pool

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

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

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

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The city's share of such losses is approximately 1%.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

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

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

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

The initial investment in WMIC 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 not been recorded for this liability, as well as for claims incurred but not reported at December 31, 2018.

C. COMMITMENTS AND CONTINGENCIES

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

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

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

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.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Long-Term Contracts - WPPI Energy (cont.)

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 \$342 million as of December 31, 2018.

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 \$83,565 to the district for 2018. 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

The city was notified by the State of Wisconsin Department of Administration (DOA) that the economic development loan program being accounted for in the Wisconsin Development special revenue fund will begin a closeout process beginning on February 1, 2019. The city will be able to keep the cash on hand and loans receivable and will no longer be restricted for economic development purposes.

CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

F. ECONOMIC DEPENDENCY

Utility Commission

The electric utility has one significant customer who was responsible for 34% of operating revenues in 2018.

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

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

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
General property taxes	\$ 3,089,757	\$ 3,089,757	\$ 3,089,757	\$ -
Mobile home taxes	90,000	90,000	100,580	10,580
Room taxes	2,000	2,000	2,610	610
Payments in lieu of taxes	130,000	130,000	133,501	3,501
Interest on delinquent taxes	500	500	289	(211)
Other	-	-	10,453	10,453
Total Taxes	<u>3,312,257</u>	<u>3,312,257</u>	<u>3,337,190</u>	<u>24,933</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	735,200	735,200	696,655	(38,545)
Fire insurance tax from state	25,000	25,000	23,638	(1,362)
State aid - exempt computers	16,000	16,000	17,476	1,476
State aid - law enforcement training	9,500	9,500	13,136	3,636
State aid - road allotment	463,000	463,000	459,700	(3,300)
State aid - connecting streets	50,000	50,000	49,795	(205)
Other state payments	-	-	3,302	3,302
State aid - aid to state facilities	4,000	4,000	4,206	206
Total Intergovernmental Revenues	<u>1,302,700</u>	<u>1,302,700</u>	<u>1,267,908</u>	<u>(34,792)</u>
LICENSES AND PERMITS				
Liquor and malt beverage	25,000	25,000	14,675	(10,325)
Operators' license	15,000	15,000	2,650	(12,350)
Cigarette licenses	1,600	1,600	1,300	(300)
Amusement device licenses	550	550	585	35
Mobile home park licenses	400	400	646	246
Cable television franchise fees	140,000	140,000	133,371	(6,629)
Bicycle licenses	60	60	20	(40)
Dog and cat licenses	6,500	6,500	8,330	1,830
Transient licenses	100	100	60	(40)
Building permits	42,000	42,000	59,118	17,118
Electrical permits	12,000	12,000	17,772	5,772
Plumbing permits	7,500	7,500	10,094	2,594
Zoning permits and fees	2,500	2,500	1,926	(574)
Heating and air conditioning permits	450	450	-	(450)
State permit seals	800	800	600	(200)
Other permits	100	100	210	110
Total Licenses and Permits	<u>254,560</u>	<u>254,560</u>	<u>251,357</u>	<u>(3,203)</u>
FINES AND FORFEITURES				
Court penalties and costs	190,000	190,000	319,482	129,482
Parking violations	12,000	12,000	16,478	4,478
Other law and ordinance violations	500	500	330	(170)
Total Fines and Forfeitures	<u>202,500</u>	<u>202,500</u>	<u>336,290</u>	<u>133,790</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC CHARGES FOR SERVICES				
Special assessment search	\$ 4,200	\$ 4,200	\$ 5,975	\$ 1,775
Clerk and treasurer fees	1,000	1,000	830	(170)
License publication fees	1,000	1,000	925	(75)
Land use inquiries	5,500	5,500	7,362	1,862
Photocopies	2,000	2,000	2,380	380
Police fees	5,800	5,800	36,153	30,353
Sidewalks	200	200	-	(200)
Weed and nuisance control	8,900	8,900	6,187	(2,713)
Swimming pools	38,000	38,000	38,759	759
Parks	16,700	16,700	18,103	1,403
Other recreation programs	30,100	30,100	25,425	(4,675)
Recycling	25	25	-	(25)
Weed and nuisance control	5,500	5,500	1,710	(3,790)
Adult volleyball fees	900	900	2,050	1,150
Adult basketball fees	500	500	-	(500)
Youth soccer program	1,500	1,500	1,593	93
Youth tennis program	300	300	-	(300)
Registration fees	5,000	5,000	7,914	2,914
Bid security deposits	175	175	145	(30)
Trees	600	600	160	(440)
Sale of materials	200	200	-	(200)
Total Public Charges for Services	<u>128,100</u>	<u>128,100</u>	<u>155,671</u>	<u>27,571</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Local government services	<u>98,950</u>	<u>98,950</u>	<u>90,914</u>	<u>(8,036)</u>
INVESTMENT INCOME				
Investment income	18,000	18,000	110,110	92,110
Interest on city billings	<u>500</u>	<u>500</u>	<u>254</u>	<u>(246)</u>
Total Investment Income	<u>18,500</u>	<u>18,500</u>	<u>110,364</u>	<u>91,864</u>
MISCELLANEOUS				
Donations	11,250	11,250	11,103	(147)
Insurance recoveries	5,500	5,500	255	(5,245)
Workers compensation dividends	24,000	24,000	79,249	55,249
Rent	18,000	18,000	23,265	5,265
Other miscellaneous	<u>2,503</u>	<u>2,503</u>	<u>19,827</u>	<u>17,324</u>
Total Miscellaneous	<u>61,253</u>	<u>61,253</u>	<u>133,699</u>	<u>72,446</u>
OTHER FINANCING SOURCES				
Property sales	10,000	10,000	500	(9,500)
Transfers in	<u>755,500</u>	<u>755,500</u>	<u>761,562</u>	<u>6,062</u>
Total Other Financing Sources	<u>765,500</u>	<u>765,500</u>	<u>762,062</u>	<u>(3,438)</u>
Total Revenues and Other Financing Sources	<u>6,144,320</u>	<u>6,144,320</u>	<u>6,445,455</u>	<u>301,135</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
GENERAL GOVERNMENT				
Council	\$ 31,066	\$ 31,066	\$ 29,730	\$ 1,336
Municipal court	173,587	173,587	223,532	(49,945)
Legal	89,000	89,000	77,004	11,996
Mayor	7,460	7,460	8,451	(991)
Administrator	47,218	47,218	52,623	(5,405)
Legislative support	95,747	105,747	93,636	12,111
General administration	186,243	176,243	177,484	(1,241)
Elections	-	-	125	(125)
Financial management	241,853	241,853	240,839	1,014
Assessment of property	40,000	40,000	43,871	(3,871)
GIS/mapping	12,826	12,826	19,841	(7,015)
Buildings and plant	131,850	131,850	102,090	29,760
Other general government	<u>5,800</u>	<u>5,800</u>	<u>3,730</u>	<u>2,070</u>
Total General Government	<u>1,062,650</u>	<u>1,062,650</u>	<u>1,072,956</u>	<u>(10,306)</u>
PUBLIC SAFETY				
Police	2,113,499	2,113,499	2,109,856	3,643
Fire protection	171,674	171,674	173,495	(1,821)
Hydrant rental	306,749	306,749	306,749	-
Ambulance	83,727	83,727	83,565	162
Building inspection	56,368	56,368	54,694	1,674
Emergency government	12,000	12,000	18,980	(6,980)
Emergency communication (911)	<u>618,854</u>	<u>618,854</u>	<u>547,229</u>	<u>71,625</u>
Total Public Safety	<u>3,362,871</u>	<u>3,362,871</u>	<u>3,294,568</u>	<u>68,303</u>
HEALTH AND HUMAN SERVICES				
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>16,000</u>	<u>150</u>
PUBLIC WORKS				
General public works	11,181	11,181	74,028	(62,847)
Engineering	47,218	47,218	130,756	(83,538)
Machinery	185,890	185,890	253,377	(67,487)
Garages and sheds	1,620	1,620	566	1,054
Street maintenance	385,090	385,090	391,731	(6,641)
Tree and brush removal	-	-	225	(225)
Traffic control	-	-	9,736	(9,736)
Snow and ice control	179,244	179,244	204,274	(25,030)
Street lighting	170,000	170,000	174,979	(4,979)
Sidewalks	-	-	47	(47)
Parking lot	<u>1,871</u>	<u>1,871</u>	<u>1,837</u>	<u>34</u>
Total Public Works	<u>982,114</u>	<u>982,114</u>	<u>1,241,556</u>	<u>(259,442)</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
CULTURE, RECREATION, AND EDUCATION				
Parks	\$ 246,118	\$ 246,118	\$ 277,240	\$ (31,122)
Recreation	54,527	54,527	43,674	10,853
Recreation administration	111,197	111,197	108,587	2,610
Celebration and entertainment	3,500	3,500	5,488	(1,988)
Recreation facilities	32,000	32,000	40,403	(8,403)
Swimming areas	102,703	102,703	95,390	7,313
Art	<u>1,000</u>	<u>1,000</u>	<u>230</u>	<u>770</u>
Total Culture, Recreation, and Education	<u>551,045</u>	<u>551,045</u>	<u>571,012</u>	<u>(19,967)</u>
CONSERVATION AND DEVELOPMENT				
Tree planting	25,000	25,000	12,678	12,322
Nuisance control	2,500	2,500	1,341	1,159
Planning	47,530	47,530	46,977	553
Historic preservation	3,000	3,000	532	2,468
Economic development	31,500	31,500	22,448	9,052
Industrial development	22,000	22,000	23,194	(1,194)
Other conservation and development	23,000	23,000	15,430	7,570
Capital Outlay	3,000	3,000	-	3,000
Flood damage	<u>-</u>	<u>-</u>	<u>76,477</u>	<u>(76,477)</u>
Total Conservation and Development	<u>157,530</u>	<u>157,530</u>	<u>199,077</u>	<u>(41,547)</u>
OTHER FINANCING USES				
Transfers out	<u>17,146</u>	<u>17,146</u>	<u>27,172</u>	<u>(10,026)</u>
Total Expenditures and Other Financing Uses	<u>6,149,506</u>	<u>6,149,506</u>	<u>6,422,341</u>	<u>(272,835)</u>
Net Change in Fund Balance	(5,186)	(5,186)	23,114	28,300
FUND BALANCE - Beginning of Year	<u>5,919,984</u>	<u>5,919,984</u>	<u>5,919,984</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,914,798</u>	<u>\$ 5,914,798</u>	<u>\$ 5,943,098</u>	<u>\$ 28,300</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, 2018

Fiscal Year Ending	Proportion of the Net Pension Liability/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/18	0.03855570%	\$ (1,144,764)	\$ 5,211,314	21.97%	102.93%
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, 2018

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 424,504	\$ 424,504	\$ -	\$ 5,538,283	7.66%
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, 2018

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, 2018

	Special Revenue Funds		
	Taxi Grant Fund	Park Fund	Triathlon Fund
ASSETS			
Cash and investments	\$ -	\$ 66,337	\$ 64,447
Receivables			
Ensuing year levy	18,500	-	-
Customer accounts receivable	-	-	-
Loans	-	-	-
Due from other governments	23,255	-	-
Due from component units	-	-	-
Due from other funds	-	-	-
	-	-	-
TOTAL ASSETS	\$ 41,755	\$ 66,337	\$ 64,447
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 17,754	\$ -	\$ -
Accrued liabilities	-	-	-
Deposits	-	-	-
Advances from other funds	61,486	-	-
Total Liabilities	79,240	-	-
Deferred Inflows of Resources			
Unearned revenue	18,500	-	-
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	18,500	-	-
Fund Balances (Deficit)			
Restricted	-	66,337	-
Committed	-	-	64,447
Assigned	-	-	-
Unassigned (deficit)	(55,985)	-	-
Total Fund Balances (deficit)	(55,985)	66,337	64,447
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 41,755	\$ 66,337	\$ 64,447

Special Revenue Funds

DARE Fund	Webb Endowment Fund	Nishan Park Concession Stand Fund	Room Tax Fund	CDBG Fund	EDA Fund	HCRI Fund
\$ 8,584	\$ 74,767	\$ 12,317	\$ 44,154	\$ 847,421	\$ 20,629	\$ 10,553
-	-	-	-	-	-	-
-	-	-	-	1,066,704	96,526	10,000
-	30,554	-	-	-	-	-
<u>8,584</u>	<u>105,321</u>	<u>12,317</u>	<u>44,154</u>	<u>1,914,125</u>	<u>117,155</u>	<u>20,553</u>
\$ -	\$ 2,489	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	151
-	-	-	-	7,908	-	-
<u>-</u>	<u>2,489</u>	<u>-</u>	<u>-</u>	<u>7,908</u>	<u>-</u>	<u>151</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	102,832	-	44,154	1,906,217	117,155	20,402
8,584	-	12,317	-	-	-	-
-	-	-	-	-	-	-
<u>8,584</u>	<u>102,832</u>	<u>12,317</u>	<u>44,154</u>	<u>1,906,217</u>	<u>117,155</u>	<u>20,402</u>
<u>\$ 8,584</u>	<u>\$ 105,321</u>	<u>\$ 12,317</u>	<u>\$ 44,154</u>	<u>\$ 1,914,125</u>	<u>\$ 117,155</u>	<u>\$ 20,553</u>

CITY OF REEDSBURG

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2018

	Special Revenue Funds		
	Home Loan Fund	Sidewalk Repair Fund	Solid Waste Fund
ASSETS			
Cash and investments	\$ 41,889	\$ 25,887	\$ 134,602
Receivables			
Ensuing year levy	-	1,370	403,609
Customer accounts receivable	-	-	154
Loans	58,592	-	-
Due from other governments	-	-	-
Due from component units	-	-	-
Due from other funds	-	-	-
	-	-	-
TOTAL ASSETS	\$ 100,481	\$ 27,257	\$ 538,365
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 215
Accrued liabilities	-	-	-
Deposits	-	-	-
Advances from other funds	-	-	-
Total Liabilities	-	-	215
Deferred Inflows of Resources			
Unearned revenue	-	1,370	403,609
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	1,370	403,609
Fund Balances (Deficit)			
Restricted	100,481	-	-
Committed	-	25,887	134,541
Assigned	-	-	-
Unassigned (deficit)	-	-	-
Total Fund Balances (deficit)	100,481	25,887	134,541
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 100,481	\$ 27,257	\$ 538,365

Special Revenue Funds

Mannigal Endowment Fund	Library - County Funding	Library - Investment	Popple Trail Donations	Fireworks Fund	Rescue Fund	Airport
\$ 23,202	\$ 105,026	\$ 346,670	\$ 6,000	\$ 16,849	\$ 295,384	\$ 30,256
-	466,525	-	-	14,500	-	70,560
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 23,202</u>	<u>\$ 571,551</u>	<u>\$ 346,670</u>	<u>\$ 6,000</u>	<u>\$ 31,349</u>	<u>\$ 295,384</u>	<u>\$ 100,816</u>
\$ -	\$ 5,363	\$ -	\$ -	\$ -	\$ -	\$ 1,212
-	10,636	-	-	-	-	221
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>15,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,433</u>
-	466,525	-	-	14,500	-	70,560
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>466,525</u>	<u>-</u>	<u>-</u>	<u>14,500</u>	<u>-</u>	<u>70,560</u>
23,202	89,027	346,670	-	-	-	-
-	-	-	6,000	16,849	295,384	28,823
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>23,202</u>	<u>89,027</u>	<u>346,670</u>	<u>6,000</u>	<u>16,849</u>	<u>295,384</u>	<u>28,823</u>
<u>\$ 23,202</u>	<u>\$ 571,551</u>	<u>\$ 346,670</u>	<u>\$ 6,000</u>	<u>\$ 31,349</u>	<u>\$ 295,384</u>	<u>\$ 100,816</u>

CITY OF REEDSBURG

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2018

	Capital Projects Funds		
	TIF District No. 3	TIF District No. 4	TIF District No. 5
ASSETS			
Cash and investments	\$ -	\$ -	\$ -
Receivables			
Ensuing year levy	75,290	345,514	72,418
Customer accounts receivable	-	-	-
Loans	-	-	-
Due from other governments	-	-	-
Due from component units	-	-	-
Due from other funds	<u>32,004</u>	<u>55,505</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 107,294</u>	<u>\$ 401,019</u>	<u>\$ 72,418</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,464	\$ 1,464	\$ -
Accrued liabilities	-	-	-
Deposits	-	-	-
Advances from other funds	<u>429,251</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>430,715</u>	<u>1,464</u>	<u>-</u>
Deferred Inflows of Resources			
Unearned revenue	75,290	345,514	72,418
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>75,290</u>	<u>345,514</u>	<u>72,418</u>
Fund Balances (Deficit)			
Restricted	-	54,041	-
Committed	-	-	-
Assigned	-	-	-
Unassigned (deficit)	<u>(398,711)</u>	<u>-</u>	<u>-</u>
Total Fund Balances (deficit)	<u>(398,711)</u>	<u>54,041</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 107,294</u>	<u>\$ 401,019</u>	<u>\$ 72,418</u>

Capital Projects Funds

TIF District No. 6	TIF District No. 7	TIF District No. 8	TIF District No. 9	Capital Equipment Fund	General Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 235,146	\$ 440,098	\$ 2,850,218
35,083	17,547	63,984	-	325,000	824,600	2,734,500
-	-	-	-	-	112,156	112,310
500,000	-	-	-	-	-	1,731,822
-	-	-	-	-	-	23,255
-	-	-	-	-	-	30,554
<u>8,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,640</u>
<u>\$ 543,214</u>	<u>\$ 17,547</u>	<u>\$ 63,984</u>	<u>\$ -</u>	<u>\$ 560,146</u>	<u>\$ 1,376,854</u>	<u>\$ 7,578,299</u>
\$ 1,419	\$ -	\$ -	\$ 125,707	\$ 15,275	\$ 158,601	\$ 330,963
-	-	-	-	-	-	11,008
-	-	-	-	-	-	7,908
<u>1,376,996</u>	<u>15,393</u>	<u>354,247</u>	<u>720,364</u>	<u>-</u>	<u>-</u>	<u>2,957,737</u>
<u>1,378,415</u>	<u>15,393</u>	<u>354,247</u>	<u>846,071</u>	<u>15,275</u>	<u>158,601</u>	<u>3,307,616</u>
35,083	17,547	63,984	-	325,000	824,600	2,734,500
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,600</u>	<u>100,600</u>
<u>35,083</u>	<u>17,547</u>	<u>63,984</u>	<u>-</u>	<u>325,000</u>	<u>925,200</u>	<u>2,835,100</u>
-	-	-	-	-	-	2,870,518
-	-	-	-	-	-	592,832
-	-	-	-	219,871	293,053	512,924
<u>(870,284)</u>	<u>(15,393)</u>	<u>(354,247)</u>	<u>(846,071)</u>	<u>-</u>	<u>-</u>	<u>(2,540,691)</u>
<u>(870,284)</u>	<u>(15,393)</u>	<u>(354,247)</u>	<u>(846,071)</u>	<u>219,871</u>	<u>293,053</u>	<u>1,435,583</u>
<u>\$ 543,214</u>	<u>\$ 17,547</u>	<u>\$ 63,984</u>	<u>\$ -</u>	<u>\$ 560,146</u>	<u>\$ 1,376,854</u>	<u>\$ 7,578,299</u>

CITY OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Special Revenue Funds		
	Taxi Grant Fund	Park Fund	Triathlon Fund
REVENUES			
Taxes	\$ 15,000	\$ -	\$ -
Intergovernmental	185,412	-	7,500
Public charges for services	-	32,000	99,928
Special assessments	-	-	-
Investment income	-	256	-
Miscellaneous revenues	7,663	-	-
Total Revenues	208,075	32,256	107,428
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	229,586	-	-
Culture, recreation and education	-	-	57,320
Conservation and development	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	229,586	-	57,320
Excess (deficiency) of revenues over expenditures	(21,511)	32,256	50,108
OTHER FINANCING SOURCES (USES)			
Property sales	5,600	-	-
Debt issued	-	-	-
Transfers in	-	-	-
Transfers out	-	(25,000)	-
Total Other Financing Sources (Uses)	5,600	(25,000)	-
Net Change in Fund Balances	(15,911)	7,256	50,108
FUND BALANCES (DEFICIT) - Beginning of Year	(40,074)	59,081	14,339
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (55,985)	\$ 66,337	\$ 64,447

Special Revenue Funds

DARE Fund	Webb Endowment Fund	Nishan Park Concession Stand Fund	Room Tax Fund	CDBG Fund	EDA Fund	HCRI Fund
\$ -	\$ -	\$ -	\$ 103,854	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	1,583	-	-	-	-
-	-	-	-	6,188	28	46
<u>4,559</u>	<u>55,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>4,559</u>	<u>55,254</u>	<u>1,583</u>	<u>103,854</u>	<u>6,188</u>	<u>28</u>	<u>46</u>
-	-	-	-	-	-	-
4,574	-	-	-	-	-	-
-	29,087	-	10,798	-	-	-
-	-	-	82,970	2,600	5,440	2,829
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>4,574</u>	<u>29,087</u>	<u>-</u>	<u>93,768</u>	<u>2,600</u>	<u>5,440</u>	<u>2,829</u>
<u>(15)</u>	<u>26,167</u>	<u>1,583</u>	<u>10,086</u>	<u>3,588</u>	<u>(5,412)</u>	<u>(2,783)</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>(15)</u>	<u>26,167</u>	<u>1,583</u>	<u>10,086</u>	<u>3,588</u>	<u>(5,412)</u>	<u>(2,783)</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>
<u>\$ 8,584</u>	<u>\$ 102,832</u>	<u>\$ 12,317</u>	<u>\$ 44,154</u>	<u>\$ 1,906,217</u>	<u>\$ 117,155</u>	<u>\$ 20,402</u>

CITY OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	Special Revenue Funds		
	Home Loan Fund	Sidewalk Repair Fund	Solid Waste Fund
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	10,485
Public charges for services	-	-	405,963
Special assessments	-	4,044	-
Investment income	58	-	-
Miscellaneous revenues	-	-	-
Total Revenues	58	4,044	416,448
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	3,100	385,634
Culture, recreation and education	-	-	-
Conservation and development	1	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	1	3,100	385,634
Excess (deficiency) of revenues over expenditures	57	944	30,814
OTHER FINANCING SOURCES (USES)			
Property sales	-	-	-
Debt issued	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	57	944	30,814
FUND BALANCES (DEFICIT) - Beginning of Year	100,424	24,943	103,727
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 100,481	\$ 25,887	\$ 134,541

Special Revenue Funds

Mannigal Endowment Fund	Library - County Funding	Library - Investment	Popple Trail Donations	Fireworks Fund	Rescue Fund	Airport
\$ -	\$ 405,498	\$ -	\$ -	\$ 9,500	\$ -	\$ 73,500
-	257,897	-	-	-	-	4,100
-	23,544	-	-	11,076	39,046	93,947
-	-	-	-	-	-	-
609	-	1,092	-	-	-	-
-	18,819	1,871	-	-	43,743	6,620
<u>609</u>	<u>705,758</u>	<u>2,963</u>	<u>-</u>	<u>20,576</u>	<u>82,789</u>	<u>178,167</u>
-	-	-	-	-	-	-
-	-	-	-	-	54,075	-
-	-	-	-	-	-	176,516
-	728,583	259	-	18,394	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>728,583</u>	<u>259</u>	<u>-</u>	<u>18,394</u>	<u>54,075</u>	<u>176,516</u>
<u>609</u>	<u>(22,825)</u>	<u>2,704</u>	<u>-</u>	<u>2,182</u>	<u>28,714</u>	<u>1,651</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	27,172
-	-	-	-	-	-	-
-	-	-	-	-	-	<u>27,172</u>
609	(22,825)	2,704	-	2,182	28,714	28,823
<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>-</u>
<u>\$ 23,202</u>	<u>\$ 89,027</u>	<u>\$ 346,670</u>	<u>\$ 6,000</u>	<u>\$ 16,849</u>	<u>\$ 295,384</u>	<u>\$ 28,823</u>

CITY OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	Capital Projects Funds		
	TIF District No. 3	TIF District No. 4	TIF District No. 5
REVENUES			
Taxes	\$ 73,085	\$ 333,740	\$ 74,084
Intergovernmental	240	1,066	384
Public charges for services	-	-	-
Special assessments	-	-	-
Investment income	-	-	-
Miscellaneous revenues	-	-	-
Total Revenues	73,325	334,806	74,468
EXPENDITURES			
Current			
General government	1,754	1,754	289
Public safety	-	-	-
Public works	-	-	-
Culture, recreation and education	-	-	-
Conservation and development	150	20,150	150
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	1,904	21,904	439
Excess (deficiency) of revenues over expenditures	71,421	312,902	74,029
OTHER FINANCING SOURCES (USES)			
Property sales	-	-	-
Debt issued	-	-	-
Transfers in	265,360	-	-
Transfers out	(52,170)	(314,366)	(74,029)
Total Other Financing Sources (Uses)	213,190	(314,366)	(74,029)
Net Change in Fund Balances	284,611	(1,464)	-
FUND BALANCES (DEFICIT) - Beginning of Year	(683,322)	55,505	-
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (398,711)	\$ 54,041	\$ -

Capital Projects Funds

TIF District No. 6	TIF District No. 7	TIF District No. 8	TIF District No. 9	Capital Equipment Fund	General Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 21,700	\$ 17,032	\$ 56,750	\$ -	\$ 325,000	\$ 665,000	\$ 2,173,743
1,109	-	38	-	98,173	307,694	874,098
-	-	-	-	-	-	707,087
-	-	-	-	-	-	4,044
-	-	-	-	-	-	8,277
<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>794,304</u>	<u>972,833</u>
<u>62,809</u>	<u>17,032</u>	<u>56,788</u>	<u>-</u>	<u>423,173</u>	<u>1,766,998</u>	<u>4,740,082</u>
20,110	290	288	23,901	-	-	48,386
-	-	-	-	-	-	58,649
-	-	-	-	-	-	794,836
-	-	-	-	-	-	844,441
2,264	150	2,264	930,000	-	-	1,048,968
-	-	-	1,187,929	291,205	1,910,814	3,389,948
87,500	-	-	-	-	-	87,500
<u>5,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,323</u>
<u>115,197</u>	<u>440</u>	<u>2,552</u>	<u>2,141,830</u>	<u>291,205</u>	<u>1,910,814</u>	<u>6,278,051</u>
<u>(52,388)</u>	<u>16,592</u>	<u>54,236</u>	<u>(2,141,830)</u>	<u>131,968</u>	<u>(143,816)</u>	<u>(1,537,969)</u>
1	-	-	-	-	-	5,601
-	-	-	1,335,000	-	-	1,335,000
-	-	-	-	-	25,000	317,532
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(465,565)</u>
<u>1</u>	<u>-</u>	<u>-</u>	<u>1,335,000</u>	<u>-</u>	<u>25,000</u>	<u>1,192,568</u>
(52,387)	16,592	54,236	(806,830)	131,968	(118,816)	(345,401)
<u>(817,897)</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>
<u>\$ (870,284)</u>	<u>\$ (15,393)</u>	<u>\$ (354,247)</u>	<u>\$ (846,071)</u>	<u>\$ 219,871</u>	<u>\$ 293,053</u>	<u>\$ 1,435,583</u>

CITY OF REEDSBURG

STATEMENT OF CASH FLOWS COMPONENT UNITS For the Year Ended December 31, 2018

	Community Development Authority	Herbert H Webb Trust	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Paid to primary government	\$ -	\$ (76,297)	\$ (76,297)
Paid to suppliers for goods and services	(12,712)	(30,777)	(43,489)
Net Cash Flows From Operating Activities	<u>(12,712)</u>	<u>(107,074)</u>	<u>(119,786)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments sold and matured	-	279,039	279,039
Investment income	7,088	69,387	76,475
Investments purchased	-	(248,924)	(248,924)
Net Cash Flows From Investing Activities	<u>7,088</u>	<u>99,502</u>	<u>106,590</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Received from city and private parties	525	3,015	3,540
Net Cash Flows From Noncapital Financing Activities	<u>525</u>	<u>3,015</u>	<u>3,540</u>
Net Change in Cash and Cash Equivalents	(5,099)	(4,557)	(9,656)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>66,300</u>	<u>72,894</u>	<u>139,194</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 61,201</u>	<u>\$ 68,337</u>	<u>\$ 129,538</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss	\$ (13,165)	\$ (110,089)	\$ (123,254)
Changes in assets and liabilities			
Accounts payable	453	-	453
Due to primary government	-	3,015	3,015
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (12,712)</u>	<u>\$ (107,074)</u>	<u>\$ (119,786)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and investments - statement of net position	\$ 61,201	\$ 2,767,837	\$ 2,829,038
Less: Noncash equivalents	-	(2,699,500)	(2,699,500)
CASH AND CASH EQUIVALENTS	<u>\$ 61,201</u>	<u>\$ 68,337</u>	<u>\$ 129,538</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Unrealized loss on investments	<u>\$ -</u>	<u>\$ (202,748)</u>	