

**CITY OF REEDSBURG**

Reedsburg, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2012

# 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, 2012, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 over financial reporting relevant to the City of Reedsburg's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Reedsburg's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the City Council  
City of Reedsburg

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Reedsburg, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As discussed in Note I, the City of Reedsburg adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective January 1, 2012. Our opinions are not modified with respect to this matter.

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

To the City Council  
City of Reedsburg

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of the City of Reedsburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Reedsburg's internal control over financial reporting and compliance.

*Baker Silly Verchow Krause, CPA*  
Madison, Wisconsin  
July 26, 2013

# CITY OF REEDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2012

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Our discussion and analysis of the City of Reedsburg's financial performance provides an overview of the city's financial activities for the fiscal year that ended on December 31, 2012. Please read it in conjunction with the financial statements following this section.

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

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

The City has new management in 2012 with an emphasis on conservative fiscal management. Some of the programs put into place in 2012, the equipment replacement fund and capital improvements fund, will provide a lower long term operating cost. The funds are designed to balance the amount of the tax levy needed for large expenditures and avoiding debt cost for these annual ongoing expenses. The savings comes from reduced debt issuance expenses in future years.

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### FINANCIAL HIGHLIGHTS

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- > The city's combined net position increased \$4,599,265 in 2012 to an ending balance of \$69,282,678.
- > The city's governmental activities net position increased by \$230,124 to \$25,416,609.
- > The business-type activities net position increased by \$4,369,141 to \$43,866,069, mainly due to telecommunication capital assets and capital contributions.
- > The city's unassigned general fund balance was \$639,431.
- > The Utility Commission had operating income of \$2,078,694 and an increase in net position of \$3,777,649.
- > The sewer fund had an operating income of \$824,392 and an increase in net position of \$520,590.
- > The city's total debt outstanding decreased from \$46,465,857 to \$46,072,599, with the governmental activities decreasing by \$1,279,677, and the business-type activities increasing by \$886,421.

# CITY OF REEDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2012

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

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This annual report consists of these elements:

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

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

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

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

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

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

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

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

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

# CITY OF REEDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2012

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

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

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

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

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

The city has three kinds of funds:

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

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

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

## CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2012

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

#### **NET POSITION**

Net position of the governmental activities total \$25,416,609 in 2012. The business-type activities have net position totaling \$43,866,069. Table A-1 describes the net position of the city.

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

	Governmental Activities		Business-type Activities		Totals	
	2011	2012	2011	2012	2011	2012
<b>Assets and Liabilities</b>						
Current and other assets	\$13,801,428	\$13,831,727	\$17,476,360	\$15,931,567	\$31,277,788	\$29,763,294
Capital assets	30,405,751	29,621,597	61,768,398	67,499,533	92,174,149	97,121,130
<b>Total Assets</b>	<b>44,207,179</b>	<b>43,453,324</b>	<b>79,244,758</b>	<b>83,431,100</b>	<b>123,451,937</b>	<b>126,884,424</b>
Long-term liabilities	12,493,984	11,184,225	34,683,171	35,609,996	47,177,155	46,794,221
Other liabilities	6,526,710	6,852,490	5,064,655	3,955,035	11,591,365	10,807,525
<b>Total Liabilities</b>	<b>19,020,694</b>	<b>18,036,715</b>	<b>39,747,826</b>	<b>39,565,031</b>	<b>58,768,520</b>	<b>57,601,746</b>
<b>Net Position</b>						
Net investment in capital assets	21,183,809	21,386,390	30,611,609	35,326,745	51,795,418	56,713,135
Restricted	3,059,971	3,899,438	3,432,717	3,403,735	6,492,688	7,303,173
Unrestricted	92,705	130,781	5,452,602	5,135,589	6,395,307	5,266,370
<b>Total Net Position</b>	<b>\$25,186,485</b>	<b>\$25,416,609</b>	<b>\$39,496,928</b>	<b>\$43,866,069</b>	<b>\$64,683,413</b>	<b>\$69,282,678</b>

2011 data has been restated to include capital assets previously omitted from the stormwater utility.

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

The city's 2012 revenues total \$44,503,756 and expenses total \$39,904,491 resulting in an increase of net position of \$4,599,265. Table A-2 and the narrative that follows consider the operations of the governmental and business-type activities.

## CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2012

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

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

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

	Governmental Activities		Business-type Activities		Totals	
	2011	2012	2011	2012	2011	2012
<b>Revenue</b>						
Charges for services	\$1,060,967	\$1,163,377	\$31,468,019	\$32,561,251	\$32,528,986	\$33,724,628
Operating grants and contributions	1,913,004	1,177,457	-	-	1,913,004	1,177,457
Capital grants and contributions	1,731,474	23,937	1,753,634	3,058,302	3,485,108	3,082,239
Taxes	5,223,219	5,193,277	-	-	5,223,219	5,193,277
Intergovernmental revenues	956,209	919,037	-	-	956,209	919,037
Investment income	95,411	79,923	219,154	223,972	314,565	303,895
Miscellaneous	67,559	43,806	60,536	59,417	128,095	103,223
<b>Total Revenues</b>	<b>11,047,843</b>	<b>8,600,814</b>	<b>33,501,343</b>	<b>35,902,942</b>	<b>44,549,186</b>	<b>44,503,756</b>
<b>Expenses</b>						
General government	1,377,341	1,297,024	-	-	1,377,341	1,297,024
Public safety	3,278,841	3,145,907	-	-	3,278,841	3,145,907
Public works	2,493,267	2,432,045	-	-	2,493,267	2,432,045
Health and human services	18,987	21,253	-	-	18,987	21,253
Culture, education, and recreation	1,275,506	1,331,494	-	-	1,275,506	1,331,494
Conservation and development	1,450,161	336,288	-	-	1,450,161	336,288
Interest and fiscal charges	600,170	554,618	-	-	600,170	554,618
Water	-	-	1,053,954	1,145,637	1,053,954	1,145,637
Electric	-	-	22,276,014	23,052,879	22,276,014	23,052,879
Communications	-	-	3,534,313	4,012,093	3,534,313	4,012,093
Sewer	-	-	2,188,873	2,170,574	2,188,873	2,170,574
Stormwater	-	-	432,839	404,679	432,839	404,679
<b>Total Expenses</b>	<b>10,494,273</b>	<b>9,118,629</b>	<b>29,485,993</b>	<b>30,785,862</b>	<b>39,980,266</b>	<b>39,904,491</b>
Transfers	1,005,372	747,939	(1,005,372)	(747,939)	-	-
<b>Change in Net Position</b>	<b>1,558,942</b>	<b>230,124</b>	<b>3,009,978</b>	<b>4,369,141</b>	<b>4,568,920</b>	<b>4,599,265</b>
<b>Net Position – Beginning (As Restated)</b>	<b>23,627,543</b>	<b>25,186,485</b>	<b>36,486,950</b>	<b>39,496,928</b>	<b>60,114,493</b>	<b>64,683,413</b>
<b>Net Position – Ending</b>	<b>\$25,186,485</b>	<b>\$25,416,609</b>	<b>\$39,496,928</b>	<b>\$43,866,069</b>	<b>\$64,683,413</b>	<b>\$69,282,678</b>

# CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2012

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

### GOVERNMENTAL ACTIVITIES

Revenues for the city's governmental activities total \$8,600,814. Taxes accounted for 60%, operating grants and contributions accounted for 14%, charges for services accounted for 13%, and intergovernmental revenues accounted for 11%, making up most of the city's revenues. Governmental activities expenses total \$9,118,629. Public safety accounted for 34% of the expenses, public works accounted for 27%, culture, recreation, and education accounted for 15%, and general government accounted for 14%.

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

The cost of all governmental activities during 2012 was \$9,118,629. However, the amount paid through the city property tax and other taxes was only \$5,193,277. Some of the costs were paid by:

- > Direct beneficiaries of programs, permits and licenses - \$1,163,377
- > Operating grants and contributions - \$1,177,457
- > Capital grants and contributions - \$23,937
- > Intergovernmental aid - \$919,037
- > The net cost of services is 74% of the total expenses

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

	Total Cost of Services		Net Cost of Services	
	2011	2012	2011	2012
General government	\$1,377,341	\$1,297,024	\$1,147,175	\$1,121,352
Public safety	3,278,841	3,145,907	2,778,066	2,672,512
Public works	2,493,267	2,432,045	467,404	1,394,839
Health and social services	18,987	21,253	18,987	21,253
Culture, education and recreation	1,275,506	1,331,494	903,599	798,501
Conservation and development	1,450,161	336,288	(14,356)	264,874
Interest and fiscal charges	600,170	554,618	487,953	480,527
<b>Total Governmental Activities</b>	<b>\$10,494,273</b>	<b>\$9,118,629</b>	<b>\$5,788,828</b>	<b>\$6,753,858</b>

## CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2012

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

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

Operating revenue of the city's business-type activities totals \$32,561,251 with an operating margin of 9%. Other revenue sources include investment income, capital grants and contributions, and impact or connection fees. Net position grew by \$4,369,141.

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

	Water		Electric		Sewer		Communications		Stormwater		Totals	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
<b>Revenue</b>												
Charges for services	\$ 1,351,224	\$1,401,639	\$ 23,144,560	\$23,779,457	\$ 2,644,638	\$2,681,084	\$ 3,713,454	\$4,085,321	\$ 469,017	\$475,579	\$31,322,893	\$32,423,080
Other revenue	58,693	52,683	71,206	70,766	-	-	15,227	14,722	-	-	145,126	138,171
<b>Total</b>	<b>1,409,917</b>	<b>1,454,322</b>	<b>23,215,766</b>	<b>23,850,223</b>	<b>2,644,638</b>	<b>2,681,084</b>	<b>3,728,681</b>	<b>4,100,043</b>	<b>469,017</b>	<b>475,579</b>	<b>31,468,019</b>	<b>32,561,251</b>
<b>Oper. Expenses</b>	<b>(974,775)</b>	<b>(1,108,565)</b>	<b>(22,022,317)</b>	<b>(22,866,843)</b>	<b>(1,871,703)</b>	<b>(1,856,692)</b>	<b>(2,898,907)</b>	<b>(3,350,486)</b>	<b>(432,839)</b>	<b>(404,679)</b>	<b>(28,200,541)</b>	<b>(29,587,265)</b>
Operating Income											3,267,478	2,973,986
Investment income											219,154	223,970
Other Non-Operating Items											(1,224,916)	(1,139,180)
Contributions and Transfers											748,262	2,310,363
Change in net position											3,009,978	4,369,141
Net Position – Beginning of Year											36,486,950	39,496,928
Net Position – End of Year											<u>\$39,496,928</u>	<u>\$43,866,069</u>

# CITY OF REEDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2012

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

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The city's General Fund had a net increase in fund balance in 2012 of \$257,322. The ending General Fund balance was \$5,246,983. Of this total, \$2,954,493 was nonspendable because it was in nonspendable form, or because legal or contractual requirements require them to be maintained intact. \$705,120 was restricted for a loan receivable. The amount of \$947,939 was assigned to budget carryovers, PILOT, and health insurance reserves. The General Fund had unassigned fund balance of \$639,431 at year end.

TIF 3 has a significant deficit fund balance. It was designated as a distressed TIF in 2012. The designation allows for the contribution from other TIF districts and for extending the life of the TIF. With the designation, the TIF has a better chance of recouping the deficit fund balance. Additional growth in the TIF district would also help recoup the deficit.

The net position of the enterprise funds increased \$4,369,139 as shown in Table A-4. The sewer and storm sewer net positions increased because of operating incomes. The net position of the other enterprise funds is expanded on in the utility commission analysis.

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### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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A detailed budget is adopted by the City Council on an annual basis following a public hearing. Actual revenues and other financing sources exceeded the budget by \$51,643 and actual expenditures were under budget by \$162,384. Revenue from the payment in lieu of taxes on the utility accounted for the increase in revenues, as their capital assets continue to grow. Health insurance was under budget to account for the majority of expenditures under budget.

# CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2012

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### CAPITAL ASSETS

The city had capital assets of \$97,121,130 at the end of 2012. See Table A-5.

Additions of \$9,401,245 minus deletions, adjustments, and depreciation represent a net increase in capital assets of \$5,114,142 in 2012. Additional information about capital assets can be found in Note III.D of the Financial Statements.

### CAPITAL ASSETS (cont.)

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

	Governmental Activities		Business-type Activities		Totals	
	2011	2012	2011	2012	2011	2012
Land	\$ 6,687,394	\$6,696,144	\$ 279,932	\$279,932	\$ 6,967,326	\$6,976,076
Land – right of way	801,073	808,570	-	-	801,073	808,570
CWIP	31,982	-	3,040,035	5,610,319	3,040,035	5,610,319
Buildings	4,350,694	4,150,508	-	-	4,350,694	4,150,508
Equipment	4,847,479	4,566,107	-	-	4,847,479	4,566,107
Infrastructure	13,598,376	13,324,552	-	-	13,598,376	13,324,552
Intangibles	88,753	75,716	-	-	88,753	75,716
Electric	-	-	14,187,630	14,124,055	14,187,630	14,124,055
Water	-	-	8,255,938	9,602,417	8,255,938	9,602,417
Communications	-	-	13,079,136	15,623,965	13,079,136	15,623,965
Sewer	-	-	18,794,601	18,137,445	18,794,601	18,137,445
Stormwater	-	-	3,963,965	4,121,400	3,963,965	4,121,400
<b>Totals</b>	<b>\$30,405,751</b>	<b>\$29,621,597</b>	<b>\$61,601,237</b>	<b>\$67,499,533</b>	<b>\$92,006,988</b>	<b>\$97,121,130</b>

### LONG-TERM DEBT

At the year end, the city had \$46,072,599 in outstanding general obligation bonds, revenue bonds, and capital leases. This is a decrease of \$393,256 or 0.8% from the prior year. See Table A-6. The detailed notes on long-term obligations begin on page 45.

# CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2012

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## CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

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

#### Long-Term Debt – Table A-6

	Governmental Activities		Business-type Activities		Totals	
	2011	2012	2011	2012	2011	2012
Debt outstanding	\$12,039,121	\$10,759,444	\$34,426,734	\$35,313,155	\$46,465,855	\$46,072,599

The city has the power to incur general obligation debt specified by state statute in an aggregate amount, not to exceed 5% of the equalized value of taxable property in the city. Our legal debt capacity was \$27,043,650 at the end of 2012. The city is currently at 60% of our capacity with \$16,109,444 of outstanding general obligation debt. We have additional capacity of \$10,934,206.

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

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### *ECONOMIC FACTORS*

The City of Reedsburg TIF districts continue to struggle, due to decreasing valuation of manufacturing property. The City has taken steps to declare two of the TIF districts as distressed to allow those districts to be extended and to share TIF increment from other districts. When analyzed together and with continued growth, the TIF districts as a whole are still projected to recoup all of the TIF expenditures from projected increments.

The growth rate for the City over the past few years has slowed due to the overall national economic downturn in the housing market. The devaluation has caused the equalized value of the community to drop over the past few years. We are optimistic that with the recent upward trend in housing, that we have seen the bottom of the devaluation and that equalized value will start to increase again within the next year or two.

The City continues to be limited by State of Wisconsin restraints on increasing taxes. We have been provided more flexibility in employee management with Act 10 limiting the rights of union employees. This has allowed the City to recoup more in health insurance cost sharing and pension cost sharing with the employees since their contract expired at the end of 2011.

The City offered an early retirement incentive at the end of 2012 and had 5 positions empty at the end of the year. If the positions remain unfilled, it represents annual savings of \$340,000 in wages and benefits. The staffing reduction is equal to 8% of full time employees.

# CITY OF REEDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2012

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

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### **2013 BUDGET**

The city's budget, adopted on November 26, 2012, made appropriations of \$6,021,036 for the General fund. Property taxes of \$2,974,870 were levied to support these funds. The Sewer Fund and Solid Waste Fund budgets were adopted on November 26, 2012.

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

2008 for 2009	\$21.14
2009 for 2010	\$22.84
2010 for 2011	\$23.35
2011 for 2012	\$23.49
2012 for 2013	\$23.90

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

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

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

# CITY OF REEDSBURG

## STATEMENT OF NET POSITION As of December 31, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$ 2,341,324	\$ 2,712,563	\$ 5,053,887	\$ 2,319,215
Receivables (net)				
Taxes receivable	5,922,880	-	5,922,880	-
Delinquent personal property taxes	2,211	-	2,211	-
Accounts (net)	176,219	3,956,213	4,132,432	-
Accrued interest	-	33,595	33,595	4,478
Special assessments	13,502	11,365	24,867	-
Loans	2,963,154	-	2,963,154	70,000
Internal balances	747,939	(747,939)	-	-
Capital lease receivable from primary government	-	-	-	650,000
Due from other governments	1,158,224	-	1,158,224	-
Due from component units	29,361	-	29,361	-
Inventories and prepaid items	194,777	1,214,387	1,409,164	-
Other assets	-	2,428,258	2,428,258	-
Restricted assets				
Cash and investments	81,621	6,323,125	6,404,746	-
Investment in mutual insurance company	200,515	-	200,515	-
Capital assets (net of accumulated depreciation)				
Land	12,447,009	279,932	12,726,941	-
Construction in progress	-	5,610,319	5,610,319	-
Other capital assets, net of depreciation	17,174,588	61,609,282	78,783,870	-
Total Assets	<u>43,453,324</u>	<u>83,431,100</u>	<u>126,884,424</u>	<u>3,043,693</u>
<b>LIABILITIES</b>				
Accounts payable	449,426	3,329,814	3,779,240	-
Accrued liabilities	474,863	499,501	974,364	4,478
Due to primary government	-	-	-	29,361
Deposits	35,269	-	35,269	-
Unearned revenue	5,892,932	125,720	6,018,652	-
Noncurrent liabilities				
Due within one year	1,426,023	1,682,069	3,108,092	65,000
Due in more than one year	9,758,202	33,927,927	43,686,129	585,000
Total Liabilities	<u>18,036,715</u>	<u>39,565,031</u>	<u>57,601,746</u>	<u>683,839</u>
<b>NET POSITION</b>				
Net investment in capital assets	21,386,390	35,326,745	56,713,135	-
Restricted for				
Debt service	-	1,735,559	1,735,559	-
Equipment replacement	-	1,560,730	1,560,730	-
Trust purposes	124,861	-	124,861	2,289,854
Housing and economic development	2,937,391	-	2,937,391	-
TIF projects	306,137	-	306,137	-
Park development	141,823	-	141,823	-
Impact fees	-	107,446	107,446	-
Library	388,100	-	388,100	-
Room tax	1,126	-	1,126	-
Unrestricted	<u>130,781</u>	<u>5,135,589</u>	<u>5,266,370</u>	<u>70,000</u>
<b>TOTAL NET POSITION</b>	<u>\$ 25,416,609</u>	<u>\$ 43,866,069</u>	<u>\$ 69,282,678</u>	<u>\$ 2,359,854</u>

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 1,297,024	\$ 162,911	\$ -	\$ 12,761
Public safety	3,145,907	445,849	27,546	-
Public works	2,432,045	386,835	639,195	11,176
Health and human services	21,253	-	-	-
Culture, recreation and education	1,331,494	152,232	380,761	-
Conservation and development	336,288	15,550	55,864	-
Interest and fiscal charges	554,618	-	74,091	-
Total Governmental Activities	<u>9,118,629</u>	<u>1,163,377</u>	<u>1,177,457</u>	<u>23,937</u>
Business-type Activities				
Water	1,145,637	1,454,322	-	57,873
Electric	23,052,879	23,850,223	-	356,690
Communications	4,012,093	4,100,043	-	2,637,837
Sewer	2,170,574	2,681,084	-	5,902
Stormwater	404,679	475,579	-	-
Total Business-type Activities	<u>30,785,862</u>	<u>32,561,251</u>	<u>-</u>	<u>3,058,302</u>
Total Primary Government	<u>\$ 39,904,491</u>	<u>\$ 33,724,628</u>	<u>\$ 1,177,457</u>	<u>\$ 3,082,239</u>
<b>Component Units</b>				
Community Development Authority	\$ 55,951	\$ -	\$ -	\$ -
Herbert H. Webb Trust	73,839	-	-	-
Total Component Units	<u>\$ 129,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**General Revenues**

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on sale of assets

Miscellaneous

Transfers

Total General Revenues and Transfers

**Change in net position**

NET POSITION - Beginning of Year (as restated)

**NET POSITION - END OF YEAR**

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Units
\$ (1,121,352)	\$ -	\$ (1,121,352)	\$ -
(2,672,512)	-	(2,672,512)	-
(1,394,839)	-	(1,394,839)	-
(21,253)	-	(21,253)	-
(798,501)	-	(798,501)	-
(264,874)	-	(264,874)	-
<u>(480,527)</u>	-	<u>(480,527)</u>	-
<u>(6,753,858)</u>	-	<u>(6,753,858)</u>	-
-	366,558	366,558	-
-	1,154,034	1,154,034	-
-	2,725,787	2,725,787	-
-	516,412	516,412	-
-	70,900	70,900	-
-	<u>4,833,691</u>	<u>4,833,691</u>	-
<u>\$ (6,753,858)</u>	<u>\$ 4,833,691</u>	<u>\$ (1,920,167)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (55,951)
-	-	-	<u>(73,839)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (129,790)</u>
3,384,312	-	3,384,312	-
1,241,996	-	1,241,996	-
330,734	-	330,734	-
236,235	-	236,235	-
919,037	-	919,037	-
79,923	223,972	303,895	300,365
1,820	-	1,820	-
41,986	59,417	101,403	-
<u>747,939</u>	<u>(747,939)</u>	-	-
<u>6,983,982</u>	<u>(464,550)</u>	<u>6,519,432</u>	<u>300,365</u>
230,124	4,369,141	4,599,265	170,575
<u>25,186,485</u>	<u>39,496,928</u>	<u>64,683,413</u>	<u>2,189,279</u>
<u>\$ 25,416,609</u>	<u>\$ 43,866,069</u>	<u>\$ 69,282,678</u>	<u>\$ 2,359,854</u>

See accompanying notes to financial statements.

**CITY OF REEDSBURG**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2012

	General	TIF District No. 3	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>				
Cash and investments	\$ 94,570	\$ 3,758	\$ 2,242,996	\$ 2,341,324
Receivables (net)				
Taxes	3,006,055	87,470	2,829,355	5,922,880
Delinquent personal property taxes	2,211	-	-	2,211
Accounts	135,730	-	40,489	176,219
Special assessments	9,002	-	4,500	13,502
Loans	705,120	-	2,258,034	2,963,154
Due from other funds	1,756,406	-	-	1,756,406
Prepaid items	194,777	-	-	194,777
Advances to other funds	2,981,494	-	-	2,981,494
Due from other governments	-	877,500	226,920	1,104,420
Due from component units	-	-	29,361	29,361
Restricted cash and investments	-	-	81,621	81,621
Investment in mutual insurance company	200,515	-	-	200,515
<b>TOTAL ASSETS</b>	<b><u>\$ 9,085,880</u></b>	<b><u>\$ 968,728</u></b>	<b><u>\$ 7,713,276</u></b>	<b><u>\$ 17,767,884</u></b>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities				
Accounts payable	\$ 205,968	\$ -	\$ 243,458	\$ 449,426
Accrued liabilities	232,318	-	15,223	247,541
Deposits	-	-	35,269	35,269
Due to other funds	-	877,500	130,967	1,008,467
Deferred revenues	3,400,611	964,970	3,035,687	7,401,268
Advances from other funds	-	1,919,225	1,062,269	2,981,494
Total Liabilities	<u>3,838,897</u>	<u>3,761,695</u>	<u>4,522,873</u>	<u>12,123,465</u>
Fund Balances				
Nonspendable	2,954,493	-	-	2,954,493
Restricted	705,120	-	3,194,318	3,899,438
Committed	-	-	110,965	110,965
Assigned	947,939	-	633,913	1,581,852
Unassigned (deficit)	639,431	(2,792,967)	(748,793)	(2,902,329)
Total Fund Balances	<u>5,246,983</u>	<u>(2,792,967)</u>	<u>3,190,403</u>	<u>5,644,419</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 9,085,880</u></b>	<b><u>\$ 968,728</u></b>	<b><u>\$ 7,713,276</u></b>	<b><u>\$ 17,767,884</u></b>

See accompanying notes to financial statements.

## CITY OF REEDSBURG

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2012

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Total Fund Balances - Governmental Funds	\$	5,644,419
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Amounts reported for governmental activities in the statement of net position are different because:

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

Land		12,447,009
Other capital assets, net of depreciation		17,174,588

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

		1,508,336
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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 (net)		(10,057,707)
Vested compensated absences		(441,444)
Capital leases		(650,000)
Retiree health insurance		(35,074)
Accrued interest		(227,322)
Build America Bonds interest rebate receivable		<u>53,804</u>

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>25,416,609</u></b>
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## CITY OF REEDSBURG

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

For the Year Ended December 31, 2012

	General	TIF District No. 3	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>				
Taxes	\$ 3,467,411	\$ 43,450	\$ 1,682,416	\$ 5,193,277
Intergovernmental	1,380,090	66	782,881	2,163,037
Licenses and permits	172,911	-	-	172,911
Fines, forfeitures and penalties	221,987	-	-	221,987
Public charges for services	163,358	-	384,674	548,032
Intergovernmental charges for services	55,173	-	-	55,173
Special assessments	-	52,237	22,911	75,148
Investment income	5,196	-	25,380	30,576
Miscellaneous	55,096	14,400	329,443	398,939
Total Revenues	<u>5,521,222</u>	<u>110,153</u>	<u>3,227,705</u>	<u>8,859,080</u>
<b>EXPENDITURES</b>				
Current				
General government	1,452,592	791	13,413	1,466,796
Public safety	2,619,481	-	130,546	2,750,027
Health and human services	21,253	-	-	21,253
Public works	943,901	-	567,808	1,511,709
Culture, recreation and education	449,884	-	720,593	1,170,477
Conservation and development	162,946	4,542	138,644	306,132
Capital Outlay	-	30,950	569,915	600,865
Debt Service				
Principal	-	-	1,279,677	1,279,677
Interest and fiscal charges	-	-	569,667	569,667
Total Expenditures	<u>5,650,057</u>	<u>36,283</u>	<u>3,990,263</u>	<u>9,676,603</u>
Excess (deficiency) of revenues over expenditures	<u>(128,835)</u>	<u>73,870</u>	<u>(762,558)</u>	<u>(817,523)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Property sales	6,894	-	3,032	9,926
Transfers in	749,939	-	793,444	1,543,383
Transfers out	(370,676)	(41,193)	(383,575)	(795,444)
Total Other Financing Sources (Uses)	<u>386,157</u>	<u>(41,193)</u>	<u>412,901</u>	<u>757,865</u>
<b>Net Change in Fund Balances</b>	257,322	32,677	(349,657)	(59,658)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>4,989,661</u>	<u>(2,825,644)</u>	<u>3,540,060</u>	<u>5,704,077</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 5,246,983</u>	<u>\$ (2,792,967)</u>	<u>\$ 3,190,403</u>	<u>\$ 5,644,419</u>

See accompanying notes to financial statements.

## CITY OF REEDSBURG

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

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Net change in fund balances - total governmental funds	\$	(59,658)
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Amounts reported for governmental activities in the statement of net position 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		600,865
Some items are reported as capital outlay were not capitalized		(138,511)
Depreciation is reported in the government-wide financial statements		(1,227,720)
Net book value of assets retired		(26,285)

Contributed capital assets are reported as revenues in the government-wide financial statements.		7,497
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Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		
Special assessments		(1,655)
Deferred grant revenue		(253,440)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repaid		1,279,677

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		42,258
Accrued interest		19,271
Amortization of debt discount		(12,175)

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>230,124</u></b>
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# CITY OF REEDSBURG

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2012

	Business-type Activities - Enterprise Funds			
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	Totals
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 2,096,450	\$ 56,951	\$ 253,391	\$ 2,406,792
Accounts receivable (net)	2,403,321	191,320	-	2,594,641
Other accounts receivable	1,361,572	-	-	1,361,572
Accrued interest	33,595	-	-	33,595
Due from other funds	-	174,492	78,602	253,094
Prepaid items	48,850	5,500	-	54,350
Inventories	1,160,037	-	-	1,160,037
Restricted Assets				
Restricted cash and investments	<u>2,271,222</u>	<u>-</u>	<u>-</u>	<u>2,271,222</u>
Total Current Assets	<u>9,375,047</u>	<u>428,263</u>	<u>331,993</u>	<u>10,135,303</u>
Noncurrent Assets				
Restricted Assets				
Cash and investments	1,109,778	2,942,125	-	4,051,903
Capital Assets				
Property and equipment	61,120,477	25,977,075	5,991,012	93,088,564
Construction work in progress	5,490,032	120,287	-	5,610,319
Less: Accumulated depreciation	(21,517,795)	(7,811,943)	(1,869,612)	(31,199,350)
Other Assets				
Organization costs	167,867	-	-	167,867
Accumulated amortization of organization costs	(44,467)	-	-	(44,467)
Private parking lighting (net of accumulated depreciation)	122,542	-	-	122,542
Investment in ATC	1,892,824	-	-	1,892,824
Cash and investments - health insurance account	305,771	-	-	305,771
Unamortized debt issuance costs	289,492	-	-	289,492
Special assessments	<u>2,063</u>	<u>9,302</u>	<u>-</u>	<u>11,365</u>
Total Noncurrent Assets	<u>48,938,584</u>	<u>21,236,846</u>	<u>4,121,400</u>	<u>74,296,830</u>
Total Assets	<u>58,313,631</u>	<u>21,665,109</u>	<u>4,453,393</u>	<u>84,432,133</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	Totals
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 3,293,217	\$ 15,889	\$ 20,708	\$ 3,329,814
Accrued liabilities	249,363	10,647	2,740	262,750
Accrued interest	62,627	-	-	62,627
Due to other funds	1,001,033	-	-	1,001,033
Compensated absences (current portion)	107,216	-	-	107,216
Other liabilities	105,609	-	-	105,609
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds payable	799,592	775,261	-	1,574,853
Accrued interest payable	16,727	51,788	-	68,515
Total Current Liabilities	<u>5,635,384</u>	<u>853,585</u>	<u>23,448</u>	<u>6,512,417</u>
Noncurrent Liabilities				
Long-Term Debt				
Revenue bonds payable	16,181,014	11,557,288	-	27,738,302
General obligation debt payable	6,000,000	-	-	6,000,000
Compensated absences	189,625	-	-	189,625
Unearned revenues	125,720	-	-	125,720
Total Noncurrent Liabilities	<u>22,496,359</u>	<u>11,557,288</u>	<u>-</u>	<u>34,053,647</u>
Total Liabilities	<u>28,131,743</u>	<u>12,410,873</u>	<u>23,448</u>	<u>40,566,064</u>
<b>NET POSITION</b>				
Invested in capital assets	25,252,475	5,952,870	4,121,400	35,326,745
Restricted for				
Debt service	134,215	1,601,344	-	1,735,559
Equipment replacement	271,737	1,288,993	-	1,560,730
Impact fees	107,446	-	-	107,446
Unrestricted	<u>4,416,015</u>	<u>411,029</u>	<u>308,545</u>	<u>5,135,589</u>
<b>TOTAL NET POSITION</b>	<u>\$ 30,181,888</u>	<u>\$ 9,254,236</u>	<u>\$ 4,429,945</u>	<u>\$ 43,866,069</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, 2012

	Business-type Activities - Enterprise Funds			Totals
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	
<b>OPERATING REVENUES</b>				
Public charges for services	\$ 29,404,588	\$ 2,681,084	\$ 475,579	\$ 32,561,251
Total Operating Revenues	<u>29,404,588</u>	<u>2,681,084</u>	<u>475,579</u>	<u>32,561,251</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	25,321,411	1,160,600	288,363	26,770,374
Depreciation	1,999,447	696,092	116,316	2,811,855
Amortization expense	5,036	-	-	5,036
Total Operating Expenses	<u>27,325,894</u>	<u>1,856,692</u>	<u>404,679</u>	<u>29,587,265</u>
Operating Income	<u>2,078,694</u>	<u>824,392</u>	<u>70,900</u>	<u>2,973,986</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	219,792	4,178	-	223,970
Interest and amortization expense	(884,715)	(313,882)	-	(1,198,597)
Miscellaneous	59,417	-	-	59,417
Total Nonoperating Revenues (Expenses)	<u>(605,506)</u>	<u>(309,704)</u>	<u>-</u>	<u>(915,210)</u>
Income Before Contributions and Transfers	<u>1,473,188</u>	<u>514,688</u>	<u>70,900</u>	<u>2,058,776</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	3,052,400	5,902	-	3,058,302
Transfers out	(747,939)	-	-	(747,939)
Total Contributions and Transfers	<u>2,304,461</u>	<u>5,902</u>	<u>-</u>	<u>2,310,363</u>
<b>Change in Net Position</b>	3,777,649	520,590	70,900	4,369,139
NET POSITION - Beginning of Year (as restated)	<u>26,404,239</u>	<u>8,733,646</u>	<u>4,359,045</u>	<u>39,496,930</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 30,181,888</u>	<u>\$ 9,254,236</u>	<u>\$ 4,429,945</u>	<u>\$ 43,866,069</u>

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			Totals
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 28,840,459	\$ 2,563,822	\$ 475,460	\$ 31,879,741
Received from other funds for services	490,929	-	-	490,929
Paid to suppliers for goods and services	(24,795,506)	(1,287,917)	(126,152)	(26,209,575)
Paid to employees for services	(1,578,838)	(297,052)	(145,076)	(2,020,966)
Net Cash Flows From Operating Activities	<u>2,957,044</u>	<u>978,853</u>	<u>204,232</u>	<u>4,140,129</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	143,918	4,180	-	148,098
Investment in ATC	(86,635)	-	-	(86,635)
Net Cash Flows From Investing Activities	<u>57,283</u>	<u>4,180</u>	<u>-</u>	<u>61,463</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to municipality for tax equivalent	(989,113)	-	-	(989,113)
Net Cash Flows From Noncapital Financing Activities	<u>(989,113)</u>	<u>-</u>	<u>-</u>	<u>(989,113)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt issued	11,792,653	218,884	-	12,011,537
Debt retired	(10,378,454)	(746,662)	-	(11,125,116)
Interest paid	(933,873)	(315,993)	-	(1,249,866)
Debt issuance costs	(154,933)	-	-	(154,933)
Acquisition and construction of capital assets	(7,967,030)	(153,321)	(107,400)	(8,227,751)
Capital contributions received	2,988,222	-	-	2,988,222
Net Cash Flows From Capital and Related Financing Activities	<u>(4,653,415)</u>	<u>(997,092)</u>	<u>(107,400)</u>	<u>(5,757,907)</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(2,628,201)</b>	<b>(14,059)</b>	<b>96,832</b>	<b>(2,545,428)</b>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>7,720,863</u>	<u>3,013,135</u>	<u>156,559</u>	<u>10,890,557</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><b>\$ 5,092,662</b></u>	<u><b>\$ 2,999,076</b></u>	<u><b>\$ 253,391</b></u>	<u><b>\$ 8,345,129</b></u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Utility Commission	Sewer	Nonmajor Enterprise Fund - Stormwater Fund	Totals
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income	\$ 2,078,694	\$ 824,392	\$ 70,900	\$ 2,973,986
Nonoperating revenue	72,578	-	-	72,578
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	1,999,447	696,092	116,316	2,811,855
Depreciation charged to other funds	55,718	-	810	56,528
Amortization	5,036	-	-	5,036
Changes in assets and liabilities				
Accounts receivable	(134,762)	(116,159)	-	(250,921)
Due from other funds	376,929	(1,103)	(119)	375,707
Prepaid items	23,277	3,631	-	26,908
Inventories	108,201	-	-	108,201
Accounts payable	(517,310)	(16,549)	-	(533,859)
Accrued liabilities	(1,158,424)	3,084	-	(1,155,340)
Due to other funds	-	(414,535)	-	(414,535)
Compensated absences	40,404	-	15,183	55,587
Other current liabilities	36,983	-	1,142	38,125
Unearned revenues	(29,727)	-	-	(29,727)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 2,957,044</b>	<b>\$ 978,853</b>	<b>\$ 204,232</b>	<b>\$ 4,140,129</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>				
Cash and investments - statement of net position	\$ 2,096,450	\$ 56,951	\$ 253,391	\$ 2,406,792
Restricted cash and investments - current	2,271,222	-	-	2,271,222
Restricted cash and investments - noncurrent	1,109,778	2,942,125	-	4,051,903
Cash and investments - health insurance account	305,771	-	-	305,771
Total Cash and Investments	5,783,221	2,999,076	253,391	9,035,688
Less: Noncash equivalents	(690,559)	-	-	(690,559)
<b>CASH AND CASH EQUIVALENTS</b>	<b>\$ 5,092,662</b>	<b>\$ 2,999,076</b>	<b>\$ 253,391</b>	<b>\$ 8,345,129</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Developer financed additions to utility plant	\$ -	\$ 5,902	\$ -	
Adjustment to plant assets	\$ -	\$ -	\$ 167,161	
Grant receivable at year end	\$ 444,252	\$ -	\$ -	
Interest charged to construction	\$ 188,264	\$ -	\$ -	

See accompanying notes to financial statements.

**CITY OF REEDSBURG**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
As of December 31, 2012

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	<u>Agency Fund</u>	<u>Nishan Community Aid for the Poor</u>
<b>ASSETS</b>		
Cash and investments	\$ 4,443,464	\$ 35,000
Property taxes receivable	4,279,378	-
Total Assets	<u>8,722,842</u>	<u>35,000</u>
<b>LIABILITIES</b>		
Due to other taxing units	<u>8,722,842</u>	-
Total Liabilities	<u>8,722,842</u>	-
<b>NET POSITION</b>		
Held in trust for private trust activities	-	<u>35,000</u>
<b>TOTAL NET POSITION</b>	<u>\$ -</u>	<u>\$ 35,000</u>

# CITY OF REEDSBURG

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2012

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	Nishan Community Aid for the Poor
<b>ADDITIONS</b>	
Refund of prior year expenditures	\$ 4,562
Investment income	<u>243</u>
Total Additions	<u>4,805</u>
<b>DEDUCTIONS</b>	
Health and human services	<u>1,418</u>
Total Deductions	<u>1,418</u>
<b>Change in Net Position</b>	3,387
NET POSITION - Beginning of Year	<u>31,613</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 35,000</u></u>

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## STATEMENT OF NET POSITION COMPONENT UNITS As of December 31, 2012

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	Community Development Authority	Herbert H. Webb Trust	Totals
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 2,319,215	\$ 2,319,215
Accrued interest receivable	4,478	-	4,478
Loans receivable	<u>720,000</u>	<u>-</u>	<u>720,000</u>
Total Assets	<u>724,478</u>	<u>2,319,215</u>	<u>3,043,693</u>
<b>LIABILITIES</b>			
Accrued liabilities	4,478	-	4,478
Due to primary government	-	29,361	29,361
Lease revenue bonds	<u>650,000</u>	<u>-</u>	<u>650,000</u>
Total Liabilities	<u>654,478</u>	<u>29,361</u>	<u>683,839</u>
<b>NET POSITION</b>			
Restricted for Trust Purposes	-	2,289,854	2,289,854
Unrestricted	<u>70,000</u>	<u>-</u>	<u>70,000</u>
<b>TOTAL NET POSITION</b>	<u>\$ 70,000</u>	<u>\$ 2,289,854</u>	<u>\$ 2,359,854</u>

See accompanying notes to financial statements.

## CITY OF REEDSBURG

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

For the Year Ended December 31, 2012

	<u>Community Development Authority</u>	<u>Herbert H. Webb Trust</u>	<u>Totals</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	\$ -	\$ 73,839	\$ 73,839
Total Operating Expenses	<u>-</u>	<u>73,839</u>	<u>73,839</u>
Operating Income (Loss)	<u>-</u>	<u>(73,839)</u>	<u>(73,839)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	55,951	244,414	300,365
Interest expense	<u>(55,951)</u>	<u>-</u>	<u>(55,951)</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>244,414</u>	<u>244,414</u>
<b>Change in net position</b>	-	170,575	170,575
NET POSITION - Beginning of Year	<u>70,000</u>	<u>2,119,279</u>	<u>2,189,279</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 70,000</u>	<u>\$ 2,289,854</u>	<u>\$ 2,359,854</u>

See accompanying notes to financial statements.

# CITY OF REEDSBURG

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

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

This report includes all of the funds of the City of Reedsburg. The reporting entity for the city consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity 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 is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from 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.K. 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, 2012. The CDA does not issue separate financial statements.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### 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, 2012. The trust does not issue separate financial statements.

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

In June 2011, the GASB issued statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities.

The city made the decision to implement this standard effective January 1, 2012.

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

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

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

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

---

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

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

Financial statements of the reporting entity 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, liabilities, net position/fund equity, revenues, and expenditure/expenses.

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

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

Separate financial statements are provided for governmental funds and 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.

Tax Incremental District (TID) No. 3 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

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, 2012

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

---

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

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

The city reports the following nonmajor governmental and enterprise funds:

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

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

Debt Service - 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.

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

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

Stormwater - accounts for operations of the stormwater system.

In addition, the city reports the following fund types:

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

Nishan Community Aid for the Poor

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

---

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

---

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

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

Agency fund is 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 unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

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

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

Property taxes are recorded in the year levied as receivables and deferred revenues. 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 deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

---

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

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

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 deferred 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.

The city reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the city has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the city has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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

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

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

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

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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#### *D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY*

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

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

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

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

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

The city has not adopted an investment policy.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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#### ***D. ASSETS, LIABILITIES, 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, 2012, 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 agency fund statement of fiduciary net position.

Property tax calendar - 2012 tax roll:

Lien date and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	July 31, 2013
Personal property taxes in full	January 31, 2013
Tax sale - 2012 delinquent real estate taxes	October 2015

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 communication 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, 2012

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

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#### ***D. ASSETS, LIABILITIES, 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 \$121,468.

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

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

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

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

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

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

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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### *D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)*

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

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

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$188,264 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	30 Years
Land Improvements	30 Years
Machinery and Equipment	3-15 Years
Intangibles	5-10 Years
Utility System	18-77 Years
Infrastructure	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, 2012

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

---

### *D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)*

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

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

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

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

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

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

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

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

The city provides postemployment health insurance benefits for all eligible employees. Eligibility is based on contractual agreements with employee groups, local ordinances, or employee benefit policies. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert specified amounts of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the city. Funding for those costs is provided out of the current operating budget of the city. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were not material. The number of participants currently eligible to receive benefits is three. The total amount outstanding at year end to be paid in the future is \$35,074 and is included in the government-wide statement of net position.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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#### *D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)*

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

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, 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 \$5,573,422, made up of three issues.

##### **9. Claims and Judgments**

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. Refer to Note IV. C. on commitments and contingencies.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

---

### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

#### ***10. Equity Classifications***

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

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

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

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

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

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the city classifies governmental fund balance 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. 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 that originally created the commitment.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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### **D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)**

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

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

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) Council, committee, or management identification 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

See Note III. H. for further information.

Fiduciary fund equity is classified as held in trust for community aid on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the village believes it is in compliance with all significant restrictions. Net position of \$35,000 was available for the year ended December 31, 2012.

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

##### **Electric**

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

##### **Water**

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

##### **Sewer**

Current rates were approved and made effective by the city council on July 1, 2007.

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

#### ***11. Basis for Existing Rates - Proprietary Fund (cont.)***

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

Current communications rates were approved by the utility commission with periodic changes. The utility approved new cable TV rates effective February 20, 2013. Current telephone rates were approved by the utility commission effective in June 2003.

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

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

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

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

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

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

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.

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

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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### **B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Debt service	\$ 1,735,476	\$ 1,850,052	\$ 114,576
Solid Waste Fund	366,590	369,105	2,515

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

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

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

As of December 31, 2012, the following individual funds held a deficit balance:

Fund	Amount	Reason
TIF No. 3	\$ 2,792,967	Costs exceeding increment
Taxi grant fund	13,749	Unfunded expenditures
General debt service fund	154,915	Unfunded expenditures
TIF No. 6	432,367	Costs exceeding increment
TIF No. 8	17,822	Costs exceeding increment
Capital equipment fund	129,473	Costs exceeding financing
Dog park fund	441	Costs exceeding revenues
Teen court fund	26	Costs exceeding revenues

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

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

As part of Wisconsin's Act 32 (2011), legislation was passed that 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 for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### 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	\$ 10,067,015	\$ 10,566,964	Custodial credit risk
Mutual funds	169,130	169,130	Credit risk, interest rate risk
LGIP	5,700,402	5,700,402	Credit risk
Petty cash	550	-	N/A
Total Deposits and Investments	<u>\$ 15,937,097</u>	<u>\$ 16,436,496</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 5,053,887		
Restricted cash and investments	6,404,746		
Per statement of net position - fiduciary funds			
Tax collection fund	4,443,464		
Nishan Community Aid for the Poor	35,000		
Total Deposits and Investments	<u>\$ 15,937,097</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest-bearing transaction accounts through December 31, 2012. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit accounts (interest-bearing and noninterest-bearing) are insured for a total of \$250,000 beginning January 1, 2013. 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 relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, 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, 2012, the banks had pledged various government securities in the amount of \$5,772,506 to secure the city's deposits.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

***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.

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

***Credit Risk***

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

As of December 31, 2012, the city's investments were rated as follows:

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

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

Local Government Investment Pool

***Interest Rate Risk***

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

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

**Interest Rate Risk (cont.)**

As of December 31, 2012, the city's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Mutual funds	<u>\$ 169,130</u>	60

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

**B. RECEIVABLES**

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

	General Fund	TIF District No. 3	Utility Commission	Sewer Utility	Nonmajor and Other Funds	Totals
Gross receivables	3,858,118	964,970	3,856,647	191,320	5,510,127	14,381,182
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>(56,096)</u>	<u>-</u>	<u>(121,468)</u>	<u>(177,564)</u>
Net Total Receivables	<u>\$ 3,858,118</u>	<u>\$ 964,970</u>	<u>\$ 3,800,551</u>	<u>\$ 191,320</u>	<u>\$ 5,388,659</u>	<u>\$ 14,203,618</u>
Amounts not expected to be collected within one year	<u>\$ 716,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,384,002</u>	<u>\$ 3,100,335</u>

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### **B. RECEIVABLES** (cont.)

Governmental funds report *deferred 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 *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 5,892,932	\$ 5,892,932
Special assessments not yet due	4,500	-	4,500
Government grants	1,079,332	-	1,079,332
Interfund interest - TIF advances	424,504	-	424,504
 Total Deferred/Unearned Revenue for Governmental Funds	 <u>\$ 1,508,336</u>	 <u>\$ 5,892,932</u>	 <u>\$ 7,401,268</u>

For economic development loans, the city is limited by the Wisconsin Department of Commerce to the amount of program income from economic development loans that it may retain and loan to other businesses. Program income includes the principal and interest received from economic development loans repayments. Based upon its current population, the city may generally retain \$500,000.

At December 31, 2012, the city has not exceeded the maximum amount that it may retain. However, it has recognized a liability for the estimated amount that will exceed the maximum amount it may retain.

#### **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.
- Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

***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.

***General Debt Service - Reserve Account***

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

***Impact Fee Account***

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

Following is a list of restricted assets at December 31, 2012:

	Governmental Activities	Business-type Activities
Redemption account	\$ -	\$ 721,623
Reserve account	81,621	730,595
Depreciation account	-	1,354,188
Construction account	-	2,120,280
Replacement account	-	1,288,993
Impact fee account	-	107,446
	-	107,446
Total	\$ 81,621	\$ 6,323,125

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 6,687,394	\$ 8,750	\$ -	\$ 6,696,144
Land for right of way	801,073	7,497	-	808,570
Road infrastructure not being depreciated	4,909,698	69,297	36,700	4,942,295
Construction work in progress	<u>31,982</u>	<u>-</u>	<u>31,982</u>	<u>-</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>12,430,147</u>	<u>85,544</u>	<u>68,682</u>	<u>12,447,009</u>
Capital assets being depreciated/amortized				
Buildings	10,309,321	-	-	10,309,321
Intangibles	95,272	-	-	95,272
Equipment and furniture	9,079,489	208,397	110,851	9,177,035
Infrastructure	<u>17,357,688</u>	<u>207,892</u>	<u>98,624</u>	<u>17,466,956</u>
Total Capital Assets Being Depreciated/Amortized	<u>36,841,770</u>	<u>416,289</u>	<u>209,475</u>	<u>37,048,584</u>
Total Capital Assets	<u>49,271,917</u>	<u>501,833</u>	<u>278,157</u>	<u>49,495,593</u>
Less: Accumulated depreciation/amortization for				
Buildings	(5,958,627)	(200,186)	-	(6,158,813)
Intangibles	(6,519)	(13,037)	-	(19,556)
Equipment and furniture	(4,232,010)	(463,484)	84,566	(4,610,928)
Infrastructure	<u>(8,669,010)</u>	<u>(551,013)</u>	<u>135,324</u>	<u>(9,084,699)</u>
Total Accumulated Depreciation/Amortization	<u>(18,866,166)</u>	<u>(1,227,720)</u>	<u>219,890</u>	<u>(19,873,996)</u>
Net Capital Assets Being Depreciated/Amortized	<u>17,975,604</u>	<u>(811,431)</u>	<u>(10,415)</u>	<u>17,174,588</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 30,405,751</u>	<u>\$ (725,887)</u>	<u>\$ 58,267</u>	<u>\$ 29,621,597</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 74,470
Public safety	254,095
Public works	683,843
Leisure activities	<u>215,312</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 1,227,720</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital assets not being depreciation				
Land	\$ 279,932	\$ -	\$ -	\$ 279,932
Construction in progress	<u>3,040,035</u>	<u>6,779,573</u>	<u>4,209,289</u>	<u>5,610,319</u>
Total Capital Assets Not Being Depreciated	<u>3,319,967</u>	<u>6,779,573</u>	<u>4,209,289</u>	<u>5,890,251</u>
Capital assets being depreciated				
Electric system	25,925,085	871,914	53,287	26,743,712
Water system	11,389,902	1,636,069	25,803	13,000,168
Communications system	17,842,755	3,396,642	115,045	21,124,352
Sewer system	25,921,362	38,936	10,910	25,949,388
Stormwater system	<u>5,640,617</u>	<u>353,335</u>	<u>2,940</u>	<u>5,991,012</u>
Total Capital Assets Being Depreciated	<u>86,719,721</u>	<u>6,296,896</u>	<u>207,985</u>	<u>92,808,632</u>
Total Capital Assets	<u>90,039,688</u>	<u>13,076,469</u>	<u>4,417,274</u>	<u>98,698,883</u>
Less: Accumulated depreciation for				
Electric system	(11,737,455)	(916,140)	33,938	(12,619,657)
Water system	(3,133,964)	(290,133)	26,346	(3,397,751)
Communications system	(4,763,619)	(851,882)	115,114	(5,500,387)
Sewer system	(7,126,761)	(696,092)	10,910	(7,811,943)
Stormwater system	<u>(1,676,652)</u>	<u>(195,090)</u>	<u>2,130</u>	<u>(1,869,612)</u>
Total Accumulated Depreciation	<u>(28,438,451)</u>	<u>(2,949,337)</u>	<u>188,438</u>	<u>(31,199,350)</u>
Net Capital Assets Being Depreciated	<u>58,281,270</u>	<u>3,347,559</u>	<u>19,547</u>	<u>61,609,282</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 61,601,237</u>	<u>\$ 10,127,132</u>	<u>\$ 4,228,836</u>	<u>\$ 67,499,533</u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Electric	\$ 886,574
Water	260,991
Communications	851,882
Sewer	696,092
Stormwater	<u>116,316</u>

Total Business-type Activities Depreciation Expense	<u><u>\$ 2,811,855</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	TIF District No. 3	\$ 877,500
General fund	Utility commission	747,939
General fund	Nonmajor governmental funds	130,967
Sewer	Utility commission	174,492
Stormwater fund	Utility commission	<u>78,602</u>
Total - Fund Financial Statements		2,009,500
Less: Fund eliminations		<u>(1,261,561)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 747,939</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.

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### **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 currently charging the TIF 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 deferred revenue until it is collected. No repayment schedules have been established.

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	Taxi fund	\$ 25,366	\$ 25,366
General fund	General debt service fund	217,534	217,534
General fund	TIF District No. 3	1,919,225	1,919,225
General fund	TIF District No. 6	801,547	801,547
General fund	TIF District No. 8	<u>17,822</u>	17,822
Total - Fund Financial Statements		2,981,494	
Less: Fund eliminations		<u>(2,981,494)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Position		<u><u>\$ -</u></u>	

For the statement of net position, interfund advances which are owed within the governmental activities or business-type activities are netted and eliminated.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

***Transfers***

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Utility commission	\$ 747,939	Tax equivalent
General fund	Nonmajor governmental funds	2,000	Budgeted contribution
Nonmajor governmental funds	General fund	370,676	Re-allocation of tax levy
Nonmajor governmental funds	TIF District No. 3	41,193	Debt service payments
Nonmajor governmental funds	Nonmajor governmental funds	<u>381,575</u>	Debt service and library transfer
Total - Fund Financial Statements		1,543,383	
Less: Fund eliminations		<u>(795,444)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 747,939</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.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 11,334,121	\$ -	\$ 1,224,677	\$ 10,109,444	\$ 1,247,690
Add/(Subtract) Deferred Amounts For (Discounts)/Premiums	<u>(63,912)</u>	<u>-</u>	<u>(12,175)</u>	<u>(51,737)</u>	<u>-</u>
Sub-totals	<u>11,270,209</u>	<u>-</u>	<u>1,212,502</u>	<u>10,057,707</u>	<u>1,247,690</u>
Other Liabilities					
Vested compensated absences	518,776	43,002	120,334	441,444	86,739
Capital leases	705,000	-	55,000	650,000	65,000
Retiree health insurance	-	35,074	-	35,074	26,594
Total Other Liabilities	<u>1,223,776</u>	<u>78,076</u>	<u>175,334</u>	<u>1,126,518</u>	<u>178,333</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 12,493,985</u>	<u>\$ 78,076</u>	<u>\$ 1,387,836</u>	<u>\$ 11,184,225</u>	<u>\$ 1,426,023</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 6,000,000	\$ -	\$ -	\$ 6,000,000	\$ -
Revenue bonds	<u>28,426,734</u>	<u>12,011,537</u>	<u>11,125,116</u>	<u>29,313,155</u>	<u>1,574,853</u>
Sub-totals	<u>34,426,734</u>	<u>12,011,537</u>	<u>11,125,116</u>	<u>35,313,155</u>	<u>1,574,853</u>
Other Liabilities					
Vested compensated absences	<u>256,437</u>	<u>119,477</u>	<u>79,073</u>	<u>296,841</u>	<u>107,216</u>
Total Other Liabilities	<u>256,437</u>	<u>119,477</u>	<u>79,073</u>	<u>296,841</u>	<u>107,216</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 34,683,171</u>	<u>\$ 12,131,014</u>	<u>\$ 11,204,189</u>	<u>\$ 35,609,996</u>	<u>\$ 1,682,069</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2012, was \$27,043,650. Total general obligation debt outstanding at year end was \$16,109,444.

#### **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.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

**General Obligation Debt (cont.)**

<u>Governmental Activities</u> <u>General Obligation Debt</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>December 31,</u> <u>2012</u>
State trust fund loan	2/13/2002	3/15/2021	5.50%	\$ 194,000	\$ 116,780
General obligation refunding bonds	6/15/2004	12/1/2015	4.00 - 4.30	2,090,000	1,805,000
General obligation refunding bonds	2/15/2006	12/1/2021	3.50 - 5.00	2,825,000	2,675,000
State trust fund loan	1/12/2009	3/15/2018	4.25	468,905	333,983
State trust fund loan- (BAB)	12/1/2009	3/15/2029	5.50*	2,040,167	1,577,707
General obligation refunding bonds	3/1/2010	3/1/2014	1.25 - 2.90	505,000	260,000
State trust fund loan	12/21/2010	3/15/2020	3.75	845,000	770,759
State trust fund loan- (BAB)	12/21/2010	3/15/2020	3.75*	540,000	488,304
State trust fund loan- (BAB)	12/21/2010	3/15/2030	5.00*	1,840,500	1,781,911
State trust fund loan	12/19/2011	3/15/2021	3.75	300,000	<u>300,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 10,109,444</u>

<u>Business-type Activities</u> <u>General Obligation Debt</u>	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest Rate</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>December 31,</u> <u>2012</u>
General obligation refunding bonds	11/1/2009	12/1/2019	3.80%	\$ 6,000,000	<u>\$ 6,000,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 6,000,000</u>

\* The interest on this debt is being subsidized by the federal government. The city will receive a rebate of 35% of the interest paid.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**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
2013	\$ 1,247,690	\$ 454,708	\$ -	\$ 228,000
2014	1,294,961	395,965	-	228,000
2015	1,390,206	344,558	-	228,000
2016	760,651	284,340	-	228,000
2017	792,424	249,445	-	228,000
2018-2022	3,336,762	724,472	6,000,000	456,000
2023-2027	914,252	212,791	-	-
2028-2030	<u>372,498</u>	<u>37,698</u>	-	-
Totals	<u>\$ 10,109,444</u>	<u>\$ 2,703,977</u>	<u>\$ 6,000,000</u>	<u>\$ 1,596,000</u>

**Revenue Debt**

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

Revenue debt payable at December 31, 2012, consists of the following:

**Business-type Activities Revenue Debt**

Sewer Utility	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
Revenue bonds	5/1/2005	5/1/2025	2.565%	\$ 11,292,318	\$ 8,330,750
Revenue bonds	5/1/2006	5/1/2025	2.365	2,981,335	2,210,113
Revenue bonds	3/23/2011	5/1/2030	2.499	1,860,236	<u>1,791,686</u>
Total Sewer Utility					<u>12,332,549</u>

All sewer utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid was \$1,062,654. Total sewer gross revenues as defined were \$2,681,084. Annual principal and interest payments are expected to require 26% of sewer revenues.

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

**Revenue Debt (cont.)**

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

Water Utility	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
Safe Drinking Water Loan	12/27/2010	5/1/2029	2.68%	\$ 368,363	\$ 340,859
Revenue bonds	9/29/2011	5/1/2020	1.00 - 3.00	995,000	<u>895,000</u>
Total Water Utility					<u>1,235,859</u>

All water utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid was \$146,556. Total customer net revenues were \$1,454,322. Annual principal and interest payments are expected to require 6% of gross revenues on average.

Electric Utility	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
Revenue bonds	9/15/2002	12/1/2020	2.65 - 5.20%	\$ 1,145,000	\$ 615,000
Revenue bonds	5/15/2003	12/1/2023	1.50 - 4.80	3,875,000	2,260,000
Revenue refunding bonds	11/15/2011	12/1/2020	0.75 - 3.10	1,470,000	<u>1,325,000</u>
Total Electric Utility					<u>4,200,000</u>

All electric utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid was \$534,383. Total customer gross revenues were \$23,850,223. Annual principal and interest payments are expected to require 2% of gross revenues on average.

Telecommunications Utility	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
Revenue refunding bonds	2/15/2012	11/1/2020	4.25%	\$ 9,762,653	\$ 9,551,755
Revenue refunding bonds	3/15/2012	3/1/2022	4.25	2,030,000	<u>1,992,992</u>
Total Telecommunications Utility					<u>11,544,747</u>

Total Business-type Activities Revenue Debt \$ 29,313,155

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

##### *Revenue Debt* (cont.)

All electric, water and communications utility revenues are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid was \$779,467 (excluding refunded amounts). Total customer gross revenues as defined were \$29,404,588. Annual principal and interest payments are expected to require 5% of gross revenues on average.

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2013	\$ 1,574,853	\$ 978,209
2014	1,617,720	932,686
2015	1,671,658	883,884
2016	1,720,417	833,958
2017	1,772,845	779,044
2018-2022	16,902,789	2,341,041
2023-2027	3,647,934	210,093
2028-2030	404,939	14,811
Totals	<u>\$ 29,313,155</u>	<u>\$ 6,973,726</u>

##### *Capital Leases*

Refer to Note III. G.

##### *Other Debt Information*

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

##### *Current Refunding*

On February 15, 2012, the city issued \$9,762,653 in revenue bonds with an average interest rate of 4.25% to current refund \$9,618,413 of outstanding bonds with an average interest rate of 5.15%. The net proceeds of \$9,618,413 (after payment of \$144,240 in underwriting fees, insurance and other issuance costs) were used to prepay the outstanding debt service requirements on the old bonds.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

The cash flow requirements on the refunded bonds and notes prior to the current refunding was \$6,142,233 from 2012 through 2020. The cash flow requirements on the refunding bonds are \$5,708,982 from 2012 through 2020. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$175,633.

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

The following information is provided in compliance with the resolution creating the sewer revenue bonds:

#### ***Insurance***

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

#### ***Debt Coverage***

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 2012 as follows:

Operating revenues	\$	2,681,084
Investment income		4,180
Less: Operation and maintenance expenses		(1,160,600)
 Net Defined Earnings	 \$	 <u><u>1,524,664</u></u>
 Minimum Required Earnings per Resolution:		
Highest annual debt service 2005 CWF bonds	\$	754,677
Highest annual debt service 2006 CWF bonds		197,727
Highest annual debt service 2011 CWF bonds		123,816
Subtotal		1,076,220
Coverage factor		1.10
 Minimum Required Earnings	 \$	 <u><u>1,183,842</u></u>
 Actual Debt Coverage		 <u><u>1.42</u></u>

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

**G. LEASE DISCLOSURES**

***Lessee - Capital Leases***

In 2004 the city acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$1,960,000, which are included in capital assets in the governmental activities. The future lease payments as of December 31, 2012, are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 65,000	\$ 51,105	\$ 116,105
2014	70,000	45,620	115,620
2015	85,000	39,283	124,283
2016	90,000	32,085	122,085
2017	100,000	24,222	124,222
2018-2019	<u>240,000</u>	<u>20,924</u>	<u>260,924</u>
Totals	<u>\$ 650,000</u>	<u>\$ 213,239</u>	<u>\$ 863,239</u>

**H. NET POSITION/FUND BALANCES**

Net position reported on the government wide statement of net position at December 31, 2012, includes the following:

***Governmental Activities***

Net Investment in Capital Assets	
Capital assets, net of accumulated depreciation	\$ 29,621,597
Less: Long-term debt outstanding	(10,109,444)
Plus: Unspent capital related debt proceeds	565,657
Plus: Noncapital debt proceeds	<u>1,308,580</u>
Total Net Investment in Capital Assets	<u>21,386,390</u>
Restricted	
Trust purposes	124,861
Housing and economic development	2,937,391
TIF projects	306,137
Park development	141,823
Room tax	1,126
Library	<u>388,100</u>
Total Restricted	<u>3,899,438</u>
Unrestricted	<u>130,781</u>
Total Governmental Activities Net Position	<u>\$ 25,416,609</u>

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### 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, 2012, include the following:

	General	TIF District No. 3	Nonmajor Funds	Totals
<b>Fund Balances</b>				
<b>Nonspendable:</b>				
Investment in mutual insurance company	\$ 200,515	\$ -	\$ -	\$ 200,515
Advances	2,556,990	-	-	2,556,990
Prepaid items	194,777	-	-	194,777
DPPT	2,211	-	-	2,211
<b>Restricted for:</b>				
Park improvements	-	-	141,823	141,823
Public purposes	-	-	102,895	102,895
General city expenditures	-	-	307,263	307,263
Loans	705,120	-	2,232,271	2,937,391
Recreational and playground purposes	-	-	21,966	21,966
Library	-	-	388,100	388,100
<b>Committed to:</b>				
Drug education	-	-	7,568	7,568
Park improvements	-	-	5,587	5,587
Sidewalk repairs	-	-	12,392	12,392
Solid waste and recycling activities	-	-	51,696	51,696
Fire protection	-	-	33,722	33,722
<b>Assigned to:</b>				
PILOT	747,939	-	-	747,939
Health insurance	100,000	-	-	100,000
CVMIC self-insurance retention	100,000	-	-	100,000
Capital projects	-	-	633,913	633,913
<b>Unassigned (deficit):</b>	<b>639,431</b>	<b>(2,792,967)</b>	<b>(748,793)</b>	<b>(2,902,329)</b>
<b>Total Fund Balances</b>	<b>\$ 5,246,983</b>	<b>\$ (2,792,967)</b>	<b>\$ 3,190,403</b>	<b>\$ 5,644,419</b>

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

#### *Business-type Activities*

Net Investment in Capital Assets	
Capital assets, net of accumulated depreciation	\$ 67,499,533
Less: Long-term debt outstanding	(35,313,155)
Plus: Unspent capital related debt proceeds	2,850,875
Plus: Noncapital debt proceeds	<u>289,492</u>
Total Net Investment in Capital Assets	<u>35,326,745</u>
Restricted	
Debt service	1,735,559
Equipment replacement	1,560,730
Impact Fees	<u>107,446</u>
Total Restricted	<u>3,403,735</u>
Unrestricted	<u>5,135,589</u>
Total Business-type Activities Net Position	<u>\$ 43,866,069</u>

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### I. SEGMENT INFORMATION

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

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

	Water Utility	Electric Utility	Telecommunications Utility
Charges for services	\$ 1,401,639	\$ 23,779,457	\$ 4,085,321
Other operating revenues	52,683	70,766	14,722
Depreciation expense	(260,991)	(886,574)	(851,882)
Other operating expenses	(847,574)	(21,980,269)	(2,498,604)
Operating Income	345,757	983,380	749,557
Nonoperating Revenues (Expenses)			
Investment earnings	-	219,409	383
Income from non-utility operations	-	58,420	997
Interest and amortization expense	(37,072)	(186,037)	(661,606)
Capital contributions	58,502	356,690	2,637,208
Payment in lieu of taxes	(238,221)	(509,718)	-
<b>CHANGE IN NET POSITION</b>	<b>\$ 128,966</b>	<b>\$ 922,144</b>	<b>\$ 2,726,539</b>

#### J. RESTATEMENT OF NET POSITION

Net position has been restated to correct an immaterial error in the reported stormwater utility capital assets.

Business-type Activities Net Position - December 31, 2011 (as reported)	\$ 39,329,767
Add: Net capital assets omitted in prior years	167,161
Net Position - December 31, 2011 (as restated)	<b>\$ 39,496,928</b>

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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#### *J. RESTATEMENT OF FUND BALANCES/NET POSITION (cont.)*

Stormwater Utility Net Position - December 31, 2011 (as reported)	\$ 4,191,884
Add: Net capital assets omitted in prior years	<u>167,161</u>
Net Position - December 31, 2011 (as restated)	<u>\$ 4,359,045</u>

The effect on net income of the prior year was not material.

#### *K. 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. Financial information is presented as a discrete column in the statement of net position and statement of activities.

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

a. Basis of Accounting/Measurement Focus

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

b. Cash and Cash Equivalents

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

c. Long-Term Obligations

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

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

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

**K. COMPONENT UNIT (cont.)**

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

c. Long-Term Obligations (cont.)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
2000 Series A	\$ 705,000	\$ -	\$ 55,000	\$ 650,000	\$ 65,000
Totals	<u>\$ 705,000</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 650,000</u>	<u>\$ 65,000</u>

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 65,000	\$ 51,105	\$ 116,105
2014	70,000	45,620	115,620
2015	85,000	39,282	124,282
2016	90,000	32,085	122,085
2017	100,000	24,223	124,223
2018-2019	<u>240,000</u>	<u>20,924</u>	<u>260,924</u>
Totals	<u>\$ 650,000</u>	<u>\$ 213,239</u>	<u>\$ 863,239</u>

**HERBERT H. WEBB TRUST**

This report contains the Herbert H. Webb Trust (trust), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

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

a. Basis of Accounting/Measurement Focus

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

**CITY OF REEDSBURG**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

**K. COMPONENT UNIT (cont.)**

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

b. Deposits and Investments

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Mutual funds - equity and bond funds	\$ 2,319,215	\$ 2,319,215	Credit risk, interest rate risk
Total Deposits and Investments	<u>\$ 2,319,215</u>	<u>\$ 2,319,215</u>	

**Credit Risk and Interest Rate Risk**

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

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

c. Cash and Cash Equivalents

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

**NOTE IV - OTHER INFORMATION**

**A. EMPLOYEES' RETIREMENT SYSTEM**

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

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Prior to June 29, 2011, covered employees in the General category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to the fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was change to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective contributions are the same as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for December 31, 2012 are:

	<u>Employee</u>	<u>Employer</u>
General	5.9%	5.9%
Executives and Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for city employees covered by the WRS for the year ended December 31, 2012 was \$4,625,931; the employer's total payroll was \$5,088,488. The total required contribution for the year ended December 31, 2012 was \$604,744 or 13.1% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$569,954 and \$544,773, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

As of December 31, 2012 there was no pension related debt for the city.

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

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

#### **Self Insurance**

For claims for losses from tasks, errors, and omissions, the uninsured risk of loss is \$25,000 per incident and for claims and losses from theft of, damage to, and destruction of assets, the uninsured loss is \$500 per incident. The city has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

For health claims, the uninsured risk of loss is \$35,000 per incident. The city has purchased commercial insurance for claims in excess of that amount. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the city participate in the risk management program. Amounts payable to the fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. The reserve was \$100,000 at year end and is included in assigned fund balance in the general fund.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. This liability is included in the general fund's accounts payable at year end.

#### **Claims Liability**

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims - Beginning of Year	\$ 78,979	\$ 207,656
Current year claims and changes in estimates	1,206,541	876,995
Claim payments	<u>(1,077,864)</u>	<u>(985,189)</u>
Unpaid Claims - End of Year	<u>\$ 207,656</u>	<u>\$ 99,462</u>

# CITY OF REEDSBURG

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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## NOTE IV - OTHER INFORMATION (cont.)

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

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

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

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

The CVMIC is a municipal mutual insurance company established on September 19, 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 less than one percent.

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 are available from: Cities and Village Mutual Insurance Company, 1250 South Sunnyslope Road, Suite 105, Brookfield, WI 53005.

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 \$25,000 per occurrence and an annual aggregate limit of \$100,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2012.

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

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

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

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Funding for the operating budget of the city comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the city. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the city.

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

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

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

In 2002, all WPPI Energy members ratified a 13 year extension to their original 35 year contracts. The new contract expires at midnight on December 31, 2037. WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$390 million as of December 31, 2012.

#### ***D. JOINT VENTURE***

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 \$64,330 to the district for 2012. 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.

# CITY OF REEDSBURG

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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#### ***D. JOINT VENTURES*** (cont.)

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

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

On February 21, 2013, the electric utility refinanced the 2002 issue of mortgage revenues bonds in the amount of \$615,000 from interest rates ranging from 4.45% - 5.20% to interest rates ranging from 0.65% - 2.70%. The utility also received \$350,000 of proceeds that will be used to fund electric construction projects and a new bucket truck in 2013. These bonds mature on December 1, 2023.

The electric utility has been approved for a \$298,610 zero percent member loan from WPPI Energy. This loan is expected to be drawn in the third quarter of 2013 with the proceeds being used to fund a street lighting upgrade project.

On April 22, 2013, the city authorized the issuance of \$3,225,000 in general obligation refunding bonds and \$1,835,000 in taxable general obligation refunding bonds with interest rates averaging between 1.23% and 1.69% to refund outstanding State Trust Fund Loans with interest rates ranging between 3.75% and 5.5%.

On May 13, 2013, the sewer utility authorized the issuance of sanitary sewer system revenue bonds totaling \$3,810,182 for a wastewater treatment plant upgrade. With a forgivable principal component of \$500,000, the net effective interest rate is just under 1%.

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

##### *Utility commission*

The electric utility has one significant customer who was responsible for 38% of operating revenues in 2012.

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, The Financial Reporting Entity: Omnibus; Statement No. 65, Items Previously Reported as Assets and Liabilities; Statement No. 66, Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62; Statement No. 67, Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25; and Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. 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, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
<b>TAXES</b>			
General property taxes	\$ 3,297,031	\$ 3,297,031	\$ -
Mobile home taxes	78,000	73,543	(4,457)
Room taxes	1,100	1,380	280
Payments in lieu of taxes	97,000	95,001	(1,999)
Interest on delinquent taxes	400	456	56
Total Taxes	<u>3,473,531</u>	<u>3,467,411</u>	<u>(6,120)</u>
<b>INTERGOVERNMENTAL REVENUES</b>			
State shared revenues	736,097	736,103	6
State expenditure restraint program	157,481	157,481	-
Fire insurance tax from state	19,361	21,661	2,300
State aid - exempt computers	15,343	13,305	(2,038)
State aid - law enforcement training	4,000	3,020	(980)
State aid - road allotment	408,316	386,825	(21,491)
State aid - connecting streets	46,099	48,507	2,408
Other state payments	-	58	58
State aid - aid to state facilities	5,852	9,030	3,178
County aid - airport	4,100	4,100	-
Total Intergovernmental Revenues	<u>1,396,649</u>	<u>1,380,090</u>	<u>(16,559)</u>
<b>LICENSES AND PERMITS</b>			
Liquor and malt beverage	13,000	13,226	226
Operators' license	2,000	3,340	1,340
Cigarette licenses	110	1,700	1,590
Amusement device licenses	600	515	(85)
Electrical contractor	2,600	2,175	(425)
Mobile home park licenses	610	576	(34)
Weights and measures licenses	5,200	6,437	1,237
Cable television franchise fees	106,000	99,420	(6,580)
Taxi cab	30	25	(5)
Bicycle licenses	110	65	(45)
Dog and cat licenses	8,300	7,934	(366)
Transient licenses	100	508	408
Building permits	19,000	18,367	(633)
Electrical permits	8,000	7,654	(346)
Plumbing permits	3,600	6,625	3,025
Farmers market licenses	-	330	330
Other permits	-	1,173	1,173
Zoning permits	2,300	2,390	90
State permit seals	800	390	(410)
Parade/special event permits	250	61	(189)
Total Licenses and Permits	<u>172,610</u>	<u>172,911</u>	<u>301</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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>FINES AND FORFEITURES</b>			
Court penalties and costs	\$ 228,280	\$ 209,335	\$ (18,945)
Parking violations	11,000	11,266	266
Other law and ordinance violations	4,500	1,386	(3,114)
Total Fines and Forfeitures	<u>243,780</u>	<u>221,987</u>	<u>(21,793)</u>
<b>PUBLIC CHARGES FOR SERVICES</b>			
Special assessment search	6,688	5,375	(1,313)
Clerk and treasurer fees	2,500	(569)	(3,069)
License publication fees	100	800	700
Land use inquiries	5,000	5,269	269
Photocopies	2,000	1,192	(808)
Police fees	5,000	3,707	(1,293)
Street maintenance	5,075	16,355	11,280
Weed and nuisance control	750	6,997	6,247
Library fines	14,000	-	(14,000)
Library copies	6,500	7,084	584
Library rentals	450	-	(450)
Parks	12,500	22,131	9,631
Other recreation programs	26,450	32,949	6,499
Adult volleyball fees	3,000	3,000	-
Adult basketball fees	1,700	1,475	(225)
Adult softball fees	1,700	-	(1,700)
Youth soccer program	500	90	(410)
Youth tennis program	1,200	1,140	(60)
Swimming pools	40,000	42,691	2,691
Registration fees	17,000	13,243	(3,757)
BID security deposits	400	390	(10)
Sale of materials	75	39	(36)
Total Public Charges for Services	<u>152,588</u>	<u>163,358</u>	<u>10,770</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>			
Local government services	<u>54,640</u>	<u>55,173</u>	<u>533</u>
<b>SPECIAL ASSESSMENTS</b>			
Sidewalks	<u>2,100</u>	<u>-</u>	<u>(2,100)</u>
<b>INVESTMENT INCOME</b>			
Investment income	8,000	3,831	(4,169)
Interest on city billings	1,100	1,365	265
Interest on special assessments	100	-	(100)
Total Investment Income	<u>9,200</u>	<u>5,196</u>	<u>(4,004)</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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>MISCELLANEOUS</b>			
Donations	\$ 9,000	\$ 20,195	\$ 11,195
Insurance recoveries	-	507	507
Workers compensation dividends	15,000	16,857	1,857
Rent	11,501	7,241	(4,260)
Other miscellaneous	-	10,296	10,296
Total Miscellaneous	<u>35,501</u>	<u>55,096</u>	<u>19,595</u>
<b>OTHER FINANCING SOURCES</b>			
Property sales	8,000	6,894	(1,106)
Transfers in	<u>677,813</u>	<u>749,939</u>	<u>72,126</u>
Total Other Financing Sources	<u>685,813</u>	<u>756,833</u>	<u>71,020</u>
Total Revenues and Other Financing Sources	<u>6,226,412</u>	<u>6,278,055</u>	<u>51,643</u>
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
Council	26,104	23,313	2,791
Municipal court	123,209	133,438	(10,229)
Legal	53,500	80,782	(27,282)
Mayor	6,126	5,946	180
Administrator	106,628	71,028	35,600
Legislative support	53,623	68,820	(15,197)
General administration	18,408	16,201	2,207
Elections	14,880	20,789	(5,909)
Financial management	231,403	275,448	(44,045)
Assessment of property	45,100	43,384	1,716
GIS/mapping	22,185	22,092	93
Buildings and plant	286,456	277,747	8,709
Property and liability insurance	130,540	118,721	11,819
Health insurance	437,053	254,078	182,975
Other general government	33,155	12,514	20,641
Pension prior service and post-employment benefits	<u>28,644</u>	<u>28,291</u>	<u>353</u>
Total General Government	<u>1,617,014</u>	<u>1,452,592</u>	<u>164,422</u>
<b>PUBLIC SAFETY</b>			
Police	1,530,970	1,579,015	(48,045)
Commission	350	178	172
Fire protection	174,598	145,485	29,113
Hydrant rental	306,749	306,749	-
Ambulance	64,330	64,330	-
Building inspection	55,057	57,101	(2,044)
Emergency government	5,500	4,539	961
Emergency communication (911)	<u>489,869</u>	<u>462,084</u>	<u>27,785</u>
Total Public Safety	<u>2,627,423</u>	<u>2,619,481</u>	<u>7,942</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, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>HEALTH AND HUMAN SERVICES</b>			
Regulation and inspection	\$ 5,330	\$ 5,253	\$ 77
Animal control	150	-	150
Cemetery	16,000	16,000	-
Total Health and Human Services	<u>21,480</u>	<u>21,253</u>	<u>227</u>
<b>PUBLIC WORKS</b>			
General public works	3,881	1,649	2,232
Engineering	41,429	40,436	993
Machinery	78,472	80,276	(1,804)
Garages and sheds	154,208	118,719	35,489
Street maintenance	222,917	250,015	(27,098)
Tree and brush removal	9,583	4,847	4,736
Traffic control	71,704	40,298	31,406
Snow and ice control	193,356	140,985	52,371
Street lighting	176,000	184,144	(8,144)
Sidewalks	6,279	1,421	4,858
Storm sewer maintenance	-	12	(12)
Parking lot	1,666	1,666	-
Airport	12,683	78,089	(65,406)
Refuse and garbage collection	1,344	1,344	-
Total Public Works	<u>973,522</u>	<u>943,901</u>	<u>29,621</u>
<b>LEISURE ACTIVITIES</b>			
Library	363,721	-	363,721
Parks	259,538	251,019	8,519
Recreation	45,400	29,378	16,022
Recreation administration	42,905	38,850	4,055
Celebration and entertainment	5,844	10,407	(4,563)
Recreation facilities	37,820	37,674	146
Swimming pool	99,400	82,556	16,844
Total Leisure Activities	<u>854,628</u>	<u>449,884</u>	<u>404,744</u>
<b>CONSERVATION AND DEVELOPMENT</b>			
Tree planting	800	814	(14)
Nuisance control	1,500	3,864	(2,364)
Planning	37,572	38,013	(441)
Historic preservation	3,178	122	3,056
Economic development	25,500	95,254	(69,754)
Industrial development	20,500	24,879	(4,379)
Total Conservation and Development	<u>89,050</u>	<u>162,946</u>	<u>(73,896)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	-	370,676	(370,676)
Total Other Financing Uses	<u>-</u>	<u>370,676</u>	<u>(370,676)</u>
Total Expenditures and Other Financing Uses	<u>6,183,117</u>	<u>6,020,733</u>	<u>162,384</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, 2012

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Net Change in Fund Balance</b>	\$ 43,295	257,322	\$ 214,027
FUND BALANCE - Beginning of Year	<u>4,989,661</u>	<u>4,989,661</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 5,032,956</u>	<u>\$ 5,246,983</u>	<u>\$ 214,027</u>

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

# CITY OF REEDSBURG

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2012

### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations are as follows:

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
Municipal court	\$ 123,209	\$ 133,438	\$ 10,229
Legal	53,500	80,782	27,282
Legislative support	53,623	68,820	15,197
Elections	14,880	20,789	5,909
Financial management	231,403	275,448	44,045
Police	1,530,970	1,579,015	48,045
Building inspection	55,057	57,101	2,044
Machinery	78,472	80,276	1,804
Street maintenance	222,917	250,015	27,098
Street lighting	176,000	184,144	8,144
Storm sewer maintenance	-	12	12
Airport	12,683	78,089	65,406
Celebration and entertainment	5,844	10,407	4,563
Tree planting	800	814	14
Nuisance control	1,500	3,864	2,364
Planning	37,572	38,013	441
Economic development	25,500	95,254	69,754
Industrial development	20,500	24,879	4,379
Transfers out	-	370,676	370,676

**SUPPLEMENTARY INFORMATION**

**CITY OF REEDSBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2012

	Special Revenue Funds			
	Taxi Grant Fund	Park Fund	Dog Park	DARE Fund
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 141,823	\$ -	\$ 7,762
Receivables				
Taxes	15,000	-	-	-
Accounts	-	-	-	-
Due from other governments	25,088	-	-	-
Special assessments	-	-	-	-
Loans	-	-	-	-
Due from component units	-	-	-	-
Restricted cash and investments	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 40,088</u>	<u>\$ 141,823</u>	<u>\$ -</u>	<u>\$ 7,762</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 13,471	\$ -	\$ -	\$ 194
Accrued liabilities	-	-	-	-
Due to other funds	-	-	441	-
Deposits	-	-	-	-
Deferred tax roll revenues	15,000	-	-	-
Deferred special assessments	-	-	-	-
Deferred government grants	-	-	-	-
Advances from other funds	25,366	-	-	-
Total Liabilities	<u>53,837</u>	<u>-</u>	<u>441</u>	<u>194</u>
Fund Balances				
Restricted	-	141,823	-	-
Committed	-	-	-	7,568
Assigned	-	-	-	-
Unassigned (deficit)	(13,749)	-	(441)	-
Total Fund Balances	<u>(13,749)</u>	<u>141,823</u>	<u>(441)</u>	<u>7,568</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 40,088</u>	<u>\$ 141,823</u>	<u>\$ -</u>	<u>\$ 7,762</u>

Special Revenue Funds

Webb Endowment Fund	Nishan Park Concession Stand Fund	Room Tax Fund	CDBG Fund	EDA Fund	HCRI Fund	Home Loan Fund
\$ 83,534	\$ 5,587	\$ -	\$ 342,662	\$ 52,542	\$ 4,405	\$ 20,075
-	-	-	-	-	-	-
-	-	10,664	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,632,561	74,551	35,000	86,742
29,361	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 112,895</u>	<u>\$ 5,587</u>	<u>\$ 10,664</u>	<u>\$ 1,975,223</u>	<u>\$ 127,093</u>	<u>\$ 39,405</u>	<u>\$ 106,817</u>
\$ 10,000	\$ -	\$ 8,531	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	1,007	-	-	-	-
-	-	-	16,267	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>10,000</u>	<u>-</u>	<u>9,538</u>	<u>16,267</u>	<u>-</u>	<u>-</u>	<u>-</u>
102,895	-	1,126	1,958,956	127,093	39,405	106,817
-	5,587	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>102,895</u>	<u>5,587</u>	<u>1,126</u>	<u>1,958,956</u>	<u>127,093</u>	<u>39,405</u>	<u>106,817</u>
<u>\$ 112,895</u>	<u>\$ 5,587</u>	<u>\$ 10,664</u>	<u>\$ 1,975,223</u>	<u>\$ 127,093</u>	<u>\$ 39,405</u>	<u>\$ 106,817</u>

**CITY OF REEDSBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2012

	Special Revenue Funds			
	Sidewalk Repair	Solid Waste Fund	Mannigal Endowment Fund	Library - County Funding
<b>ASSETS</b>				
Cash and investments	\$ 12,186	\$ 51,635	\$ 21,966	\$ 24,478
Receivables				
Taxes	4,443	362,142	-	372,000
Accounts	206	61	-	661
Due from other governments	-	-	-	-
Special assessments	4,500	-	-	-
Loans	-	-	-	-
Due from component units	-	-	-	-
Restricted cash and investments	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 21,335</u></b>	<b><u>\$ 413,838</u></b>	<b><u>\$ 21,966</u></b>	<b><u>\$ 397,139</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 9,430
Accrued liabilities	-	-	-	15,223
Due to other funds	-	-	-	-
Deposits	-	-	-	-
Deferred tax roll revenues	4,443	362,142	-	372,000
Deferred special assessments	4,500	-	-	-
Deferred government grants	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>8,943</u>	<u>362,142</u>	<u>-</u>	<u>396,653</u>
Fund Balances				
Restricted	-	-	21,966	486
Committed	12,392	51,696	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances	<u>12,392</u>	<u>51,696</u>	<u>21,966</u>	<u>486</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 21,335</u></b>	<b><u>\$ 413,838</u></b>	<b><u>\$ 21,966</u></b>	<b><u>\$ 397,139</u></b>

Special Revenue Funds			Debt Service Fund	Capital Projects Funds		
Library - Investment	Teen Court	Rescue Fund	Debt Service	TIF District No. 4	TIF District No. 5	TIF District No. 6
\$ 387,614	\$ -	\$ 4,845	\$ -	\$ 123,063	\$ 103,070	\$ -
-	-	-	1,322,360	356,103	54,472	1,126
-	20	28,877	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	60,000	-	369,180
-	-	-	-	-	-	-
-	-	-	81,621	-	-	-
<u>\$ 387,614</u>	<u>\$ 20</u>	<u>\$ 33,722</u>	<u>\$ 1,403,981</u>	<u>\$ 539,166</u>	<u>\$ 157,542</u>	<u>\$ 370,306</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	46	-	-	-	-	-
-	-	-	19,002	-	-	-
-	-	-	1,322,360	356,103	54,472	1,126
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	217,534	-	-	801,547
-	46	-	1,558,896	356,103	54,472	802,673
387,614	-	-	-	183,063	103,070	-
-	-	33,722	-	-	-	-
-	-	-	-	-	-	-
-	(26)	-	(154,915)	-	-	(432,367)
<u>387,614</u>	<u>(26)</u>	<u>33,722</u>	<u>(154,915)</u>	<u>183,063</u>	<u>103,070</u>	<u>(432,367)</u>
<u>\$ 387,614</u>	<u>\$ 20</u>	<u>\$ 33,722</u>	<u>\$ 1,403,981</u>	<u>\$ 539,166</u>	<u>\$ 157,542</u>	<u>\$ 370,306</u>

**CITY OF REEDSBURG**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2012

	Capital Projects Funds			
	TIF District No. 7	TIF District No. 8	Capital Equipment Fund	General Capital Projects Fund
<b>ASSETS</b>				
Cash and investments	\$ 20,004	\$ -	\$ -	\$ 835,745
Receivables				
Taxes	16,709	-	150,000	175,000
Accounts	-	-	-	-
Due from other governments	-	-	-	201,832
Special assessments	-	-	-	-
Loans	-	-	-	-
Due from component units	-	-	-	-
Restricted cash and investments	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 36,713</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 150,000</u></b>	<b><u>\$ 1,212,577</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 201,832
Accrued liabilities	-	-	-	-
Due to other funds	-	-	129,473	-
Deposits	-	-	-	-
Deferred tax roll revenues	16,709	-	150,000	175,000
Deferred special assessments	-	-	-	-
Deferred government grants	-	-	-	201,832
Advances from other funds	-	<u>17,822</u>	-	-
Total Liabilities	<u>16,709</u>	<u>17,822</u>	<u>279,473</u>	<u>578,664</u>
Fund Balances				
Restricted	20,004	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	633,913
Unassigned (deficit)	-	<u>(17,822)</u>	<u>(129,473)</u>	-
Total Fund Balances	<u>20,004</u>	<u>(17,822)</u>	<u>(129,473)</u>	<u>633,913</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 36,713</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 150,000</u></b>	<b><u>\$ 1,212,577</u></b>

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Total  
Nonmajor  
Governmental  
Funds

\$ 2,242,996

2,829,355

40,489

226,920

4,500

2,258,034

29,361

81,621

\$ 7,713,276

\$ 243,458

15,223

130,967

35,269

2,829,355

4,500

201,832

1,062,269

4,522,873

3,194,318

110,965

633,913

(748,793)

3,190,403

\$ 7,713,276

# CITY OF REEDSBURG

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2012

	Special Revenue Funds			
	Taxi Grant Fund	Park Fund	Dog Park	DARE Fund
<b>REVENUES</b>				
Taxes	\$ 6,000	\$ -	\$ -	\$ -
Intergovernmental	189,239	-	-	-
Public charges for services	-	6,400	-	-
Special assessments	-	-	-	-
Investment income	-	244	-	-
Miscellaneous	-	-	5,575	2,865
Total Revenues	195,239	6,644	5,575	2,865
<b>EXPENDITURES</b>				
Current				
General government	708	-	-	-
Public safety	-	-	-	6,383
Public works	194,017	-	-	-
Culture, recreation and education	-	25,479	6,016	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	194,725	25,479	6,016	6,383
Excess (deficiency) of revenues over expenditures	514	(18,835)	(441)	(3,518)
<b>OTHER FINANCING SOURCES (USES)</b>				
Property sales	3,032	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	3,032	-	-	-
<b>Net Change in Fund Balances</b>	3,546	(18,835)	(441)	(3,518)
FUND BALANCES (DEFICIT) - Beginning of Year	(17,295)	160,658	-	11,086
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ (13,749)	\$ 141,823	\$ (441)	\$ 7,568

Special Revenue Funds

Webb Endowment Fund	Nishan Park Concession Stand Fund	Room Tax Fund	CDBG Fund	EDA Fund	HCRI Fund	Home Loan Fund
\$ -	\$ -	\$ 65,855	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	2,217	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	21,751	55	5	21
<u>49,347</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>49,347</u>	<u>4,717</u>	<u>65,855</u>	<u>21,751</u>	<u>55</u>	<u>5</u>	<u>21</u>
707	708	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
30,000	160	13,550	-	-	-	-
-	-	52,684	28,300	644	-	984
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>30,707</u>	<u>868</u>	<u>66,234</u>	<u>28,300</u>	<u>644</u>	<u>-</u>	<u>984</u>
<u>18,640</u>	<u>3,849</u>	<u>(379)</u>	<u>(6,549)</u>	<u>(589)</u>	<u>5</u>	<u>(963)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
16,640	3,849	(379)	(6,549)	(589)	5	(963)
<u>86,255</u>	<u>1,738</u>	<u>1,505</u>	<u>1,965,505</u>	<u>127,682</u>	<u>39,400</u>	<u>107,780</u>
<u>\$ 102,895</u>	<u>\$ 5,587</u>	<u>\$ 1,126</u>	<u>\$ 1,958,956</u>	<u>\$ 127,093</u>	<u>\$ 39,405</u>	<u>\$ 106,817</u>

# CITY OF REEDSBURG

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2012

	Special Revenue Funds			
	Sidewalk Repair Fund	Solid Waste Fund	Mannigal Endowment Fund	Library - County Funding
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	10,524	-	258,591
Public charges for services	-	356,245	-	19,812
Special assessments	5,334	-	-	-
Investment income	566	-	675	-
Miscellaneous	-	-	4,562	-
Total Revenues	5,900	366,769	5,237	278,403
<b>EXPENDITURES</b>				
Current				
General government	707	-	-	-
Public safety	-	-	-	-
Public works	4,686	369,105	-	-
Culture, recreation and education	-	-	-	635,607
Conservation and development	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	5,393	369,105	-	635,607
Excess (deficiency) of revenues over expenditures	507	(2,336)	5,237	(357,204)
<b>OTHER FINANCING SOURCES (USES)</b>				
Property sales	-	-	-	-
Transfers in	-	-	-	370,676
Transfers out	-	-	-	(61,277)
Total Other Financing Sources (Uses)	-	-	-	309,399
<b>Net Change in Fund Balances</b>	507	(2,336)	5,237	(47,805)
FUND BALANCES (DEFICIT) - Beginning of Year	11,885	54,032	16,729	48,291
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 12,392	\$ 51,696	\$ 21,966	\$ 486

Special Revenue Funds			Debt Service Fund	Capital Projects Funds		
Library - Investment	Teen Court	Rescue Fund	Debt Service	TIF District No. 4	TIF District No. 5	TIF District No. 6
\$ -	\$ -	\$ -	\$ 1,241,996	\$ 241,895	\$ 7,544	\$ 18,503
-	-	-	82,043	1,024	73,268	1,502
-	-	-	-	-	-	-
-	-	-	-	17,577	-	-
810	-	-	-	-	-	-
<u>102,900</u>	-	<u>142,873</u>	<u>5,300</u>	<u>760</u>	-	-
<u>103,710</u>	-	<u>142,873</u>	<u>1,329,339</u>	<u>261,256</u>	<u>80,812</u>	<u>20,005</u>
-	175	-	708	791	4,970	475
-	-	124,163	-	-	-	-
-	-	-	-	-	-	-
9,781	-	-	-	-	-	-
-	-	-	-	13,056	665	42,011
-	-	-	-	-	-	-
-	-	-	1,279,677	-	-	-
-	-	-	<u>569,667</u>	-	-	-
<u>9,781</u>	<u>175</u>	<u>124,163</u>	<u>1,850,052</u>	<u>13,847</u>	<u>5,635</u>	<u>42,486</u>
<u>93,929</u>	<u>(175)</u>	<u>18,710</u>	<u>(520,713)</u>	<u>247,409</u>	<u>75,177</u>	<u>(22,481)</u>
-	-	-	-	-	-	-
61,277	-	-	361,491	-	-	-
-	-	-	-	<u>(219,432)</u>	-	<u>(84,082)</u>
<u>61,277</u>	-	-	<u>361,491</u>	<u>(219,432)</u>	-	<u>(84,082)</u>
155,206	(175)	18,710	(159,222)	27,977	75,177	(106,563)
<u>232,408</u>	<u>149</u>	<u>15,012</u>	<u>4,307</u>	<u>155,086</u>	<u>27,893</u>	<u>(325,804)</u>
<u>\$ 387,614</u>	<u>\$ (26)</u>	<u>\$ 33,722</u>	<u>\$ (154,915)</u>	<u>\$ 183,063</u>	<u>\$ 103,070</u>	<u>\$ (432,367)</u>

**CITY OF REEDSBURG**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2012

	Capital Projects Funds			
	TIF District No. 7	TIF District No. 8	Capital Equipment Fund	General Capital Projects Fund
<b>REVENUES</b>				
Taxes	\$ 19,342	\$ -	\$ 47,031	\$ 34,250
Intergovernmental	-	66	-	166,624
Public charges for services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	-	1,253
Miscellaneous	-	-	-	12,761
Total Revenues	<u>19,342</u>	<u>66</u>	<u>47,031</u>	<u>214,888</u>
<b>EXPENDITURES</b>				
Current				
General government	317	317	1,415	1,415
Public safety	-	-	-	-
Public works	-	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	150	150	-	-
Capital Outlay	-	-	89,510	480,405
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>467</u>	<u>467</u>	<u>90,925</u>	<u>481,820</u>
Excess (deficiency) of revenues over expenditures	<u>18,875</u>	<u>(401)</u>	<u>(43,894)</u>	<u>(266,932)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Property sales	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(16,784)	-	-	-
Total Other Financing Sources (Uses)	<u>(16,784)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	2,091	(401)	(43,894)	(266,932)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>17,913</u>	<u>(17,421)</u>	<u>(85,579)</u>	<u>900,845</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 20,004</u>	<u>\$ (17,822)</u>	<u>\$ (129,473)</u>	<u>\$ 633,913</u>

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Total  
Nonmajor  
Governmental  
Funds

\$ 1,682,416  
782,881  
384,674  
22,911  
25,380  
329,443  
3,227,705

13,413  
130,546  
567,808

720,593  
138,644  
569,915

1,279,677  
569,667  
3,990,263

(762,558)

3,032  
793,444  
(383,575)

412,901

(349,657)

3,540,060

\$ 3,190,403

# CITY OF REEDSBURG

## STATEMENT OF CASH FLOWS COMPONENT UNITS For the Year Ended December 31, 2012

	Community Development Authority	Herbert H Webb Trust	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Paid to primary government	\$ -	\$ (53,001)	\$ (53,001)
Paid to suppliers for goods and services	-	(24,492)	(24,492)
Net Cash Flows From Operating Activities	<u>-</u>	<u>(77,493)</u>	<u>(77,493)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>55,951</u>	<u>74,839</u>	<u>130,790</u>
Net Cash Flows From Investing Activities	<u>55,951</u>	<u>74,839</u>	<u>130,790</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital lease payment received	55,000	-	55,000
Principal paid on lease revenue bonds	(55,000)	-	(55,000)
Interest paid on lease revenue bonds	<u>(55,951)</u>	<u>-</u>	<u>(55,951)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(55,951)</u>	<u>-</u>	<u>(55,951)</u>
<b>Net Change in Cash and Cash Equivalents</b>	-	(2,654)	(2,654)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>	<u>53,753</u>	<u>53,753</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 51,099</u>	<u>\$ 51,099</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ -	\$ (73,839)	\$ (73,839)
Changes in assets and liabilities			
Accounts receivable	369	-	369
Accounts payable	(369)	-	(369)
Due to primary government	<u>-</u>	<u>(3,654)</u>	<u>(3,654)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ -</u>	<u>\$ (77,493)</u>	<u>\$ (77,493)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and investments - statement of net position	\$ -	\$ 2,319,215	\$ 2,319,215
Less: Noncash equivalents	<u>-</u>	<u>(2,268,116)</u>	<u>(2,268,116)</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ -</u>	<u>\$ 51,099</u>	<u>\$ 51,099</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Unrealized gain on investments	<u>\$ -</u>	<u>\$ 177,537</u>	