

CITY OF NEW RICHMOND

New Richmond, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2014

CITY OF NEW RICHMOND

TABLE OF CONTENTS As of and for the Year Ended December 31, 2014

	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10 - 11
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 14
Statement of Assets and Liabilities - Agency Funds	15
Index to Notes to Financial Statements	16
Notes to Financial Statements	17 - 55
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	56
Other Postemployment Benefits Plan - Schedule of Funding Progress	57
Notes to Required Supplementary Information	58
Supplementary Information	
Detailed Schedule of Revenues - Budget and Actual - General Fund	59 - 60
Detailed Schedule of Expenditures - Budget and Actual - General Fund	61 - 62
Combining Balance Sheet - Nonmajor Governmental Funds	63 - 65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	66 - 68
Combining Statement of Assets and Liabilities - Agency Funds	69
Rate of Return - Regulatory Basis	70

INDEPENDENT AUDITORS' REPORT

To the City Council
City of New Richmond
New Richmond, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Richmond, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of New Richmond's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of New Richmond'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 New Richmond'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 New Richmond

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, each major fund, and the aggregate remaining fund information of the City of New Richmond, Wisconsin, as of December 31, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Richmond's basic financial statements. The combining financial statements, detailed budgetary comparison schedules, and rate of return schedule as listed in the table of contents 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, detailed budgetary comparison schedules, and rate of return schedule are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Vichow Krause, LLP

June 25, 2015

CITY OF NEW RICHMOND

STATEMENT OF NET POSITION
As of December 31, 2014

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 2,743,022	\$ 6,247,981	\$ 8,991,003
Receivables			
Taxes receivable	5,470,780	-	5,470,780
Special assessments	68,358	-	68,358
Notes receivable	1,359,695	53,159	1,412,854
Other receivables	120,557	1,813,405	1,933,962
Due from other governmental units	188,027	-	188,027
Internal balances	72,779	(72,779)	-
Inventories and prepaid items	-	211,266	211,266
Restricted cash and investments	346,283	1,404,628	1,750,911
Capital Assets			
Construction in progress	111,684	61,814	173,498
Land	6,567,600	106,146	6,673,746
Other capital assets, net of depreciation	<u>34,705,493</u>	<u>27,444,043</u>	<u>62,149,536</u>
Total Assets	<u>51,754,278</u>	<u>37,269,663</u>	<u>89,023,941</u>
LIABILITIES			
Accounts payable	295,757	776,883	1,072,640
Accrued liabilities	282,062	94,781	376,843
Customer deposits	-	67,621	67,621
Due to other taxing units	6,297	-	6,297
Noncurrent Liabilities			
Due within one year	2,173,126	562,342	2,735,468
Due in more than one year	<u>16,954,240</u>	<u>4,771,375</u>	<u>21,725,615</u>
Total Liabilities	<u>19,711,482</u>	<u>6,273,002</u>	<u>25,984,484</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	<u>5,423,669</u>	<u>2,100</u>	<u>5,425,769</u>
Total Deferred Inflows of Resources	<u>5,423,669</u>	<u>2,100</u>	<u>5,425,769</u>
NET POSITION			
Net investment in capital assets	25,668,169	23,258,766	48,548,411
Restricted for			
Debt service	-	210,901	210,901
Library projects	200,864	-	200,864
Park land projects	57,826	-	57,826
Impact fees	346,283	382,912	729,195
TIF district projects	433,491	-	433,491
CDBG revolving housing loan program	342,529	-	342,529
Equipment replacement	-	350,406	350,406
Unrestricted (deficit)	<u>(430,035)</u>	<u>6,791,576</u>	<u>6,740,065</u>
TOTAL NET POSITION	<u>\$ 26,619,127</u>	<u>\$ 30,994,561</u>	<u>\$ 57,613,688</u>

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,319,893	\$ 281,396	\$ -	\$ -
Public safety	2,311,457	19,622	77,689	273,388
Public works	2,523,170	347,304	730,012	32,567
Health and human services	11,741	-	-	-
Leisure activities	1,319,574	182,378	368,251	217,699
Conservation and development	435,288	-	-	2,473
Interest and fiscal charges	578,475	-	-	-
Total Governmental Activities	<u>8,499,598</u>	<u>830,700</u>	<u>1,175,952</u>	<u>526,127</u>
Business-type Activities				
Electric Utility	9,337,203	9,746,313	-	44,507
Water Utility	1,151,202	1,364,804	-	76,230
Sewer Utility	1,691,409	1,431,198	-	236,340
Total Business-type Activities	<u>12,179,814</u>	<u>12,542,315</u>	<u>-</u>	<u>357,077</u>
Totals	<u>\$ 20,679,412</u>	<u>\$ 13,373,015</u>	<u>\$ 1,175,952</u>	<u>\$ 883,204</u>

General Revenues

Taxes

 Property taxes, levied for general services

 Property taxes, levied for debt service

 Property taxes, tax increment

 Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (1,038,497)	\$ -	\$ (1,038,497)
(1,940,758)	-	(1,940,758)
(1,413,287)	-	(1,413,287)
(11,741)	-	(11,741)
(551,246)	-	(551,246)
(432,815)	-	(432,815)
<u>(578,475)</u>	<u>-</u>	<u>(578,475)</u>
<u>(5,966,819)</u>	<u>-</u>	<u>(5,966,819)</u>
-	453,617	453,617
-	289,832	289,832
-	<u>(23,871)</u>	<u>(23,871)</u>
-	<u>719,578</u>	<u>719,578</u>
<u>(5,966,819)</u>	<u>719,578</u>	<u>(5,247,241)</u>
2,905,268	-	2,905,268
1,536,414	-	1,536,414
807,038	-	807,038
115,433	-	115,433
716,904	-	716,904
105,775	46,382	152,157
<u>122,681</u>	<u>-</u>	<u>122,681</u>
6,309,513	46,382	6,355,895
<u>471,072</u>	<u>(471,072)</u>	<u>-</u>
<u>6,780,585</u>	<u>(424,690)</u>	<u>6,355,895</u>
813,766	294,888	1,108,654
<u>25,805,361</u>	<u>30,699,673</u>	<u>56,505,034</u>
<u>\$ 26,619,127</u>	<u>\$ 30,994,561</u>	<u>\$ 57,613,688</u>

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2014

	<u>General Fund</u>	<u>General Debt Service</u>	<u>Capital Projects</u>
ASSETS			
Cash and investments	\$ 1,490,417	\$ -	\$ 146,112
Restricted cash and investments	-	-	-
Receivables			
Taxes	2,929,387	1,532,420	-
Delinquent personal property taxes	34,559	-	-
Accounts	102,899	-	17,635
Notes	18,659	970,000	39,552
Special assessments	46,733	-	-
Due from other governmental units	44,616	13,444	117,029
Due from other funds	442,352	-	-
Advances to other funds	<u>77,316</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 5,186,938</u>	<u>\$ 2,515,864</u>	<u>\$ 320,328</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 225,202	\$ -	\$ 51,294
Accrued liabilities	142,152	-	-
Due to other taxing units	6,297	-	-
Due to other funds	27,041	18	306,062
Advances from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>400,692</u>	<u>18</u>	<u>357,356</u>
Deferred Inflows of Resources			
Unearned revenues	2,925,485	1,532,420	-
Unavailable revenues	<u>51,791</u>	<u>983,444</u>	<u>70,239</u>
Total Deferred Inflows of Resources	<u>2,977,276</u>	<u>2,515,864</u>	<u>70,239</u>
Fund Balances (Deficit)			
Nonspendable	92,891	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	34,146	-	-
Unassigned (deficit)	<u>1,681,933</u>	<u>(18)</u>	<u>(107,267)</u>
Total Fund Balances (Deficit)	<u>1,808,970</u>	<u>(18)</u>	<u>(107,267)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,186,938</u>	<u>\$ 2,515,864</u>	<u>\$ 320,328</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 1,106,493	\$ 2,743,022
346,283	346,283
974,414	5,436,221
-	34,559
23	120,557
331,484	1,359,695
21,625	68,358
12,938	188,027
43,723	486,075
<u>-</u>	<u>77,316</u>
<u>\$ 2,836,983</u>	<u>\$ 10,860,113</u>

\$ 19,261	\$ 295,757
2,530	144,682
-	6,297
80,175	413,296
<u>77,316</u>	<u>77,316</u>
<u>179,282</u>	<u>937,348</u>

965,764	5,423,669
<u>374,104</u>	<u>1,479,578</u>
<u>1,339,868</u>	<u>6,903,247</u>

-	92,891
1,060,085	1,060,085
388,961	388,961
-	34,146
<u>(131,213)</u>	<u>1,443,435</u>
<u>1,317,833</u>	<u>3,019,518</u>

<u>\$ 2,836,983</u>	<u>\$ 10,860,113</u>
---------------------	----------------------

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2014

Total Fund Balances - Governmental Funds	\$	3,019,518
--	----	-----------

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		6,567,600
Construction in progress		111,684
Other capital assets		52,132,660
Less: Accumulated depreciation		(17,427,167)

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

Special assessments included in taxes receivable		12,552
Special assessments		33,708
Accounts receivable		17,147
Due from other governments		56,476
Loans receivable		1,359,695

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

General obligation debt		(18,005,411)
Accrued interest on general obligation debt		(137,380)
Compensated absences		(384,414)
Landfill long-term costs		(270,935)
Landfill remediation costs		(144,069)
Unfunded prior service service costs		(167,206)
Other postemployment benefits		(155,331)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>26,619,127</u>
--	-----------	--------------------------

CITY OF NEW RICHMOND

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

For the Year Ended December 31, 2014

	General Fund	General Debt Service	Capital Projects
REVENUES			
Taxes	\$ 3,020,701	\$ 1,536,414	\$ -
Intergovernmental	1,640,460	262,423	103,000
Licenses and permits	216,775	-	-
Fines, forfeitures and penalties	84,514	-	-
Public charges for services	241,581	-	-
Intergovernmental charges for services	23,234	-	-
Special assessments	3,196	-	-
Investment income	81,665	46,091	1,900
Miscellaneous	142,752	60,000	7,287
Total Revenues	5,454,878	1,904,928	112,187
EXPENDITURES			
Current			
General government	1,205,458	-	-
Public safety	2,116,391	-	-
Public works	1,211,589	-	-
Health and human services	11,741	-	-
Leisure activities	1,095,822	-	-
Conservation and development	115,576	-	-
Capital Outlay	69,755	-	434,610
Debt Service			
Principal	-	2,087,965	-
Interest and fiscal charges	-	635,479	-
Total Expenditures	5,826,332	2,723,444	434,610
Excess (deficiency) of revenues over expenditures	(371,454)	(818,516)	(322,423)
OTHER FINANCING SOURCES (USES)			
Transfers in	510,413	819,346	-
Transfers out	(16,477)	-	-
Property sales	-	-	-
Total Other Financing Sources (Uses)	493,936	819,346	-
Net Change in Fund Balances	122,482	830	(322,423)
FUND BALANCES (DEFICIT) - Beginning of Year	1,686,488	(848)	215,156
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 1,808,970	\$ (18)	\$ (107,267)

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 807,038	\$ 5,364,153
14,901	2,020,784
-	216,775
-	84,514
275,930	517,511
-	23,234
7,208	10,404
16,569	146,225
<u>274,217</u>	<u>484,256</u>
<u>1,395,863</u>	<u>8,867,856</u>
-	1,205,458
-	2,116,391
246,118	1,457,707
-	11,741
29,609	1,125,431
26,165	141,741
235,223	739,588
-	2,087,965
<u>2,655</u>	<u>638,134</u>
<u>539,770</u>	<u>9,524,156</u>
<u>856,093</u>	<u>(656,300)</u>
495,440	1,825,199
(1,298,309)	(1,314,786)
<u>3,789</u>	<u>3,789</u>
<u>(799,080)</u>	<u>514,202</u>
57,013	(142,098)
<u>1,260,820</u>	<u>3,161,616</u>
<u>\$ 1,317,833</u>	<u>\$ 3,019,518</u>

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

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, 2014

Net change in fund balances - total governmental funds \$ (142,098)

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is capitalized in the government-wide statements	739,588
Some capital outlay is not capitalized in the government-wide statements	(246,141)
Some items reported as capital outlay were transferred to the business-type activities	(39,341)
Some functional expenditures are capitalized in the government-wide statements	5,000
Contributed capital assets are reported as revenues in the government-wide financial statements	347,346
Depreciation is reported in the government-wide statements	(1,370,016)
Loss on sale of capital assets is reported in the government-wide statements	(26,152)

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	(10,916)
Accounts receivable	3,701
Due from other governments	(251,822)
Loan receivable	(157,445)

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	2,087,965
------------------	-----------

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.

Change in compensated absences liability	(48,344)
Change in accrued interest payable	21,356
Change in unfunded prior service costs	21,432
Change in landfill long-term liability	15,434
Change in landfill remediation liability	19,550
Change in other postemployment benefits	(155,331)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 813,766</u>
--	--------------------------

CITY OF NEW RICHMOND

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2014

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 1,643,464	\$ 1,904,884	\$ 2,699,633	\$ 6,247,981
Restricted cash - redemption account	67,199	143,871	36,448	247,518
Receivables				
Accounts	1,336,530	241,159	212,261	1,789,950
Other	21,299	-	2,156	23,455
Due from other funds	306,062	-	96,126	402,188
Inventories	201,389	9,615	262	211,266
Notes receivable - current portion	8,605	-	34,296	42,901
Total Current Assets	<u>3,584,548</u>	<u>2,299,529</u>	<u>3,081,182</u>	<u>8,965,259</u>
Noncurrent Assets				
Restricted Assets				
Reserve account	210,164	168,428	45,200	423,792
Replacement account	-	-	350,406	350,406
Impact fees	-	335,550	47,362	382,912
Capital Assets				
Construction in progress	29,929	29,775	2,110	61,814
Plant in service	13,659,596	16,157,269	18,439,105	48,255,970
Less: Accumulated depreciation	(7,899,696)	(4,085,329)	(8,720,756)	(20,705,781)
Other Assets				
Notes receivable	10,258	-	-	10,258
Total Noncurrent Assets	<u>6,010,251</u>	<u>12,605,693</u>	<u>10,163,427</u>	<u>28,779,371</u>
Total Assets	<u>9,594,799</u>	<u>14,905,222</u>	<u>13,244,609</u>	<u>37,744,630</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 716,542	\$ 15,796	\$ 44,545	\$ 776,883
Accrued expenses	35,218	12,195	10,751	58,164
Customer deposits	35,581	32,040	-	67,621
Due to other funds	247,415	227,552	-	474,967
Current portion of accrued compensated absences	53,276	32,799	24,101	110,176
Current portion of notes payable	8,605	-	-	8,605
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	120,000	100,000	223,561	443,561
Accrued interest	19,980	10,907	5,730	36,617
Total Current Liabilities	<u>1,236,617</u>	<u>431,289</u>	<u>308,688</u>	<u>1,976,594</u>
Noncurrent Liabilities				
Long-Term Debt				
Accrued compensated absences	175,028	107,757	79,181	361,966
Revenue bonds payable	1,755,000	1,620,000	958,468	4,333,468
Notes payable	10,258	-	-	10,258
Other postemployment benefits liability	28,801	21,894	14,988	65,683
Total Noncurrent Liabilities	<u>1,969,087</u>	<u>1,749,651</u>	<u>1,052,637</u>	<u>4,771,375</u>
Total Liabilities	<u>3,205,704</u>	<u>2,180,940</u>	<u>1,361,325</u>	<u>6,747,969</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	-	2,100	-	2,100
Total Deferred Inflows of Resources	-	2,100	-	2,100
NET POSITION				
Net investment in capital assets	4,124,993	10,550,143	8,583,630	23,258,766
Restricted for				
Redemption and replacement funding	47,219	468,514	428,486	944,219
Unrestricted	<u>2,216,883</u>	<u>1,703,525</u>	<u>2,871,168</u>	<u>6,791,576</u>
TOTAL NET POSITION	<u>\$ 6,389,095</u>	<u>\$ 12,722,182</u>	<u>\$ 11,883,284</u>	<u>\$ 30,994,561</u>

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
OPERATING REVENUES	<u>\$ 9,746,313</u>	<u>\$ 1,364,804</u>	<u>\$ 1,431,198</u>	<u>\$ 12,542,315</u>
OPERATING EXPENSES				
Operation and maintenance	8,607,496	764,599	1,083,929	10,456,024
Depreciation	562,543	303,025	536,909	1,402,477
Taxes	<u>66,557</u>	<u>15,349</u>	<u>30,997</u>	<u>112,903</u>
Total Operating Expenses	<u>9,236,596</u>	<u>1,082,973</u>	<u>1,651,835</u>	<u>11,971,404</u>
Operating Income (Loss)	<u>509,717</u>	<u>281,831</u>	<u>(220,637)</u>	<u>570,911</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	4,757	13,408	28,217	46,382
Interest expense	(83,977)	(68,229)	(39,574)	(191,780)
Non-utility expenses	<u>(16,630)</u>	<u>-</u>	<u>-</u>	<u>(16,630)</u>
Total Nonoperating Revenues (Expenses)	<u>(95,850)</u>	<u>(54,821)</u>	<u>(11,357)</u>	<u>(162,028)</u>
Income (Loss) Before Contributions and Transfers	<u>413,867</u>	<u>227,010</u>	<u>(231,994)</u>	<u>408,883</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	83,848	76,230	236,340	396,418
Transfers out	<u>(246,192)</u>	<u>(264,221)</u>	<u>-</u>	<u>(510,413)</u>
Total Contributions and Transfers	<u>(162,344)</u>	<u>(187,991)</u>	<u>236,340</u>	<u>(113,995)</u>
Change in Net Position	251,523	39,019	4,346	294,888
NET POSITION - Beginning of Year	<u>6,137,572</u>	<u>12,683,163</u>	<u>11,878,938</u>	<u>30,699,673</u>
NET POSITION - END OF YEAR	<u>\$ 6,389,095</u>	<u>\$ 12,722,182</u>	<u>\$ 11,883,284</u>	<u>\$ 30,994,561</u>

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 9,609,818	\$ 1,417,713	\$ 1,352,943	\$ 12,380,474
Cash paid from city for services	201,087	-	-	201,087
Paid to suppliers for goods and services	(8,092,128)	(414,924)	(700,672)	(9,207,724)
Paid to employees for services	(516,626)	(345,829)	(335,531)	(1,197,986)
Net Cash Flows From Operating Activities	<u>1,202,151</u>	<u>656,960</u>	<u>316,740</u>	<u>2,175,851</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>4,757</u>	<u>13,408</u>	<u>28,217</u>	<u>46,382</u>
Net Cash Flows From Investing Activities	<u>4,757</u>	<u>13,408</u>	<u>28,217</u>	<u>46,382</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances to other funds	(266,721)	-	-	(266,721)
Transfers to other funds	(267,813)	(272,279)	-	(540,092)
Net Cash Flows From Noncapital Financing Activities	<u>(534,534)</u>	<u>(272,279)</u>	<u>-</u>	<u>(806,813)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(123,435)	(90,000)	(218,410)	(431,845)
Interest paid	(85,181)	(68,824)	(40,635)	(194,640)
Contributions in aid of construction	32,485	76,230	236,340	345,055
Acquisition and construction of capital assets	(346,262)	(199,295)	(120,411)	(665,968)
Net Cash Flows From Capital and Related Financing Activities	<u>(522,393)</u>	<u>(281,889)</u>	<u>(143,116)</u>	<u>(947,398)</u>
Net Change in Cash and Cash Equivalents	149,981	116,200	201,841	468,022
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,770,846</u>	<u>2,436,533</u>	<u>2,977,208</u>	<u>7,184,587</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,920,827</u>	<u>\$ 2,552,733</u>	<u>\$ 3,179,049</u>	<u>\$ 7,652,609</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 509,717	\$ 281,831	\$ (220,637)	\$ 570,911
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	562,543	303,025	536,909	1,402,477
Depreciation charged to other funds	-	29,460	(29,460)	-
Changes in assets and liabilities				
Customer accounts receivable	66,590	(7,697)	105	58,998
Other accounts receivable	-	(2,994)	22,249	19,255
Due from other funds	-	-	(71,149)	(71,149)
Inventories	3,108	(1,483)	-	1,625
Note receivable	8,435	-	33,241	41,676
Accounts payable	49,239	267	29,320	78,826
Due to other funds	(2,312)	(8,338)	-	(10,650)
Other current liabilities	2,083	2,859	2,501	7,443
Compensated absences	(24,055)	3,996	(1,327)	(21,386)
Customer deposits	(1,998)	32,040	-	30,042
Post employment benefits	28,801	21,894	14,988	65,683
Unearned revenues	-	2,100	-	2,100
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,202,151</u>	<u>\$ 656,960</u>	<u>\$ 316,740</u>	<u>\$ 2,175,851</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments - statement of net position	\$ 1,643,464	\$ 1,904,884	\$ 2,699,633	\$ 6,247,981
Restricted cash and investments - statement of net position	<u>277,363</u>	<u>647,849</u>	<u>479,416</u>	<u>1,404,628</u>
Total Cash and Investments	<u>1,920,827</u>	<u>2,552,733</u>	<u>3,179,049</u>	<u>7,652,609</u>
CASH AND CASH EQUIVALENTS	<u>\$ 1,920,827</u>	<u>\$ 2,552,733</u>	<u>\$ 3,179,049</u>	<u>\$ 7,652,609</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 2,782,022
Receivables	
Taxes receivable	<u>6,067,436</u>
TOTAL ASSETS	<u>\$ 8,849,458</u>
LIABILITIES	
Deposits	\$ 29,974
Due to other taxing units	<u>8,819,484</u>
TOTAL LIABILITIES	<u>\$ 8,849,458</u>

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE	Page
I Summary of Significant Accounting Policies	17
A. Reporting Entity	17
B. Government-Wide and Fund Financial Statements	17
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	20
D. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	21
1. Deposits and Investments	21
2. Receivables	23
3. Inventories	24
4. Restricted Assets	24
5. Capital Assets	25
6. Other Assets	25
7. Compensated Absences	26
8. Long-Term Obligations	26
9. Deferred Inflows of Resources	26
10. Equity Classifications	27
11. Basis for Existing Rates	28
II Stewardship, Compliance, and Accountability	29
A. Deficit Balances	29
B. Limitations on the City's Tax Levy	29
III Detailed Notes on All Funds	30
A. Deposits and Investments	30
B. Receivables	33
C. Restricted Assets	34
D. Capital Assets	35
E. Interfund Receivables/Payables, Advances and Transfers	39
F. Long-Term Obligations	42
G. Closure and Postclosure Care Cost	46
H. Net Position/Fund Balances	46
IV Other Information	48
A. Employees' Retirement System	48
B. Risk Management	49
C. Commitments and Contingencies	49
D. Joint Ventures	50
E. Other Postemployment Benefits	51
F. Related Organizations	54
G. Effect of New Accounting Standards on Current-Period Financial Statements	55
H. Nonexchange Financial Guarantee	55

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the city. The reporting entity for the city consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The city has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In April 2013, the GASB issued statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement establishes requirements for financial reporting and disclosures for governments that extend and/or receive nonexchange financial guarantees. This standard was implemented January 1, 2014.

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.

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

Fund Financial Statements

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

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Fund Financial Statements (cont.)

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

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

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

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- General Debt Service - used to account for and report financial resources restricted, committed, or assigned for the payment of general long-term debt principal, interest, and related costs.
- Capital Projects - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The city reports the following major enterprise funds:

- Electric Utility - accounts for operations of the electric system
- Water Utility - accounts for operations of the water system
- Sewer Utility - accounts for operations of the sewer system

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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 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).

- Park Land Trust Fund
- Library Trust Fund
- Storm Water Utility
- CDBG Revolving Housing
- Impact Fees

Debt Service Funds - 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.

- Tax Increment Financing (TIF) District #5

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.

- Landfill Assurance
- Tax Increment Financing (TIF) District #6
- Tax Increment Financing (TIF) District #7
- Tax Increment Financing (TIF) District #8
- Tax Increment Financing (TIF) District #9
- Tax Increment Financing (TIF) District #10
- Capital Replacement Fund

In addition, the city reports the following fund type:

Agency Funds - 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 Agency Fund
- Employee Flex Plan Fund
- Armed Services Memorial Fund

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. Delinquent special assessments being held by the county are reported as receivables and unavailable revenues.

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Fund Financial Statements (cont.)

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

Proprietary fund financial statements 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 electric, water and sewer utility funds 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.

D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

1. Deposits and Investments (cont.)

- 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 adopted an investment policy. The policy specifically excludes the funds of the City of New Richmond Utility (electric, water and sewer utilities). That policy contains the following guidelines:

Credit Risk - The investment policy follows the state statute for allowable investments. The policy does not address credit risk for U.S. Agency securities implicitly guaranteed.

Concentration of Credit Risk - The policy states investments should be limited to avoid over concentration in securities to a specific issuer, industry, or business sector, excluding U.S. Treasury obligations.

Interest Rate Risk - The policy specifies the investment portfolio shall be structured so securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

The city's investment policy does not address custodial credit risk. The City of New Richmond Utility 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 NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

1. Deposits and Investments (cont.)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2014, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the city, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities - agency funds.

Property tax calendar - 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale - 2014 delinquent real estate taxes	October 2017

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.

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 NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

2. Receivables (cont.)

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The city has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has been reduced by an allowance for uncollectible accounts of \$81,875.

It is the city's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. 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

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.

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 NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 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. Intangible assets having an initial cost of more than \$50,000 and estimated useful life in excess of one year are also capitalized.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation 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 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	30-100	Years
Machinery and Equipment	2-30	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.

6. Other Assets

The city has a long-term receivable from the West Central Biosolids Facility for its share of the funds advanced for construction of the facility.

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

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. Upon retirement of an employee, the vested sick leave balance is converted to health insurance premiums until the balance is exhausted. Upon death of an employee, the vested sick leave balance is paid to a beneficiary.

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2014, are determined on the basis of current salary rates and include salary related payments.

8. *Long-Term Obligations*

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, landfill obligation, unfunded prior service costs and accrued compensated absences.

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

9. *Deferred Inflows of Resources*

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

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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."

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 25,668,169	\$ 23,258,766	\$ (378,524)	\$ 48,548,411
Unrestricted	(430,035)	6,791,576	378,524	6,740,065

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the city council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the city council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The council may take official action to assign amounts. 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.

11. Basis for Existing Rates

Electric Utility

Electric rates were approved by the PSCW on November 22, 2013 and placed into effect by the utility on December 1, 2013. The rates are designed to provide a 6.25% return on rate base.

Water Utility

On May 22, 2014, the PSCW approved water rates that became effective July 1, 2014. The rates are designed to provide a 6.5% return on rate base.

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

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

11. Basis for Existing Rates (cont.)

Sewer Utility

The utility commission approved sewer rates on January 10, 2012 which became effective April 1, 2012.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. DEFICIT BALANCES

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

As of December 31, 2014, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
General Debt Service	\$ 18	Expenditures in excess of revenues
Capital Projects	107,267	Expenditures in excess of revenues
Landfill Assurance	9,085	Expenditures in excess of revenues
TIF District #8	44,812	Project costs in excess of increment
TIF District #9	60,180	Project costs in excess of increment
TIF District #10	17,136	Project costs in excess of increment

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

B. LIMITATIONS ON THE CITY'S TAX LEVY

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

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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	Bank and Investment Balances	Associated Risks
Demand deposits	\$ 2,404,083	\$ 2,399,744	Custodial credit risk
Money market	32,614	32,614	Custodial credit risk
U.S. agency bonds - explicit guarantee	946,538	946,538	Custodial credit and interest rate risks
U.S. agency bonds - implicit guarantee	674,151	674,151	Credit, custodial credit, concentration of credit and interest rate risks
U.S. treasuries	149,883	149,883	Custodial credit and interest rate risks
State and local bonds	103,687	103,687	Credit, custodial credit, concentration of credit and interest rate risks
Repurchase sweep agreement	497,402	497,402	Credit, custodial credit, concentration of credit and interest rate risks
Negotiable certificates of deposit	1,847,676	1,847,676	Credit, custodial credit, concentration of credit and interest rate risks
Mutual funds	29,598	29,598	N/A
LGIP	6,684,382	6,684,382	Credit risk
Exchange-traded products	151,372	151,372	N/A
Petty cash	2,550	-	N/A
Total Deposits and Investments	\$ 13,523,936	\$ 13,517,047	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 8,991,003		
Restricted cash and investments	1,750,911		
Per statement of assets and liabilities - agency funds			
Agency Funds	2,782,022		
Total Deposits and Investments	\$ 13,523,936		

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$699,478 of the city's investments are covered by SIPC.

The city maintains collateral agreements with its banks. At December 31, 2014, the banks had pledged various government securities in the amount of \$497,402 to secure the city's repurchase sweep agreements.

The city maintains collateral agreements with its banks. At December 31, 2014, the banks had pledged various state and local government bonds in the amount of \$630,642 to secure the city's deposits.

Custodial Credit Risk

Deposits

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

As of December 31, 2014, \$543,250 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>543,250</u>
Total	\$ <u><u>543,250</u></u>

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments

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

As of December 31, \$522,431 of the city's investments were exposed to custodial credit risk due to investment account balances in excess of SIPC coverage.

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, 2014, the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>
Federal Home Loan Bank	AA+	Aaa
Federal Fram Credit Bank	AA+	Aaa

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

Wisconsin Local Government Investment Pool (LGIP)

The city also has investments in negotiable certificates of deposit and state and local bonds which have an unknown credit rating.

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

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

As of December 31, 2014, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1 - 3	3 +
U.S. agency bonds - explicit guarantee	\$ 946,538	\$ -	\$ 427,260	\$ 519,278
U.S. agency bonds - implicit guarantee	674,151	-	198,916	475,235
U.S. treasuries	149,883	-	149,883	-
State and local bonds	103,687	25,378	78,309	-
Repurchase sweep agreements	497,402	497,402	-	-
Negotiable certificates of deposit	1,847,676	671,297	1,176,379	-
Totals	<u>\$ 4,219,337</u>	<u>\$ 1,194,077</u>	<u>\$ 2,030,747</u>	<u>\$ 994,513</u>

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$29,666 in the general fund, \$921,737 in the debt service fund, \$45,103 in the capital projects fund, \$10,259 in the electric utility, and \$342,533 in the nonmajor funds.

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 5,423,669	\$ 12,552
Accounts receivable	-	17,147
Due from other governments	-	56,476
Special assessments not yet due	-	33,708
Loans receivable	-	1,359,695
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 5,423,669</u>	<u>\$ 1,479,578</u>

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

Impact Fee Account

The city 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 current property owner.

Following is a list of restricted assets at December 31, 2014:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 247,518	\$ 36,617	\$ 210,901
Bond reserve account	423,792	-	n/a
Equipment replacement account	350,406	-	350,406
Impact fee account - utility	382,912	-	382,912
Impact fee account - other	346,283	-	346,283
Total	\$ 1,750,911	\$ 36,617	\$ 1,290,502

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Construction in progress	\$ 126,066	\$ 35,192	\$ 49,574	\$ 111,684
Land	<u>6,579,750</u>	<u>-</u>	<u>12,150</u>	<u>6,567,600</u>
Total Capital Assets Not Being Depreciated	<u>6,705,816</u>	<u>35,192</u>	<u>61,724</u>	<u>6,679,284</u>
Capital assets being depreciated				
Buildings	9,925,108	5,000	-	9,930,108
Machinery and equipment	4,391,169	616,661	37,627	4,970,203
Land improvements	5,775,629	199,173	-	5,974,802
Roads	22,369,469	-	-	22,369,469
Storm sewers	8,373,121	-	-	8,373,121
Sidewalks	<u>514,957</u>	<u>-</u>	<u>-</u>	<u>514,957</u>
Total Capital Assets Being Depreciated	<u>51,349,453</u>	<u>820,834</u>	<u>37,627</u>	<u>52,132,660</u>
Total Capital Assets	<u>58,055,269</u>	<u>856,026</u>	<u>99,351</u>	<u>58,811,944</u>
Less: Accumulated depreciation for				
Buildings	(2,499,236)	(186,127)	-	(2,685,363)
Machinery and equipment	(3,041,301)	(264,197)	23,625	(3,281,873)
Land improvements	(1,107,237)	(191,834)	-	(1,299,071)
Roads	(6,934,500)	(543,088)	-	(7,477,588)
Storm sewers	(2,379,101)	(180,700)	-	(2,559,801)
Sidewalks	<u>(119,401)</u>	<u>(4,070)</u>	<u>-</u>	<u>(123,471)</u>
Total Accumulated Depreciation	<u>(16,080,776)</u>	<u>(1,370,016)</u>	<u>23,625</u>	<u>(17,427,167)</u>
Net Capital Assets Being Depreciated	<u>35,268,677</u>	<u>(549,182)</u>	<u>14,002</u>	<u>34,705,493</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 41,974,493</u>	<u>\$ (513,990)</u>	<u>\$ 75,726</u>	<u>\$ 41,384,777</u>

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 30,787
Public safety	135,376
Public works, which includes the depreciation of infrastructure	1,042,295
Leisure activities	<u>161,558</u>
 Total Governmental Activities Depreciation Expense	 <u>\$ 1,370,016</u>

Business-type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Electric</u>				
Capital assets not being depreciated				
Construction in progress	\$ 35,310	\$ 10,823	\$ 16,204	\$ 29,929
Land and land rights	<u>48,414</u>	<u>-</u>	<u>-</u>	<u>48,414</u>
Total Capital Assets Not Being Depreciated	<u>83,724</u>	<u>10,823</u>	<u>16,204</u>	<u>78,343</u>
Capital assets being depreciated				
Transmission	113,355	-	-	113,355
Distribution	11,726,071	338,853	40,689	12,024,235
Administrative and general assets	<u>1,466,061</u>	<u>13,100</u>	<u>5,569</u>	<u>1,473,592</u>
Total Capital Assets Being Depreciated	<u>13,305,487</u>	<u>351,953</u>	<u>46,258</u>	<u>13,611,182</u>
Total Capital Assets	<u>13,389,211</u>	<u>362,776</u>	<u>62,462</u>	<u>13,689,525</u>
Less: Accumulated depreciation for				
Electric plant	<u>(7,383,101)</u>	<u>(562,853)</u>	<u>46,258</u>	<u>(7,899,696)</u>
Total Accumulated Depreciation	<u>(7,383,101)</u>	<u>(562,853)</u>	<u>46,258</u>	<u>(7,899,696)</u>
Net Capital Assets Being Depreciated	<u>5,922,386</u>	<u>(210,900)</u>	<u>-</u>	<u>5,711,486</u>
Net Electric Capital Assets	<u>\$ 6,006,110</u>	<u>\$ (200,077)</u>	<u>\$ 16,204</u>	<u>\$ 5,789,829</u>

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Construction in progress	\$ 25,864	\$ 4,121	\$ 210	\$ 29,775
Land and land rights	<u>2,425</u>	<u>-</u>	<u>-</u>	<u>2,425</u>
Total Capital Assets Not Being Depreciated	<u>28,289</u>	<u>4,121</u>	<u>210</u>	<u>32,200</u>
Capital assets being depreciated				
Source of supply	597,764	-	-	597,764
Pumping	1,266,795	34,066	19,650	1,281,211
Treatment	14,298	-	-	14,298
Transmission and distribution	13,566,934	160,665	15,727	13,711,872
Administrative and general assets	<u>533,735</u>	<u>18,601</u>	<u>2,637</u>	<u>549,699</u>
Total Capital Assets Being Depreciated	<u>15,979,526</u>	<u>213,332</u>	<u>38,014</u>	<u>16,154,844</u>
Total Capital Assets	<u>16,007,815</u>	<u>217,453</u>	<u>38,224</u>	<u>16,187,044</u>
Less: Accumulated depreciation for				
Water plant	<u>(3,780,681)</u>	<u>(342,662)</u>	<u>38,014</u>	<u>(4,085,329)</u>
Total Accumulated Depreciation	<u>(3,780,681)</u>	<u>(342,662)</u>	<u>38,014</u>	<u>(4,085,329)</u>
Net Capital Assets Being Depreciated	<u>12,198,845</u>	<u>(129,330)</u>	<u>-</u>	<u>12,069,515</u>
Net Water Capital Assets	<u>\$ 12,227,134</u>	<u>\$ (125,209)</u>	<u>\$ 210</u>	<u>\$ 12,101,715</u>

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Sewer</u>				
Capital assets not being depreciated				
Construction in progress	\$ 22,940	\$ 2,110	\$ 22,940	\$ 2,110
Land and land rights	<u>55,306</u>	<u>-</u>	<u>-</u>	<u>55,306</u>
Total Capital Assets Not Being Depreciated	<u>78,246</u>	<u>2,110</u>	<u>22,940</u>	<u>57,416</u>
Capital assets being depreciated				
Collection system	8,784,184	49,875	-	8,834,059
Collection system pumping	2,591,465	54,325	10,286	2,635,504
Treatment and disposal	6,246,245	33,163	58,794	6,220,614
Administrative and general assets	<u>692,069</u>	<u>6,878</u>	<u>5,325</u>	<u>693,622</u>
Total Capital Assets Being Depreciated	<u>18,313,963</u>	<u>144,241</u>	<u>74,405</u>	<u>18,383,799</u>
Total Capital Assets	<u>18,392,209</u>	<u>146,351</u>	<u>97,345</u>	<u>18,441,215</u>
Less: Accumulated depreciation for				
Sewer plant	<u>(8,284,712)</u>	<u>(510,449)</u>	<u>74,405</u>	<u>(8,720,756)</u>
Total Accumulated Depreciation	<u>(8,284,712)</u>	<u>(510,449)</u>	<u>74,405</u>	<u>(8,720,756)</u>
Net Capital Assets Being Depreciated	<u>10,029,251</u>	<u>(366,208)</u>	<u>-</u>	<u>9,663,043</u>
Net Sewer Capital Assets	<u>\$ 10,107,497</u>	<u>\$ (364,098)</u>	<u>\$ 22,940</u>	<u>\$ 9,720,459</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 28,340,741</u>	<u>\$ (689,384)</u>	<u>\$ 39,354</u>	<u>\$ 27,612,003</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Electric	\$ 562,543
Water	303,025
Sewer	<u>536,909</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 1,402,477</u>

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

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

Accumulated depreciation for the electric, water and sewer utilities is not available by asset class or function.

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	Electric Utility	\$ 247,415
General Fund	Water Utility	194,919
General Fund	General Debt Service	18
Storm Water Utility	Water Utility	32,633
Sewer Utility	General Fund	27,041
Sewer Utility	TIF District #8	69,085
TIF District #8	Park Land Trust Fund	11,090
Electric Utility	Capital Projects	<u>306,062</u>
Total - Fund Financial Statements		888,263
Less: Fund eliminations		(11,108)
Less: Government-wide eliminations		<u>(804,376)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 72,779</u>
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 474,967
Business-type Activities	Governmental Activities	<u>(402,188)</u>
Total Government-Wide Financial Statements		<u>\$ 72,779</u>

All amounts are due within one year.

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

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

Interfund Receivables/Payables (cont.)

The primary purpose of the majority of the interfund balance between the general fund and the electric and water utilities is the amount due for the 2014 property tax equivalent payments. Remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances

The general fund is advancing funds to TIF District #9 and TIF District #10. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. The general fund is charging the TIF District #9 and TIF District #10 interest on the advance based on the average outstanding advance balance during the year at a rate of 4%. No repayment schedule has been established.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	TIF District #9	\$ 60,180	\$ 41,105
General Fund	TIF District #10	17,136	17,136
Total - Fund Financial Statements		77,316	
Less: Fund eliminations		(77,316)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ -	

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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	Electric Utility	\$ 246,192	Payment in lieu of taxes
General Fund	Water Utility	264,221	Payment in lieu of taxes
Landfill Assurance	General Fund	16,477	City share of landfill taxes
TIF District #6	TIF District #5	141,660	TIF increment sharing
TIF District #8	TIF District #5	337,303	TIF increment sharing
General Debt Service	TIF District #6	432,905	TIF share of debt service
General Debt Service	TIF District #7	32,021	TIF share of debt service
General Debt Service	TIF District #8	<u>354,420</u>	TIF share of debt service
Total - Fund Financial Statements		1,825,199	
Less: Fund eliminations		(1,314,786)	
Less: Transfer of property from governmental activities to business-type activities		<u>(39,341)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 471,072</u>	

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

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 20,093,376	\$ -	\$ 2,087,965	\$ 18,005,411	\$ 1,857,045
Other Liabilities					
Compensated absences	336,070	106,771	58,427	384,414	251,764
Landfill long-term costs	286,369	-	15,434	270,935	17,000
Landfill remediation costs	163,619	-	19,550	144,069	14,000
Unfunded prior service cost	188,638	11,230	32,662	167,206	33,317
Other postemployment benefits	-	155,331	-	155,331	-
Total Other Liabilities	<u>974,696</u>	<u>273,332</u>	<u>126,073</u>	<u>1,121,955</u>	<u>316,081</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 21,068,072</u>	<u>\$ 273,332</u>	<u>\$ 2,214,038</u>	<u>\$ 19,127,366</u>	<u>\$ 2,173,126</u>
Business-type Activities					
Bonds and Notes Payable					
Revenue bonds	\$ 5,200,439	\$ -	\$ 423,410	\$ 4,777,029	\$ 443,561
Other bonds or notes or loans payable	<u>27,298</u>	-	<u>8,435</u>	<u>18,863</u>	<u>8,605</u>
Sub-totals	<u>5,227,737</u>	-	<u>431,845</u>	<u>4,795,892</u>	<u>452,166</u>
Other Liabilities					
Compensated absences	493,528	111,541	132,927	472,142	110,176
Other postemployment benefits	-	65,683	-	65,683	-
Total Other Liabilities	<u>493,528</u>	<u>177,224</u>	<u>132,927</u>	<u>537,825</u>	<u>110,176</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 5,721,265</u>	<u>\$ 177,224</u>	<u>\$ 564,772</u>	<u>\$ 5,333,717</u>	<u>\$ 562,342</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, 2014, was \$28,774,425. Total general obligation debt outstanding at year end was \$18,005,411.

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.

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2014</u>
State Trust Fund Loan	Sep 05	Mar 15	4.0%	\$ 118,000	\$ 15,535
Promissory Note	May 06	Oct 25	3.75-4.2%	4,545,000	3,715,000
Refunding Bonds	Apr 07	Dec 26	3.875-4.05%	3,575,000	2,670,000
Promissory Note	May 08	Apr 18	3.4-3.6%	390,000	205,000
Bonds Payable	May 08	Oct 27	3.5-4.0%	3,685,000	2,875,000
Promissory Note	Feb 08	May 27	0%	803,462	551,264
Promissory Note	Sept 09	Apr 19	1.5-3.55%	2,420,000	910,000
Promissory Note	May 11	Jun 21	0%	163,616	106,350
Refunding Bonds	Aug 11	Mar 27	0.65-4.875%	1,150,000	970,000
Refunding Bonds	Sept 11	Dec 23	1.0-3.0%	3,545,000	2,755,000
State Trust Fund Loan	Dec 12	Mar 22	2.75%	404,000	404,000
Refunding Bonds	Jul 12	Mar 30	2.0-2.8%	3,125,000	2,340,000
State Trust Fund Loan	Apr 13	Mar 23	2.75%	262,000	13,444
State Trust Fund Loan	Jan 13	Mar 22	2.75%	251,000	227,149
State Trust Fund Loan	Apr 13	Mar 23	2.75%	272,000	<u>247,669</u>

Total Governmental Activities - General Obligation Debt \$ 18,005,411

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,857,045	\$ 572,915
2016	1,833,900	525,169
2017	1,856,394	468,505
2018	1,864,896	409,546
2019	1,907,440	347,906
2020-2024	6,613,521	956,950
2025-2029	1,922,215	136,910
2030	<u>150,000</u>	<u>2,100</u>
Totals	<u>\$ 18,005,411</u>	<u>\$ 3,420,001</u>

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

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

The electric utility has pledged future electric revenues, net of specified operating expenses, to repay revenue bonds issued in 2006. Proceeds from the bonds provided financing for the utility system improvements. The bonds are payable solely from electric revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 19.00% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,445,248. Principal and interest paid for the current year and total customer net revenues were \$199,970 and \$1,072,260, respectively.

The water and sewer utility has pledged future water and sewer revenues, net of specified operating expenses, to repay revenue bonds issued in 1995, 1998 and 2007. Proceeds from the bonds provided financing for the utility system improvements. The bonds are payable solely from water and sewer revenues and are payable through 2027. Annual principal and interest payments on the bonds are expected to require 30.40% of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,559,598. Principal and interest paid for the current year and total customer net revenues were \$417,869 and \$901,128, respectively.

Revenue debt payable at December 31, 2014, consists of the following:

Business-type Activities Revenue Debt

<u>Electric Utility</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2014</u>
Revenue Bonds	May 06	Oct 26	4.2-4.4%	\$ 2,160,000	<u>\$ 1,875,000</u>
				Total Electric Utility	<u>1,875,000</u>
<u>Water Utility</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2014</u>
Revenue Bonds	Apr 07	May 27	3.75-4.00%	2,220,000	<u>1,720,000</u>
				Total Water Utility	<u>1,720,000</u>

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Business-type Activities Revenue Debt (cont.)

<u>Sewer Utility</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2014</u>
Revenue Bonds	May 95	May 15	3.17%	496,152	\$ 34,296
Revenue Bonds	May 98	May 18	2.64%	2,506,755	662,733
Revenue Bonds	Apr 07	May 27	3.75-4.00%	645,000	<u>485,000</u>
				Total Sewer Utility	<u>1,182,029</u>
					<u>\$ 4,777,029</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 443,561	\$ 179,689
2016	418,469	164,970
2017	437,785	150,250
2018	452,214	134,887
2019	295,000	121,339
2020-2024	1,710,000	412,322
2025-2027	<u>1,020,000</u>	<u>64,360</u>
Totals	<u>\$ 4,777,029</u>	<u>\$ 1,227,817</u>

Other Debt Information

Estimated payments of compensated absences, landfill costs, unfunded prior service costs and other postemployment benefits are not included in the debt service requirement schedules. The compensated absences liability, landfill costs, unfunded prior service costs and other postemployments benefits attributable to governmental activities will be liquidated primarily by the general fund.

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

G. CLOSURE AND POSTCLOSURE CARE COST

The State of Wisconsin Department of Natural Resources had requested that the city and other interested parties undertake certain environmental remediation of the former landfill and provide municipal water to the affected properties. Recently, at the request of the Wisconsin Department of Natural Resources the city and other interested parties completed a remedial investigation and feasibility study suggesting the completion of those remedial activities. The remediation is likely to include an upgrade of the landfill cover, installation and operation of a soil vapor extraction system below the waste, an alternative water supply, and remediation at private homes. The city's estimate of remaining remediation costs is \$810,564. The city's share of this liability, 17.774% of the total estimated costs, is \$144,069 and is recorded as a liability on the statement of net assets.

State and federal laws and regulations required the city to place a final cover on its landfill site when it stopped accepting waste in 1982 and to perform certain maintenance and monitoring functions at the site annually after closure. The city incurs an average annual cost of approximately \$17,000. An estimated liability of \$270,935, equal to maintenance and monitoring costs for 18 years, is recorded as a liability in the government-wide statements.

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2014, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 6,567,600
Construction in progress	111,684
Other capital assets, net of accumulated depreciation	34,705,493
Less: Long-term debt outstanding	<u>(15,716,608)</u>
Total Net Investment in Capital Assets	<u>\$ 25,668,169</u>

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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, 2014, include the following:

	General Fund	General Debt Service Fund	General Capital Projects Fund	Nonmajor Funds	Totals
Fund Balances					
Nonspendable:					
Long-term advances to other funds	\$ 58,241	\$ -	\$ -	\$ -	\$ 58,241
Delinquent special assessments held by the county	34,650	-	-	-	34,650
Restricted for:					
Library projects	-	-	-	200,864	200,864
Impact fees	-	-	-	346,283	346,283
TIF projects	-	-	-	433,491	433,491
Park land projects	-	-	-	57,826	57,826
CDBG revolving housing loan program	-	-	-	21,621	21,621
Committed to:					
Storm water utility	-	-	-	388,961	388,961
Assigned to:					
Police	12,684	-	-	-	12,684
Fire	1,563	-	-	-	1,563
VFW	3,000	-	-	-	3,000
Library	1,817	-	-	-	1,817
National night out	2,500	-	-	-	2,500
Future outlay	12,582	-	-	-	12,582
Unassigned (deficit):	<u>1,681,933</u>	<u>(18)</u>	<u>(107,267)</u>	<u>(131,213)</u>	<u>1,443,435</u>
Total Fund Balances (Deficit)	<u>\$ 1,808,970</u>	<u>\$ (18)</u>	<u>\$ (107,267)</u>	<u>\$ 1,317,833</u>	<u>\$ 3,019,518</u>

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 106,146
Construction in progress	61,814
Other capital assets, net of accumulated depreciation	27,444,043
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(4,353,237)</u>
Total Net Investment in Capital Assets	<u>\$ 23,258,766</u>

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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, 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.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, and Executives and Elected Officials. Required contributions for protective employees 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, 2014 were:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for city employees covered by the WRS for the year ended December 31, 2014 was \$4,111,276; the employer's total payroll was \$4,413,561. The total required contribution for the year ended December 31, 2014 was \$645,175 or 15.7% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended 2013 and 2012 were \$614,333 and \$594,708, 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. A 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.

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS 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.

The pension-related debt for the city as of December 31, 2014, was \$167,206. This liability was determined in accordance with provisions of GASB Statement No. 27 regarding pension-related debt. Depending on actuarial assumptions, this estimate can vary significantly.

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.

C. COMMITMENTS AND CONTINGENCIES

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

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

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

Long-Term Contracts - WPPI Energy

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

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Long-Term Contracts - WPPI Energy (cont.)

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

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 \$455 million as of December 31, 2014.

D. JOINT VENTURES

The City of New Richmond, along with the Townships of Cylon, Richmond, Star Prairie, Erin Prairie, Stanton, Warren, and Alden and the Villages of Star Prairie, Deer Park, and Roberts jointly operate the local ambulance service which is called the New Richmond Area Ambulance and Rescue Services and provides ambulance rescue service. Municipal appropriations are based on the equalized valuations of the municipalities. The communities' share in the annual operation of the district as follows:

<u>Municipality</u>	<u>% Share</u>
Town of Alden	3.84
City of New Richmond	49.67
Town of Cylon	2.71
Village of Deer Park	1.46
Town of Erin Prairie	2.27
Town of Richmond	11.70
Village of Roberts	7.13
Town of Stanton	4.30
Town of Star Prairie	12.44
Village of Star Prairie	2.42
Town of Warren	2.06
Total	<u>100.00</u>

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

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 payments totaling \$67,206 to the district for 2014. The city believes that the district will continue to provide services in the future at similar rates.

Financial information of the district as of December 31, 2014 is available directly from the district's office.

The city accounts for its share of the operation in the general fund.

Investment in Biosolids Facility

The City of New Richmond and the municipalities of Hudson, River Falls, Prescott, Baldwin, Ellsworth, Roberts, Spring Valley, Amery, Osceola and Somerset jointly contract with the West Central Wisconsin Biosolids Facility Commission (facility) for the treatment, storage, disposal, recycling and/or sale of biosolids (sludge). The communities share in the operation of the facility based on usage.

The governing body is made up of citizens from each municipality. Local representatives are appointed by the mayor. The governing body has authority to adopt its own budget and control the financial affairs of the facility. The city made payments of \$307,611 to the facility for 2014. The city believes that the facility will continue to provide services in the future at similar rates.

Debt is being repaid with resources of the sewer utility and is secured by revenues of the utility. The transactions of the facility are not reflected in these financial statements.

Facility financial information as of December 31, 2014 is available from the facility office.

E. OTHER POSTEMPLOYMENT BENEFITS

The city administers a single-employer defined benefit healthcare plan. The city's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. Plan members (retirees) receiving benefits contribute 100% of their premium costs for a family plan and a single plan.

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The city's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The city has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the city's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the city's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	250,653
Interest on net OPEB obligation		-
Adjustment to annual required contribution		<u>-</u>
Annual OPEB cost		250,653
Contributions made		<u>(29,639)</u>
Increase in net OPEB obligation (asset)		221,014
Net OPEB Obligation (Asset) - Beginning of Year		<u>-</u>
Net OPEB Obligation (Asset) - End of Year	\$	<u><u>221,014</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2014	\$ 250,653	11.82 %	\$ 221,014

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The funded status of the plan as of December 31, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 2,224,817
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 2,224,817</u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 3,907,396
UAAL as a percentage of covered payroll	56.94%

The projection of future benefit payments for an ongoing plan involves estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The following simplifying assumptions were made:

1. Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.
2. Marital status – Marital status of members at the calculation date was assumed to continue throughout retirement.
3. Mortality – Life expectancies were based on the RP2000 Mortality Table for Males and Females Projected 10 years.
4. Turnover – Non-group-specific age-based turnover data from GASB Statement No. 45 were used as a basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.
5. Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on the Getzen model promulgated by the Society of Actuaries. A rate of 8.0% initially, reduced to an ultimate rate of 4.7% after 10 years, was used.
6. Health insurance premiums – 2014 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.
7. Inflation rate – The expected long-term inflation assumption of 3.0% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).
8. Payroll growth rate – The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the city's short-term investment portfolio, a discount rate of 2.50% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2014, was 30 years.

F. RELATED ORGANIZATIONS

Housing Authority

The city's officials are responsible for appointing the board members of the New Richmond Housing Authority, but the city's accountability for this organization does not extend beyond making the appointments.

CITY OF NEW RICHMOND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

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

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

- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*

- > Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*

When they become effective, application of these standards may restate portions of these financial statements.

H. NONEXCHANGE FINANCIAL GUARANTEE

During 2014, the city guaranteed a bank loan drawn by the New Richmond Golf Club, Inc. (golf club), a legally separate organization, in accordance with City Council approval on October 13, 2014. Annual payments are to be made by the golf club through November 1, 2017. In the event the golf club were unable to make payments, the city would be obligated to make the payments. At December 31, 2014, the outstanding balance on the loan was \$150,750.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEW RICHMOND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,017,511	\$ 3,017,511	\$ 3,020,701	\$ 3,190
Intergovernmental	1,536,122	1,615,380	1,640,460	25,080
Licenses and permits	219,225	219,225	216,775	(2,450)
Fines, forfeitures and penalties	101,000	101,000	84,514	(16,486)
Public charges for services	231,698	239,174	241,581	2,407
Intergovernmental charges for services	24,000	24,000	23,234	(766)
Special assessments	3,196	3,196	3,196	-
Investment income	41,932	41,932	81,665	39,733
Miscellaneous	57,044	101,950	142,752	40,802
Total Revenues	5,231,728	5,363,368	5,454,878	91,510
EXPENDITURES				
Current:				
General government	1,249,629	1,251,792	1,205,458	46,334
Public safety	2,091,194	2,116,391	2,116,391	-
Public works	1,112,114	1,211,589	1,211,589	-
Health and human services	12,050	12,050	11,741	309
Leisure activities	1,140,360	1,139,810	1,095,822	43,988
Conservation and development	135,164	136,164	115,576	20,588
Capital Outlay	36,000	69,755	69,755	-
Total Expenditures	5,776,511	5,937,551	5,826,332	111,219
Excess (deficiency) of revenues over (under) expenditures	(544,783)	(574,183)	(371,454)	202,729
OTHER FINANCING SOURCES (USES)				
Transfers in	561,983	561,983	510,413	(51,570)
Transfers out	(17,200)	(17,200)	(16,477)	723
Total Other Financing Sources (Uses)	544,783	544,783	493,936	(50,847)
Net Change in Fund Balance	-	(29,400)	122,482	151,882
FUND BALANCE - Beginning of Year	1,686,488	1,686,488	1,686,488	-
FUND BALANCE - END OF YEAR	\$ 1,686,488	\$ 1,657,088	\$ 1,808,970	\$ 151,882

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

CITY OF NEW RICHMOND

OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2014	\$ -	\$ 2,224,817	\$ 2,224,817	0.00%	\$ 3,907,396	56.94%

The city is required to present the above information for the three most recent OPEB reports. The study completed as of January 1, 2014 was the first study implemented by the city.

Data in the schedule of funding progress was taken from a simplified alternative measurement template.

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

CITY OF NEW RICHMOND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2014

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented include any amendments made. The city administrator 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. Carryovers to the following year were \$21,564. Budgets are adopted at the department level of expenditure.

SUPPLEMENTARY INFORMATION

CITY OF NEW RICHMOND

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
General property taxes	\$ 2,905,268	\$ 2,905,268	\$ 2,905,268	\$ -
Mobile home taxes	3,800	3,800	3,995	195
Motel tax	50,000	50,000	54,146	4,146
In lieu of tax	56,428	56,428	56,494	66
General sales tax	15	15	10	(5)
Interest on taxes	2,000	2,000	788	(1,212)
Total Taxes	<u>3,017,511</u>	<u>3,017,511</u>	<u>3,020,701</u>	<u>3,190</u>
INTERGOVERNMENTAL REVENUES				
Shared taxes from state	611,150	611,150	611,126	(24)
State aid - ambulance	-	4,267	4,267	-
State aid - police training	-	2,400	2,400	-
State aid - highway aids	475,887	475,887	475,887	-
State aid - streets	49,228	49,228	48,973	(255)
State aid - other transportation	-	57,000	81,187	24,187
State aid - other	10,211	10,211	9,890	(321)
State aid - exempt computer aid	9,385	9,385	7,986	(1,399)
Fire dues for training	20,000	20,000	22,857	2,857
Recycling grant	14,000	29,591	29,591	-
County aid	346,261	346,261	346,296	35
Total Intergovernmental Revenues	<u>1,536,122</u>	<u>1,615,380</u>	<u>1,640,460</u>	<u>25,080</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	15,000	15,000	15,393	393
Business and cigarette licenses	6,850	6,850	6,922	72
Dog and cat licenses	2,500	2,500	3,000	500
Building permits	150,000	150,000	147,070	(2,930)
Cable TV franchise	42,000	42,000	41,750	(250)
Other regulatory permits and fees	2,875	2,875	2,640	(235)
Total Licenses and Permits	<u>219,225</u>	<u>219,225</u>	<u>216,775</u>	<u>(2,450)</u>
FINES, FORFEITURES AND PENALTIES				
Court penalties and costs	85,000	85,000	68,487	(16,513)
Parking violations	15,000	15,000	14,430	(570)
Miscellaneous other fines	1,000	1,000	1,597	597
Total Fines, Forfeitures and Penalties	<u>101,000</u>	<u>101,000</u>	<u>84,514</u>	<u>(16,486)</u>

CITY OF NEW RICHMOND

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC CHARGES FOR SERVICES				
Recycling fees	\$ 91,000	\$ 91,000	\$ 90,171	\$ (829)
General government	2,500	2,500	4,750	2,250
Clerk's fees	14,000	14,000	15,407	1,407
Police department	10,000	10,086	7,254	(2,832)
Fire department	2,500	9,890	12,368	2,478
Street department earnings	4,000	4,000	5,175	1,175
Parks	2,001	2,001	2,556	555
Airport	81,397	81,397	78,649	(2,748)
Library	8,500	8,500	11,308	2,808
Other	15,800	15,800	13,943	(1,857)
Total Public Charges for Services	<u>231,698</u>	<u>239,174</u>	<u>241,581</u>	<u>2,407</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Local fire services	<u>24,000</u>	<u>24,000</u>	<u>23,234</u>	<u>(766)</u>
Total Intergovernmental Charges for Services	<u>24,000</u>	<u>24,000</u>	<u>23,234</u>	<u>(766)</u>
SPECIAL ASSESSMENTS				
Blacktop	2,364	2,364	2,364	-
Sewer mains and laterals	<u>832</u>	<u>832</u>	<u>832</u>	<u>-</u>
Total Special Assessments	<u>3,196</u>	<u>3,196</u>	<u>3,196</u>	<u>-</u>
INVESTMENT INCOME				
Investment on temporary investments	38,000	38,000	77,485	39,485
Interest on advances	2,655	2,655	2,655	-
Interest on notes receivable	420	420	420	-
Interest on special assessments	<u>857</u>	<u>857</u>	<u>1,105</u>	<u>248</u>
Total Investment Income	<u>41,932</u>	<u>41,932</u>	<u>81,665</u>	<u>39,733</u>
MISCELLANEOUS				
Rent of municipal property	48,010	48,010	46,850	(1,160)
Insurance recoveries and dividends	-	29,864	29,864	-
Donations	-	15,042	15,040	(2)
Miscellaneous	<u>9,034</u>	<u>9,034</u>	<u>50,998</u>	<u>41,964</u>
Total Miscellaneous	<u>57,044</u>	<u>101,950</u>	<u>142,752</u>	<u>40,802</u>
TOTAL REVENUES	<u>\$ 5,231,728</u>	<u>\$ 5,363,368</u>	<u>\$ 5,454,878</u>	<u>\$ 91,510</u>

CITY OF NEW RICHMOND

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Council	\$ 77,581	\$ 77,981	\$ 75,424	\$ 2,557
Municipal court	112,053	112,053	112,580	(527)
City attorney	32,700	32,700	24,171	8,529
City administrator	75,860	75,860	71,141	4,719
Clerk - treasurer	175,830	175,830	169,760	6,070
City administrative secretary	61,393	61,393	58,738	2,655
Elections	16,000	16,000	7,756	8,244
Internal accounting	51,073	51,073	49,532	1,541
Independent auditing	22,500	22,500	23,976	(1,476)
Treasury	116,853	116,853	114,295	2,558
Assessor/building inspector	170,149	170,149	170,444	(295)
Board of review	500	500	258	242
Civic center	136,673	129,970	131,798	(1,828)
Property and liability insurance	85,000	85,000	90,927	(5,927)
Workers' compensation	50,000	60,938	57,149	3,789
Illegal taxes	-	-	80	(80)
Mapping	36,095	36,095	33,231	2,864
Data processing	5,000	5,000	5,755	(755)
Miscellaneous	24,369	21,897	8,443	13,454
Total General Government	<u>1,249,629</u>	<u>1,251,792</u>	<u>1,205,458</u>	<u>46,334</u>
PUBLIC SAFETY				
Police	1,794,586	1,815,516	1,832,573	(17,057)
Fire department	200,352	200,352	187,532	12,820
Ambulance	67,206	71,473	71,473	-
Inspection	4,800	4,800	4,800	-
Emergency disaster	18,950	18,950	17,172	1,778
Correction and detention	500	500	840	(340)
Other public safety	4,800	4,800	2,001	2,799
Total Public Safety	<u>2,091,194</u>	<u>2,116,391</u>	<u>2,116,391</u>	<u>-</u>
PUBLIC WORKS				
Street superintendent	48,489	48,489	48,326	163
Street shop	14,500	14,500	16,854	(2,354)
Machinery and equipment	26,650	27,391	30,618	(3,227)
Street maintenance	473,947	486,720	497,438	(10,718)
Snow and ice control	46,515	46,555	48,752	(2,197)
Street lighting	232,000	232,000	208,826	23,174
Traffic control	22,500	32,644	22,158	10,486
Airport	131,513	134,699	137,216	(2,517)
Shared ride - taxi	39,000	96,000	95,759	241
Landfill	12,500	12,500	15,999	(3,499)
Recycling	58,000	73,591	75,127	(1,536)
Weed control	6,500	6,500	14,516	(8,016)
Total Public Works	<u>1,112,114</u>	<u>1,211,589</u>	<u>1,211,589</u>	<u>-</u>

CITY OF NEW RICHMOND

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
HEALTH AND HUMAN SERVICES				
Animal shelter	\$ 12,050	\$ 12,050	\$ 11,741	\$ 309
Total Health and Human Services	<u>12,050</u>	<u>12,050</u>	<u>11,741</u>	<u>309</u>
LEISURE ACTIVITIES				
Library	691,338	694,146	665,206	28,940
Community center	4,000	4,000	4,000	-
Cable TV	16,000	16,000	14,068	1,932
Parks	356,972	350,614	337,601	13,013
Sports center	15,000	15,000	15,338	(338)
Recreation center	20,800	23,800	27,067	(3,267)
Other leisure activities	36,250	36,250	32,542	3,708
Total Leisure Activities	<u>1,140,360</u>	<u>1,139,810</u>	<u>1,095,822</u>	<u>43,988</u>
CONSERVATION AND DEVELOPMENT				
Economic development	117,164	118,164	100,638	17,526
Other conservation and development	18,000	18,000	14,938	3,062
Total Conservation and Development	<u>135,164</u>	<u>136,164</u>	<u>115,576</u>	<u>20,588</u>
CAPITAL OUTLAY				
General public buildings	-	28,790	28,790	-
Fire protection	-	7,390	7,390	-
Other public safety	-	4,598	4,598	-
Airport	-	28,977	28,977	-
Other general government	36,000	-	-	-
Total Capital Outlay	<u>36,000</u>	<u>69,755</u>	<u>69,755</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 5,776,511</u>	<u>\$ 5,937,551</u>	<u>\$ 5,826,332</u>	<u>\$ 111,219</u>

CITY OF NEW RICHMOND

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2014

	Special Revenue Funds			
	Park Land Trust Fund	Library Trust Fund	Storm Water Utility	CDBG Revolving Housing
ASSETS				
Cash and investments	\$ 69,004	\$ 200,841	\$ 361,867	\$ 21,731
Restricted cash and investments	-	-	-	-
Receivables				
Taxes	-	-	-	-
Accounts	-	23	-	-
Notes	-	-	-	320,908
Special assessments	-	-	-	-
Due from other governmental units	-	-	12,938	-
Due from other funds	-	-	32,633	-
TOTAL ASSETS	<u>\$ 69,004</u>	<u>\$ 200,864</u>	<u>\$ 407,438</u>	<u>\$ 342,639</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 88	\$ -	\$ 4,521	\$ 110
Accrued liabilities	-	-	1,611	-
Due to other funds	11,090	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>11,178</u>	<u>-</u>	<u>6,132</u>	<u>110</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	12,345	320,908
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>12,345</u>	<u>320,908</u>
Fund Balances				
Restricted	57,826	200,864	-	21,621
Committed	-	-	388,961	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances	<u>57,826</u>	<u>200,864</u>	<u>388,961</u>	<u>21,621</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 69,004</u>	<u>\$ 200,864</u>	<u>\$ 407,438</u>	<u>\$ 342,639</u>

Special Revenue Funds	Debt Service Fund	Capital Projects Funds			
Impact Fees	TIF District #5	Landfill Assurance	TIF District #6	TIF District #7	TIF District #8
\$ -	\$ -	\$ 5,391	\$ 398,306	\$ 36,170	\$ 13,183
346,283	-	-	-	-	-
-	466,136	-	240,535	60,148	92,168
-	-	-	-	-	-
-	-	-	-	-	21,625
-	-	-	-	-	-
-	-	-	-	-	11,090
<u>\$ 346,283</u>	<u>\$ 466,136</u>	<u>\$ 5,391</u>	<u>\$ 638,841</u>	<u>\$ 96,318</u>	<u>\$ 138,066</u>
\$ -	\$ -	\$ 14,476	\$ 66	\$ -	\$ -
-	-	-	919	-	-
-	-	-	-	-	69,085
-	-	-	-	-	-
-	-	14,476	985	-	69,085
-	466,136	-	240,535	60,148	83,518
-	-	-	-	-	30,275
-	466,136	-	240,535	60,148	113,793
346,283	-	-	397,321	36,170	-
-	-	-	-	-	-
-	-	(9,085)	-	-	(44,812)
<u>346,283</u>	<u>-</u>	<u>(9,085)</u>	<u>397,321</u>	<u>36,170</u>	<u>(44,812)</u>
<u>\$ 346,283</u>	<u>\$ 466,136</u>	<u>\$ 5,391</u>	<u>\$ 638,841</u>	<u>\$ 96,318</u>	<u>\$ 138,066</u>

CITY OF NEW RICHMOND

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2014

	Capital Projects Funds			
	TIF District #9	TIF District #10	Capital Replacement Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ -	\$ -	\$ -	\$ 1,106,493
Restricted cash and investments	-	-	-	346,283
Receivables				
Taxes	19,077	-	96,350	974,414
Accounts	-	-	-	23
Notes	10,576	-	-	331,484
Special assessments	-	-	-	21,625
Due from other governmental units	-	-	-	12,938
Due from other funds	-	-	-	43,723
	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,723</u>
TOTAL ASSETS	<u><u>\$ 29,653</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 96,350</u></u>	<u><u>\$ 2,836,983</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 19,261
Accrued liabilities	-	-	-	2,530
Due to other funds	-	-	-	80,175
Advances from other funds	60,180	17,136	-	77,316
Total Liabilities	<u>60,180</u>	<u>17,136</u>	<u>-</u>	<u>179,282</u>
Deferred Inflows of Resources				
Unearned revenues	19,077	-	96,350	965,764
Unavailable revenues	10,576	-	-	374,104
Total Deferred Inflows of Resources	<u>29,653</u>	<u>-</u>	<u>96,350</u>	<u>1,339,868</u>
Fund Balances				
Restricted	-	-	-	1,060,085
Committed	-	-	-	388,961
Unassigned (deficit)	(60,180)	(17,136)	-	(131,213)
Total Fund Balances	<u>(60,180)</u>	<u>(17,136)</u>	<u>-</u>	<u>1,317,833</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 29,653</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 96,350</u></u>	<u><u>\$ 2,836,983</u></u>

CITY OF NEW RICHMOND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Special Revenue Funds			
	Park Land Trust Fund	Library Trust Fund	Storm Water Utility	CDBG Revolving Housing
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Public charges for services	-	23,023	250,434	-
Special assessments	-	-	-	-
Investment income	20	14,223	-	7
Miscellaneous	<u>62,368</u>	<u>1,455</u>	<u>547</u>	<u>8,150</u>
Total Revenues	<u>62,388</u>	<u>38,701</u>	<u>250,981</u>	<u>8,157</u>
EXPENDITURES				
Current				
Public works	-	-	136,127	-
Leisure activities	16,558	12,680	-	-
Conservation and development	-	-	-	311
Capital Outlay	17,846	-	-	-
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>34,404</u>	<u>12,680</u>	<u>136,127</u>	<u>311</u>
Excess (deficiency) of revenues over expenditures	<u>27,984</u>	<u>26,021</u>	<u>114,854</u>	<u>7,846</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Property sales	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	27,984	26,021	114,854	7,846
FUND BALANCES (DEFICIT) - Beginning of Year	<u>29,842</u>	<u>174,843</u>	<u>274,107</u>	<u>13,775</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 57,826</u>	<u>\$ 200,864</u>	<u>\$ 388,961</u>	<u>\$ 21,621</u>

Special Revenue Funds	Debt Service Fund	Capital Projects Funds			
Impact Fees	TIF District #5	Landfill Assurance	TIF District #6	TIF District #7	TIF District #8
\$ -	\$ 472,841	\$ -	\$ 213,236	\$ 54,466	\$ 66,495
-	6,469	-	2,796	448	4,146
-	-	-	2,473	-	-
-	-	-	-	-	7,208
506	-	11	-	-	1,802
<u>123,470</u>	<u>-</u>	<u>76,227</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
<u>123,976</u>	<u>479,310</u>	<u>76,238</u>	<u>220,505</u>	<u>54,914</u>	<u>79,651</u>
-	-	109,991	-	-	-
371	-	-	-	-	-
-	347	-	25,507	-	-
35,287	-	-	49,913	4,859	106,906
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>35,658</u>	<u>347</u>	<u>109,991</u>	<u>75,420</u>	<u>4,859</u>	<u>106,906</u>
<u>88,318</u>	<u>478,963</u>	<u>(33,753)</u>	<u>145,085</u>	<u>50,055</u>	<u>(27,255)</u>
-	-	16,477	141,660	-	337,303
-	(478,963)	-	(432,905)	(32,021)	(354,420)
-	-	-	3,789	-	-
<u>-</u>	<u>(478,963)</u>	<u>16,477</u>	<u>(287,456)</u>	<u>(32,021)</u>	<u>(17,117)</u>
88,318	-	(17,276)	(142,371)	18,034	(44,372)
<u>257,965</u>	<u>-</u>	<u>8,191</u>	<u>539,692</u>	<u>18,136</u>	<u>(440)</u>
<u>\$ 346,283</u>	<u>\$ -</u>	<u>\$ (9,085)</u>	<u>\$ 397,321</u>	<u>\$ 36,170</u>	<u>\$ (44,812)</u>

CITY OF NEW RICHMOND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Capital Projects Funds			
	TIF District #9	TIF District #10	Capital Replacement Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 807,038
Intergovernmental	1,042	-	-	14,901
Public charges for services	-	-	-	275,930
Special assessments	-	-	-	7,208
Investment income	-	-	-	16,569
Miscellaneous	-	-	-	274,217
Total Revenues	1,042	-	-	1,395,863
EXPENDITURES				
Current				
Public works	-	-	-	246,118
Leisure activities	-	-	-	29,609
Conservation and development	-	-	-	26,165
Capital Outlay	3,276	17,136	-	235,223
Debt Service				
Interest and fiscal charges	2,655	-	-	2,655
Total Expenditures	5,931	17,136	-	539,770
Excess (deficiency) of revenues over expenditures	(4,889)	(17,136)	-	856,093
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	495,440
Transfers out	-	-	-	(1,298,309)
Property sales	-	-	-	3,789
Total Other Financing Sources (Uses)	-	-	-	(799,080)
Net Change in Fund Balances	(4,889)	(17,136)	-	57,013
FUND BALANCES (DEFICIT) - Beginning of Year	(55,291)	-	-	1,260,820
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (60,180)	\$ (17,136)	\$ -	\$ 1,317,833

CITY OF NEW RICHMOND

COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2014

	<u>Tax Collection Fund</u>	<u>Employee Flex Plan</u>	<u>Armed Services Memorial</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 2,752,048	\$ 18,913	\$ 11,061	\$ 2,782,022
Taxes receivable	<u>6,067,436</u>	<u>-</u>	<u>-</u>	<u>6,067,436</u>
TOTAL ASSETS	<u>\$ 8,819,484</u>	<u>\$ 18,913</u>	<u>\$ 11,061</u>	<u>\$ 8,849,458</u>
LIABILITIES				
Deposits	\$ -	\$ 18,913	\$ 11,061	\$ 29,974
Due to other taxing units	<u>8,819,484</u>	<u>-</u>	<u>-</u>	<u>8,819,484</u>
TOTAL LIABILITIES	<u>\$ 8,819,484</u>	<u>\$ 18,913</u>	<u>\$ 11,061</u>	<u>\$ 8,849,458</u>

CITY OF NEW RICHMOND

RATE OF RETURN - REGULATORY BASIS For the Year Ended December 31, 2014

	Electric Utility	Water Utility
Utility Financed Plant in Service		
Beginning of year	\$ 11,412,922	\$ 8,065,140
End of year	11,689,837	8,240,459
Average	11,551,380	8,152,800
Utility Financed Accumulated Depreciation		
Beginning of year	(6,571,069)	(2,489,424)
End of year	(7,014,750)	(2,684,062)
Average	(6,792,910)	(2,586,743)
Materials and Supplies		
Beginning of year	204,497	8,132
End of year	201,389	9,615
Average	202,943	8,874
Customer Advances for Construction		
Beginning of year	(16,094)	-
End of year	(16,094)	(32,040)
Average	(16,094)	(16,020)
Regulatory Liability		
Beginning of year	(98,997)	(181,971)
End of year	(89,098)	(163,774)
Average	(94,047)	(172,873)
AVERAGE NET RATE BASE	\$ 4,851,273	\$ 5,386,038
OPERATING INCOME - REGULATORY BASIS	\$ 346,112	\$ 107,805
RATE OF RETURN (PERCENT)	7.13%	2.00%

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States.