

CITY OF NEW RICHMOND

New Richmond, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

CITY OF NEW RICHMOND

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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, 2016, 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, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of New Richmond adopted certain provisions of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, effective January 1, 2016. Our opinions are not modified with respect to this matter.

In connection with the implementation of the above standard, as discussed in Note III.I. to the financial statements, net position and fund balance as of December 31, 2015 have been restated to correct a material misstatement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

To the City Council
City of New Richmond

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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Altoona, Wisconsin
May 30, 2017

CITY OF NEW RICHMOND

STATEMENT OF NET POSITION
As of December 31, 2016

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 3,431,815	\$ 6,860,906	\$ 10,292,721
Receivables (net)			
Taxes receivable	5,901,730	-	5,901,730
Special assessments	32,532	-	32,532
Notes receivable	1,147,270	19,117	1,166,387
Other receivables	182,937	1,828,593	2,011,530
Due from other governmental units	143,595	-	143,595
Internal balances	416,345	(416,345)	-
Inventories and prepaid items	2,705	291,527	294,232
Restricted Assets			
Cash and investments	1,169,364	2,197,711	3,367,075
Capital Assets			
Construction in progress	173,782	245,175	418,957
Land	7,165,811	106,145	7,271,956
Other capital assets, net of depreciation	37,111,370	27,252,242	64,363,612
Total Assets	<u>56,879,256</u>	<u>38,385,071</u>	<u>95,264,327</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>2,128,454</u>	<u>873,655</u>	<u>3,002,109</u>
LIABILITIES			
Accounts payable	528,786	778,015	1,306,801
Accrued liabilities	367,817	105,329	473,146
Customer deposits	-	19,542	19,542
Due to other taxing units	169	-	169
Unearned revenue	-	49,500	49,500
Noncurrent Liabilities			
Due within one year	2,792,956	597,680	3,390,636
Due in more than one year	18,766,276	5,827,654	24,593,930
Total Liabilities	<u>22,456,004</u>	<u>7,377,720</u>	<u>29,833,724</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	5,869,050	-	5,869,050
Pension related amounts	<u>795,981</u>	<u>326,826</u>	<u>1,122,807</u>
Total Deferred Inflows of Resources	<u>6,665,031</u>	<u>326,826</u>	<u>6,991,857</u>
NET POSITION			
Net investment in capital assets	28,211,322	23,413,615	50,984,524
Restricted for			
Debt service	-	206,033	206,033
Library projects	233,283	-	233,283
Park land projects	140,242	-	140,242
Future facility improvements	322,356	491,120	813,476
Landfill projects	1,905	-	1,905
TIF district projects	849,072	-	849,072
CDBG revolving housing loan program	329,361	-	329,361
Cemetery perpetual care	11,983	-	11,983
Equipment replacement	-	441,277	441,277
Unrestricted (deficit)	<u>(212,849)</u>	<u>7,002,135</u>	<u>7,429,699</u>
TOTAL NET POSITION	<u>\$ 29,886,675</u>	<u>\$ 31,554,180</u>	<u>\$ 61,440,855</u>

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,388,989	\$ 379,834	\$ -	\$ 47,691
Public safety	2,775,531	22,064	108,657	50,571
Public works	2,720,297	412,535	731,404	107,986
Health and human services	46,453	9,115	37,378	-
Leisure activities	1,420,490	200,143	505,794	47,443
Conservation and development	377,670	-	-	2,624
Interest and fiscal charges	598,515	-	-	-
Total Governmental Activities	<u>9,327,945</u>	<u>1,023,691</u>	<u>1,383,233</u>	<u>256,315</u>
Business-type Activities				
Electric Utility	9,338,557	9,715,266	-	24,187
Water Utility	1,270,652	1,507,314	59,919	61,715
Sewer Utility	1,913,554	1,445,497	-	63,564
Total Business-type Activities	<u>12,522,763</u>	<u>12,668,077</u>	<u>59,919</u>	<u>149,466</u>
Totals	<u>\$ 21,850,708</u>	<u>\$ 13,691,768</u>	<u>\$ 1,443,152</u>	<u>\$ 405,781</u>

General Revenues

Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for debt service

 Property taxes, levied for TIF districts

 Property taxes, levied for capital assets

 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 (as restated)

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>
\$ (961,464)	\$ -	\$ (961,464)
(2,594,239)	-	(2,594,239)
(1,468,372)	-	(1,468,372)
40	-	40
(667,110)	-	(667,110)
(375,046)	-	(375,046)
<u>(598,515)</u>	<u>-</u>	<u>(598,515)</u>
<u>(6,664,706)</u>	<u>-</u>	<u>(6,664,706)</u>
-	400,896	400,896
-	358,296	358,296
-	<u>(404,493)</u>	<u>(404,493)</u>
-	<u>354,699</u>	<u>354,699</u>
<u>(6,664,706)</u>	<u>354,699</u>	<u>(6,310,007)</u>
2,969,350	-	2,969,350
1,532,420	-	1,532,420
919,444	-	919,444
135,000	-	135,000
150,386	-	150,386
641,289	-	641,289
90,642	59,270	149,912
<u>114,518</u>	<u>5,250</u>	<u>119,768</u>
6,553,049	64,520	6,617,569
<u>436,479</u>	<u>(436,479)</u>	<u>-</u>
<u>6,989,528</u>	<u>(371,959)</u>	<u>6,617,569</u>
324,822	(17,260)	307,562
<u>29,561,853</u>	<u>31,571,440</u>	<u>61,133,293</u>
<u>\$ 29,886,675</u>	<u>\$ 31,554,180</u>	<u>\$ 61,440,855</u>

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	<u>General Fund</u>	<u>General Debt Service</u>	<u>Capital Projects</u>
ASSETS			
Cash and investments	\$ 1,515,285	\$ 2,806	\$ 405,044
Restricted cash and investments	-	-	840,023
Receivables (net)			
Taxes	2,865,914	1,800,896	-
Delinquent personal property taxes	18,722	-	-
Accounts	165,278	-	17,635
Notes	14,563	850,000	19,188
Special assessments	25,324	-	-
Due from other governmental units	98,436	10,734	34,239
Due from other funds	470,376	-	-
Prepaid items	2,705	-	-
Advances to other funds	<u>41,493</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 5,218,096</u>	<u>\$ 2,664,436</u>	<u>\$ 1,316,129</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 216,927	\$ -	\$ 201,227
Accrued liabilities	214,600	-	-
Due to other taxing units	169	-	-
Due to other funds	33,384	-	62,019
Advances from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>465,080</u>	<u>-</u>	<u>263,246</u>
Deferred Inflows of Resources			
Unearned revenues	2,859,885	1,800,896	-
Unavailable revenues	<u>63,822</u>	<u>860,734</u>	<u>45,681</u>
Total Deferred Inflows of Resources	<u>2,923,707</u>	<u>2,661,630</u>	<u>45,681</u>
Fund Balances			
Nonspendable	37,467	-	-
Restricted	-	2,806	840,023
Committed	-	-	167,179
Assigned	253,976	-	-
Unassigned (deficit)	<u>1,537,866</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,829,309</u>	<u>2,806</u>	<u>1,007,202</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,218,096</u>	<u>\$ 2,664,436</u>	<u>\$ 1,316,129</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 1,508,680	\$ 3,431,815
329,341	1,169,364
1,216,198	5,883,008
-	18,722
24	182,937
263,519	1,147,270
7,208	32,532
186	143,595
46,956	517,332
-	2,705
-	41,493
<u>\$ 3,372,112</u>	<u>\$ 12,570,773</u>

\$ 110,632	\$ 528,786
2,847	217,447
-	169
5,584	100,987
<u>41,493</u>	<u>41,493</u>
<u>160,556</u>	<u>888,882</u>

1,208,269	5,869,050
<u>278,656</u>	<u>1,248,893</u>
<u>1,486,925</u>	<u>7,117,943</u>

11,983	49,450
1,597,563	2,440,392
156,604	323,783
-	253,976
<u>(41,519)</u>	<u>1,496,347</u>
<u>1,724,631</u>	<u>4,563,948</u>

<u>\$ 3,372,112</u>	<u>\$ 12,570,773</u>
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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, 2016

Total Fund Balances - Governmental Funds	\$ 4,563,948
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Amounts reported for governmental activities in the statement of net position are different because:

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

Land	7,165,811
Construction in progress	173,782
Other capital assets	56,547,533
Less: Accumulated depreciation	(19,436,163)

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	13,958
Special assessments not yet due	29,900
Account receivable	38,173
Due from other governments	19,592
Loans receivable	1,147,270

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,128,454
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Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(795,981)
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Governmental funds report the effect of losses on refunding, premiums, and similar items when debt is first issued, whereas these items are deferred and amortized in the statement of activities.	(108,029)
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Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

General obligation debt	(19,742,170)
Accrued interest on general obligation debt	(150,370)
Compensated absences	(421,937)
Landfill long-term costs	(240,356)
Landfill remediation costs	(104,737)
Unfunded prior service service costs	(123,822)
Other postemployment benefits	(439,950)
Net pension liability	(378,231)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 29,886,675</u>
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CITY OF NEW RICHMOND

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

For the Year Ended December 31, 2016

	<u>General Fund</u>	<u>General Debt Service</u>	<u>Capital Projects</u>
REVENUES			
Taxes	\$ 3,122,286	\$ 1,532,420	\$ -
Intergovernmental	1,566,280	1,725	24,404
Licenses and permits	272,554	-	-
Fines, forfeitures and penalties	86,665	-	-
Public charges for services	302,184	-	-
Intergovernmental charges for services	26,149	-	-
Special assessments	13,978	-	-
Investment income	36,676	36,012	791
Miscellaneous	161,834	60,000	51,403
Total Revenues	<u>5,588,606</u>	<u>1,630,157</u>	<u>76,598</u>
EXPENDITURES			
Current			
General government	1,317,467	-	-
Public safety	2,329,440	-	-
Public works	1,234,054	-	-
Health and human services	11,855	-	-
Leisure activities	1,129,730	-	-
Conservation and development	99,883	-	-
Capital Outlay	48,044	-	2,302,496
Debt Service			
Principal	-	2,538,899	-
Interest and fiscal charges	-	487,783	56,487
Total Expenditures	<u>6,170,473</u>	<u>3,026,682</u>	<u>2,358,983</u>
Excess (deficiency) of revenues over expenditures	<u>(581,867)</u>	<u>(1,396,525)</u>	<u>(2,282,385)</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	-	555,000	3,236,384
Premium on debt issued	-	74,065	26,795
Transfers in	544,278	768,338	-
Transfers out	(15,072)	-	-
Total Other Financing Sources (Uses)	<u>529,206</u>	<u>1,397,403</u>	<u>3,263,179</u>
Net Change in Fund Balances	(52,661)	878	980,794
FUND BALANCES - Beginning of Year (as restated)	<u>1,881,970</u>	<u>1,928</u>	<u>26,408</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,829,309</u>	<u>\$ 2,806</u>	<u>\$ 1,007,202</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 1,054,444	\$ 5,709,150
180,327	1,772,736
-	272,554
-	86,665
305,553	607,737
-	26,149
7,208	21,186
18,894	92,373
<u>549,899</u>	<u>823,136</u>
<u>2,116,325</u>	<u>9,411,686</u>
-	1,317,467
-	2,329,440
224,952	1,459,006
34,598	46,453
95,963	1,225,693
110,756	210,639
1,892,685	4,243,225
-	2,538,899
<u>24,402</u>	<u>568,672</u>
<u>2,383,356</u>	<u>13,939,494</u>
<u>(267,031)</u>	<u>(4,527,808)</u>
1,110,000	4,901,384
10,256	111,116
478,186	1,790,802
<u>(1,231,452)</u>	<u>(1,246,524)</u>
<u>366,990</u>	<u>5,556,778</u>
99,959	1,028,970
<u>1,624,672</u>	<u>3,534,978</u>
<u>\$ 1,724,631</u>	<u>\$ 4,563,948</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, 2016

Net change in fund balances - total governmental funds	\$	1,028,970
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is capitalized in the government-wide statements		4,243,225
Some capital outlay is not capitalized in the government-wide statements		(233,384)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		134,553
Some items reported as capital outlay or operating expenditures were transferred to the business-type activities		(107,799)
Contributed capital assets are reported as revenues in the government-wide financial statements		11,250
Depreciation is reported in the government-wide statements		(1,469,614)
Loss on disposal of capital assets is reported in the government-wide statements		(167,001)

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		8,514
Accounts receivable		19,261
Due from other governments		(102,726)
Loan receivable		(129,737)

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

Debt issued		(4,901,384)
Principal repaid		2,538,899

Governmental funds report debt premiums as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Debt premium		(111,116)
Amortization		3,087

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		(86,076)
Change in accrued interest payable		(32,930)
Change in unfunded prior service costs		19,857
Change in landfill long-term liability		14,431
Change in landfill remediation liability		11,089
Change in other postemployment benefits		(131,952)
Net pension liability and related deferred outflows/inflows of resources		(234,595)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>324,822</u>
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See accompanying notes to financial statements.

CITY OF NEW RICHMOND

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

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 2,192,664	\$ 2,056,105	\$ 2,612,137	\$ 6,860,906
Restricted cash - redemption account	82,527	105,355	42,380	230,262
Receivables				
Accounts	1,327,270	245,993	209,967	1,783,230
Other	37,842	6,150	1,371	45,363
Due from other funds	61,791	241	33,384	95,416
Inventories	280,703	10,576	248	291,527
Notes receivable - current portion	6,390	-	-	6,390
Total Current Assets	<u>3,989,187</u>	<u>2,424,420</u>	<u>2,899,487</u>	<u>9,313,094</u>
Noncurrent Assets				
Restricted Assets				
Reserve account	178,473	176,981	80,452	435,906
Replacement account	-	-	441,277	441,277
Impact fees	-	443,440	47,680	491,120
Construction account	-	270,656	328,490	599,146
Capital Assets				
Construction in progress	163,219	57,823	24,133	245,175
Plant in service	14,647,215	16,987,030	18,895,176	50,529,421
Less: Accumulated depreciation	(8,883,111)	(4,628,766)	(9,659,157)	(23,171,034)
Other Assets				
Notes receivable	12,727	-	-	12,727
Total Noncurrent Assets	<u>6,118,523</u>	<u>13,307,164</u>	<u>10,158,051</u>	<u>29,583,738</u>
Total Assets	<u>10,107,710</u>	<u>15,731,584</u>	<u>13,057,538</u>	<u>38,896,832</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	<u>413,785</u>	<u>285,654</u>	<u>174,216</u>	<u>873,655</u>
Total Deferred Outflows of Resources	<u>413,785</u>	<u>285,654</u>	<u>174,216</u>	<u>873,655</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 709,977	\$ 23,553	\$ 44,485	\$ 778,015
Accrued expenses	48,300	16,574	16,226	81,100
Customer deposits	19,542	-	-	19,542
Due to other funds	256,138	255,623	-	511,761
Current portion of accrued compensated absences	64,275	39,255	22,582	126,112
Current portion of notes payable	6,390	-	-	6,390
Unearned revenue	-	-	49,500	49,500
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	145,000	122,393	197,785	465,178
Accrued interest	8,578	10,140	5,511	24,229
Total Current Liabilities	<u>1,258,200</u>	<u>467,538</u>	<u>336,089</u>	<u>2,061,827</u>
Noncurrent Liabilities				
Long-Term Debt				
Accrued compensated absences	171,732	104,882	60,336	336,950
Revenue bonds payable	1,480,000	2,408,447	1,162,214	5,050,661
Unamortized debt premium	-	54,010	19,517	73,527
Notes payable	12,587	-	-	12,587
Other postemployment benefits liability	86,429	69,216	42,984	198,629
Net pension liability	73,134	51,516	30,650	155,300
Total Noncurrent Liabilities	<u>1,823,882</u>	<u>2,688,071</u>	<u>1,315,701</u>	<u>5,827,654</u>
Total Liabilities	<u>3,082,082</u>	<u>3,155,609</u>	<u>1,651,790</u>	<u>7,889,481</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	<u>153,910</u>	<u>108,414</u>	<u>64,502</u>	<u>326,826</u>
Total Deferred Inflows of Resources	<u>153,910</u>	<u>108,414</u>	<u>64,502</u>	<u>326,826</u>
NET POSITION				
Net investment in capital assets	4,480,796	10,623,724	8,309,095	23,413,615
Restricted for				
Redemption	73,949	95,215	36,869	206,033
Future facility improvements	-	443,440	47,680	491,120
Equipment replacement	-	-	441,277	441,277
Unrestricted	<u>2,730,758</u>	<u>1,590,836</u>	<u>2,680,541</u>	<u>7,002,135</u>
TOTAL NET POSITION	<u>\$ 7,285,503</u>	<u>\$ 12,753,215</u>	<u>\$ 11,515,462</u>	<u>\$ 31,554,180</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, 2016

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
OPERATING REVENUES	<u>\$ 9,715,266</u>	<u>\$ 1,507,314</u>	<u>\$ 1,445,497</u>	<u>\$ 12,668,077</u>
OPERATING EXPENSES				
Operation and maintenance	8,624,930	831,550	1,283,462	10,739,942
Depreciation	599,414	315,735	546,191	1,461,340
Taxes	70,786	19,265	33,844	123,895
Total Operating Expenses	<u>9,295,130</u>	<u>1,166,550</u>	<u>1,863,497</u>	<u>12,325,177</u>
Operating Income (Loss)	<u>420,136</u>	<u>340,764</u>	<u>(418,000)</u>	<u>342,900</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	8,474	19,417	31,379	59,270
Interest and fiscal charges	(38,425)	(106,228)	(50,825)	(195,478)
Amortization	-	2,126	768	2,894
Intergovernmental grants	-	59,919	-	59,919
Miscellaneous non-operating income	-	2,427	2,823	5,250
Non-utility expenses	<u>(5,002)</u>	<u>-</u>	<u>-</u>	<u>(5,002)</u>
Total Nonoperating Revenues (Expenses)	<u>(34,953)</u>	<u>(22,339)</u>	<u>(15,855)</u>	<u>(73,147)</u>
Income (Loss) Before Contributions and Transfers	<u>385,183</u>	<u>318,425</u>	<u>(433,855)</u>	<u>269,753</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	130,886	62,815	63,564	257,265
Transfers out	<u>(256,015)</u>	<u>(288,263)</u>	<u>-</u>	<u>(544,278)</u>
Total Contributions and Transfers	<u>(125,129)</u>	<u>(225,448)</u>	<u>63,564</u>	<u>(287,013)</u>
Change in Net Position	260,054	92,977	(370,291)	(17,260)
NET POSITION - Beginning of Year	<u>7,025,449</u>	<u>12,660,238</u>	<u>11,885,753</u>	<u>31,571,440</u>
NET POSITION - END OF YEAR	<u>\$ 7,285,503</u>	<u>\$ 12,753,215</u>	<u>\$ 11,515,462</u>	<u>\$ 31,554,180</u>

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 9,373,361	\$ 1,561,431	\$ 1,407,758	\$ 12,342,550
Received from municipality for services	209,469	-	-	209,469
Paid to suppliers for goods and services	(7,978,490)	(458,735)	(846,075)	(9,283,300)
Paid to employees for services	(584,144)	(389,916)	(419,571)	(1,393,631)
Net Cash Flows From Operating Activities	<u>1,020,196</u>	<u>712,780</u>	<u>142,112</u>	<u>1,875,088</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>8,474</u>	<u>19,417</u>	<u>31,379</u>	<u>59,270</u>
Net Cash Flows From Investing Activities	<u>8,474</u>	<u>19,417</u>	<u>31,379</u>	<u>59,270</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent Governmental grants received	(246,703)	(262,126)	-	(508,829)
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>59,919</u>	<u>49,500</u>	<u>109,419</u>
	<u>(246,703)</u>	<u>(202,207)</u>	<u>49,500</u>	<u>(399,410)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	-	2,530,840	1,020,000	3,550,840
Debt retired	(153,589)	(1,620,000)	(618,470)	(2,392,059)
Interest and fiscal charges paid	(39,757)	(106,368)	(50,053)	(196,178)
Premium on debt issued	-	56,136	20,285	76,421
Capital contributions received	94,406	62,815	63,564	220,785
Acquisition and construction of capital assets	(642,000)	(767,970)	(484,483)	(1,894,453)
Net Cash Flows From Capital and Related Financing Activities	<u>(740,940)</u>	<u>155,453</u>	<u>(49,157)</u>	<u>(634,644)</u>
Net Change in Cash and Cash Equivalents	41,027	685,443	173,834	900,304
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,412,637</u>	<u>2,367,094</u>	<u>3,378,582</u>	<u>8,158,313</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,453,664</u>	<u>\$ 3,052,537</u>	<u>\$ 3,552,416</u>	<u>\$ 9,058,617</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)	\$ 420,136	\$ 340,764	\$ (418,000)	\$ 342,900
Nonoperating revenue (expense)	(5,002)	2,427	2,823	248
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	599,414	315,735	546,191	1,461,340
Depreciation charged to other funds	-	33,452	(33,452)	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources				
Customer accounts receivable	(125,927)	1,336	(4,593)	(129,184)
Other accounts receivable	(1,607)	14,436	3,331	16,160
Due from other funds	-	10,790	(5,848)	4,942
Inventories	13,517	160	-	13,677
Notes receivable	13,450	-	-	13,450
Accounts payable	33,752	(35,146)	(8,113)	(9,507)
Due to other funds	(6,509)	(453)	-	(6,962)
Other current liabilities	11,815	2,669	4,811	19,295
Compensated absences	(7,116)	(11,804)	22,969	4,049
Customer deposits	100	(8,324)	-	(8,224)
Post employment benefits	27,446	22,930	14,133	64,509
Pension related deferrals and assets/liabilities	46,727	23,808	17,860	88,395
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 1,020,196	\$ 712,780	\$ 142,112	\$ 1,875,088
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 2,192,664	\$ 2,056,105	\$ 2,612,137	\$ 6,860,906
Restricted cash and investments	261,000	996,432	940,279	2,197,711
CASH AND CASH EQUIVALENTS	\$ 2,453,664	\$ 3,052,537	\$ 3,552,416	\$ 9,058,617
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, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 3,927,313
Receivables	
Taxes	<u>5,373,452</u>
TOTAL ASSETS	<u><u>\$ 9,300,765</u></u>
LIABILITIES	
Deposits	\$ 27,732
Due to other taxing units	<u>9,273,033</u>
TOTAL LIABILITIES	<u><u>\$ 9,300,765</u></u>

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

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CITY OF NEW RICHMOND

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

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

In June 2015, the GASB issued statement No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement clarifies certain requirements of statements No. 67 and No. 68 as well as extends the accounting and financial reporting requirements established in statement No. 68 to all pensions, with slight modifications. Two phases of implementation are provided for in the standard. Phase I of statement No. 73 was implemented January 1, 2016.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

CITY OF NEW RICHMOND

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

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

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

Fund Financial Statements

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

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

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

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

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- General Debt Service - used to account for and report financial resources 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, 2016

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
- Cemetery

Debt Service Fund - 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 Fund
- Employee Flex Plan
- Armed Services Memorial

CITY OF NEW RICHMOND

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

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, 2016

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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.

CITY OF NEW RICHMOND

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

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

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

1. Deposits and Investments (cont.)

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

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

The city has 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 overconcentration 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.

CITY OF NEW RICHMOND

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

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

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

1. Deposits and Investments (cont.)

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2016, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. Receivables

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

Property tax calendar - 2016 tax roll:

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

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.

CITY OF NEW RICHMOND

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

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

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

2. Receivables (cont.)

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

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

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

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

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

CITY OF NEW RICHMOND

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

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

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

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

Buildings	30-100	Years
Machinery and Equipment	2-30	Years
Infrastructure	20-50	Years
Intangibles	20	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. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

CITY OF NEW RICHMOND

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

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

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

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 into a Health Reimbursement Account 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, 2016, 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, accrued compensated absences and net pension liability.

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.

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, 2016

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

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

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	\$ 28,211,322	\$ 23,413,615	\$ (640,413)	\$ 50,984,524
Unrestricted	(212,849)	7,002,135	640,413	7,429,699

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, 2016

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

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

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 do not meet the criteria to be classified as restricted or committed. The council may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

See Note III. H. for further information.

11. Pension

For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF NEW RICHMOND

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

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

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

12. 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.

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. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Budgeted expenditures in the TIF District #6 capital projects fund (including amendments) were \$1,021,765. Total expenditures were \$1,103,831. This results in excess expenditures of \$82,066.

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

B. DEFICIT BALANCES

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

CITY OF NEW RICHMOND

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

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

B. DEFICIT BALANCES (cont.)

As of December 31, 2016, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TIF District #9	\$ 6,659	Project costs in excess of increment
TIF District #10	34,834	Project costs in excess of increment
Capital Replacement	26	Expenditures in excess of revenues

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

C. 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, 2016

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	\$ 1,723,136	\$ 2,095,065	Custodial credit
Money market	64,991	64,991	Custodial credit
U.S. agency bonds - explicit guarantee	523,995	523,995	Custodial credit and interest rate
U.S. agency bonds - implicit guarantee	509,309	509,309	Credit, custodial credit, concentration of credit and interest rate
U.S. treasuries	150,720	150,720	Custodial credit and interest rate
State and local bonds	76,700	76,700	Credit, custodial credit, concentration of credit and interest rate
Repurchase sweep agreements	142,565	142,565	Credit, custodial credit, concentration of credit and interest rate
Negotiable certificates of deposit	2,579,615	2,579,615	Credit, custodial credit, concentration of credit and interest rate
Mutual funds	31,430	31,430	N/A
LGIP	11,450,775	11,450,775	Credit
Exchange-traded products	158,914	158,914	N/A
Annuities	172,609	172,609	Credit and interest rate
Petty cash	2,350	-	N/A
 Total Deposits and Investments	 \$ 17,587,109	 \$ 17,956,688	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 10,292,721		
Restricted cash and investments	3,367,075		
Per statement of assets and liabilities - agency funds			
Agency Funds	3,927,313		
 Total Deposits and Investments	 \$ 17,587,109		

CITY OF NEW RICHMOND

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

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. \$728,708 of the city's investments are covered by SIPC.

The city maintains collateral agreements with its banks. At December 31, 2016, the banks had pledged various government securities in the amount of \$1,397,764 to secure the city's deposits.

The banks had also pledged various government securities in the amount of \$142,565 to secure the city's repurchase sweep agreements.

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

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

- > Quoted market prices

Investment Type	December 31, 2016			
	Level 1	Level 2	Level 3	Total
U.S. agency bonds - explicit guarantee	\$ -	\$ 523,995	\$ -	\$ 523,995
U.S. agency bonds - implicit guarantee	-	509,309	-	509,309
U.S. treasuries	-	150,720	-	150,720
State and local bonds	-	76,700	-	76,700
Repurchase sweep agreements	-	142,565	-	142,565
Negotiable certificates of deposit	-	2,579,615	-	2,579,615
Mutual funds	31,430	-	-	31,430
Exchange-traded products	<u>158,914</u>	-	-	<u>158,914</u>
Total	<u>\$ 190,344</u>	<u>\$ 3,982,904</u>	<u>\$ -</u>	<u>\$ 4,173,248</u>

CITY OF NEW RICHMOND

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

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

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

Investments

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

As of December 31, \$837,121 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, 2016, 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 Farm Credit Bank	AA+	Aaa

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

- > Wisconsin Local Government Investment Pool (LGIP)
- > Annuities

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

CITY OF NEW RICHMOND

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

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, 2016, 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	\$ 523,995	\$ 202,430	\$ 25,778	\$ 295,787
U.S. agency bonds - implicit guarantee	509,309	100,512	175,189	233,608
U.S. treasuries	150,720	-	150,720	-
State and local bonds	76,700	-	76,700	-
Repurchase sweep agreements	142,565	142,565	-	-
Negotiable certificates of deposit	2,579,615	721,518	1,858,097	-
Annuities	<u>172,609</u>	-	-	<u>172,609</u>
Totals	<u>\$ 4,155,513</u>	<u>\$ 1,167,025</u>	<u>\$ 2,286,484</u>	<u>\$ 702,004</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 \$36,359 in the general fund, \$794,322 in the debt service fund, \$23,012 in the capital projects fund, \$12,727 in the electric utility, and \$270,727 in the nonmajor funds.

CITY OF NEW RICHMOND

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

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

B. RECEIVABLES (cont.)

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 5,869,050	\$ 13,958
Accounts receivable	-	38,173
Due from other governments	-	19,592
Special assessments not yet due	-	29,900
Loans receivable	<u>-</u>	<u>1,147,270</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 5,869,050</u>	 <u>\$ 1,248,893</u>

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

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.

CITY OF NEW RICHMOND

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

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

C. RESTRICTED ASSETS (cont.)

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

	<u>Restricted Assets</u>
Bond redemption account	\$ 230,262
Bond reserve account	435,906
Equipment replacement account	441,277
Impact fee account - utility	491,120
Impact fee account - other	329,341
Construction account	<u>1,439,169</u>
 Total	 <u><u>\$ 3,367,075</u></u>

D. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Adjustments*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets not being depreciated					
Construction in progress	\$ 867,871	\$ -	\$ 27,583	\$ 721,672	\$ 173,782
Land	<u>7,345,494</u>	<u>(170,323)</u>	<u>-</u>	<u>9,360</u>	<u>7,165,811</u>
Total Capital Assets Not Being Depreciated	<u>8,213,365</u>	<u>(170,323)</u>	<u>27,583</u>	<u>731,032</u>	<u>7,339,593</u>
Capital assets being depreciated					
Buildings	9,936,935	55,491	17,950	-	10,010,376
Machinery and equipment	4,945,286	(55,491)	455,169	228,147	5,116,817
Land improvements	6,013,098	170,323	362,495	-	6,545,916
Roads	22,448,454	-	2,714,904	305,184	24,858,174
Storm sewers	8,393,913	-	1,057,280	83,234	9,367,959
Sidewalks	<u>525,727</u>	<u>-</u>	<u>134,136</u>	<u>11,572</u>	<u>648,291</u>
Total Capital Assets Being Depreciated	<u>52,263,413</u>	<u>170,323</u>	<u>4,741,934</u>	<u>628,137</u>	<u>56,547,533</u>
Total Capital Assets	<u>60,476,778</u>	<u>-</u>	<u>4,769,517</u>	<u>1,359,169</u>	<u>63,887,126</u>

CITY OF NEW RICHMOND

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

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Adjustments*	Additions	Deletions	Ending Balance
Governmental Activities (cont.)					
Less: Accumulated depreciation for					
Buildings	\$ (2,857,230)	\$ -	\$ (187,173)	\$ -	\$ (3,044,403)
Machinery and equipment	(3,210,418)	-	(326,275)	133,116	(3,403,577)
Land improvements	(1,491,836)	-	(196,949)	-	(1,688,785)
Roads	(8,014,501)	-	(567,253)	277,431	(8,304,323)
Storm sewers	(2,727,000)	-	(177,429)	56,997	(2,847,432)
Sidewalks	(136,060)	-	(14,535)	2,952	(147,643)
Total Accumulated Depreciation	(18,437,045)	-	(1,469,614)	470,496	(19,436,163)
Net Capital Assets Being Depreciated	33,826,368	170,323	3,272,320	157,641	37,111,370
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 42,039,733	\$ -	\$ 3,299,903	\$ 888,673	\$ 44,450,963

* Adjustments are to reclassify certain capital assets and related accumulated depreciation between categories.

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 30,513
Public safety	196,497
Public works, which includes the depreciation of infrastructure	1,077,072
Leisure activities	165,532
Total Governmental Activities Depreciation Expense	\$ 1,469,614

CITY OF NEW RICHMOND

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Electric</u>				
Capital assets not being depreciated/amortized				
Construction in progress	\$ 122,843	\$ 84,234	\$ 43,858	\$ 163,219
Land and land rights	<u>48,414</u>	-	-	<u>48,414</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>171,257</u>	<u>84,234</u>	<u>43,858</u>	<u>211,633</u>
Capital assets being depreciated/amortized				
Intangibles	-	10,206	-	10,206
Transmission	113,355	-	-	113,355
Distribution	12,461,154	542,767	55,772	12,948,149
Administrative and general assets	<u>1,481,894</u>	<u>75,417</u>	<u>30,220</u>	<u>1,527,091</u>
Total Capital Assets Being Depreciated/Amortized	<u>14,056,403</u>	<u>628,390</u>	<u>85,992</u>	<u>14,598,801</u>
Total Capital Assets	<u>14,227,660</u>	<u>712,624</u>	<u>129,850</u>	<u>14,810,434</u>
Less: Accumulated depreciation/amortization for				
Electric plant	<u>(8,345,504)</u>	<u>(623,599)</u>	<u>85,992</u>	<u>(8,883,111)</u>
Total Accumulated Depreciation/Amortization	<u>(8,345,504)</u>	<u>(623,599)</u>	<u>85,992</u>	<u>(8,883,111)</u>
Net Capital Assets Being Depreciated/Amortized	<u>5,710,899</u>	<u>4,791</u>	-	<u>5,715,690</u>
Net Electric Capital Assets	<u>\$ 5,882,156</u>	<u>\$ 89,025</u>	<u>\$ 43,858</u>	<u>\$ 5,927,323</u>

CITY OF NEW RICHMOND

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated/amortized				
Construction in progress	\$ 55,137	\$ 9,659	\$ 6,973	\$ 57,823
Land and land rights	<u>2,425</u>	<u>-</u>	<u>-</u>	<u>2,425</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>57,562</u>	<u>9,659</u>	<u>6,973</u>	<u>60,248</u>
Capital assets being depreciated/amortized				
Intangibles	-	9,072	-	9,072
Source of supply	597,764	-	-	597,764
Pumping	1,287,586	-	-	1,287,586
Treatment	14,298	-	-	14,298
Transmission and distribution	13,861,675	757,563	103,879	14,515,359
Administrative and general assets	<u>549,216</u>	<u>12,210</u>	<u>900</u>	<u>560,526</u>
Total Capital Assets Being Depreciated/Amortized	<u>16,310,539</u>	<u>778,845</u>	<u>104,779</u>	<u>16,984,605</u>
Total Capital Assets	<u>16,368,101</u>	<u>788,504</u>	<u>111,752</u>	<u>17,044,853</u>
Less: Accumulated depreciation/amortization for				
Water plant	<u>(4,384,358)</u>	<u>(349,187)</u>	<u>104,779</u>	<u>(4,628,766)</u>
Total Accumulated Depreciation/Amortization	<u>(4,384,358)</u>	<u>(349,187)</u>	<u>104,779</u>	<u>(4,628,766)</u>
Net Capital Assets Being Depreciated/Amortized	<u>11,926,181</u>	<u>429,658</u>	<u>-</u>	<u>12,355,839</u>
Net Water Capital Assets	<u>\$ 11,983,743</u>	<u>\$ 439,317</u>	<u>\$ 6,973</u>	<u>\$ 12,416,087</u>

CITY OF NEW RICHMOND

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated/amortized				
Construction in progress	\$ 47,683	\$ 22,023	\$ 45,573	\$ 24,133
Land and land rights	<u>55,306</u>	-	-	<u>55,306</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>102,989</u>	<u>22,023</u>	<u>45,573</u>	<u>79,439</u>
Capital assets being depreciated/amortized				
Intangibles	-	9,072	-	9,072
Collection system	8,862,709	433,973	68,552	9,228,130
Collection system pumping	2,632,504	11,848	433	2,643,919
Treatment and disposal	6,220,614	-	-	6,220,614
Administrative and general assets	<u>691,276</u>	<u>60,645</u>	<u>13,786</u>	<u>738,135</u>
Total Capital Assets Being Depreciated/Amortized	<u>18,407,103</u>	<u>515,538</u>	<u>82,771</u>	<u>18,839,870</u>
Total Capital Assets	<u>18,510,092</u>	<u>537,561</u>	<u>128,344</u>	<u>18,919,309</u>
Less: Accumulated depreciation/amortization for				
Sewer plant	<u>(9,225,890)</u>	<u>(516,038)</u>	<u>82,771</u>	<u>(9,659,157)</u>
Total Accumulated Depreciation/Amortization	<u>(9,225,890)</u>	<u>(516,038)</u>	<u>82,771</u>	<u>(9,659,157)</u>
Net Capital Assets Being Depreciated/Amortized	<u>9,181,213</u>	<u>(500)</u>	<u>-</u>	<u>9,180,713</u>
Net Sewer Capital Assets	<u>\$ 9,284,202</u>	<u>\$ 21,523</u>	<u>\$ 45,573</u>	<u>\$ 9,260,152</u>
Business-type Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 27,150,101</u>	<u>\$ 549,865</u>	<u>\$ 96,404</u>	<u>\$ 27,603,562</u>

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Electric	\$ 599,414
Water	315,735
Sewer	<u>546,191</u>
Total Business-type Activities Depreciation/Amortization Expense	<u>\$ 1,461,340</u>

CITY OF NEW RICHMOND

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

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

D. CAPITAL ASSETS (cont.)

Depreciation expense 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	\$ 256,138
General Fund	Water Utility	214,212
General Fund	Capital Replacement	26
Electric Utility	Capital Projects	61,791
Sewer Utility	General Fund	33,384
Storm Water Utility	Water Utility	41,411
TIF District #8	Park Land Trust Fund	5,545
Water Utility	Capital Projects	228
Water Utility	Impact Fees	<u>13</u>
Total - Fund Financial Statements		612,748
Less: Fund eliminations		(5,571)
Less: Government-wide eliminations		<u>(190,832)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 416,345</u>
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 511,761
Business-type Activities	Governmental Activities	<u>(95,416)</u>
Total Government-Wide Financial Statements		<u>\$ 416,345</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, 2016

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 2016 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	\$ 6,659	\$ -
General Fund	TIF District #10	34,834	34,834
Total - Fund Financial Statements		41,493	
Less: Fund eliminations		(41,493)	
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, 2016

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Electric Utility	\$ 256,015	Payment in lieu of taxes
General Fund	Water Utility	288,263	Payment in lieu of taxes
Landfill Assurance	General Fund	15,072	City share of landfill costs
TIF District #8	TIF District #5	463,114	TIF increment sharing
General Debt Service	TIF District #6	416,670	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>319,647</u>	TIF share of debt service
Total - Fund Financial Statements		1,790,802	
Less: Fund eliminations		(1,246,524)	
Less: Transfer of property from governmental activities to business-type activities		<u>(107,799)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 436,479</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, 2016

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 17,379,685	\$ 4,901,384	\$ 2,538,899	\$ 19,742,170	\$ 2,333,400
(Discounts)/Premiums	-	111,116	3,087	108,029	-
Sub-totals	17,379,685	5,012,500	2,541,986	19,850,199	2,333,400
Other Liabilities					
Compensated absences	335,861	400,416	314,340	421,937	395,037
Landfill long-term costs	254,787	-	14,431	240,356	15,000
Landfill remediation costs	115,826	2,726	13,815	104,737	14,000
Unfunded prior service cost	143,679	14,965	34,822	123,822	35,519
Other postemployment benefits	307,998	131,952	-	439,950	-
Net pension (asset) liability	(584,042)	1,984,859	1,022,586	378,231	-
Total Other Liabilities	574,109	2,534,918	1,399,994	1,709,033	459,556
Total Governmental Activities Long-Term Liabilities	\$ 17,953,794	\$ 7,547,418	\$ 3,941,980	\$ 21,559,232	\$ 2,792,956
Business-type Activities					
Bonds and Notes Payable					
Revenue bonds	\$ 4,343,469	\$ 3,550,840	\$ 2,378,470	\$ 5,515,839	\$ 465,178
Other notes or loans payable	32,566	-	13,589	18,977	6,390
(Discounts)/Premiums	-	76,421	2,894	73,527	-
Sub-totals	4,376,035	3,627,261	2,394,953	5,608,343	471,568
Other Liabilities					
Compensated absences	459,013	216,967	212,918	463,062	126,112
Other postemployment benefits	134,120	64,509	-	198,629	-
Net pension (asset) liability	(234,824)	809,993	419,869	155,300	-
Total Other Liabilities	358,309	1,091,469	632,787	816,991	126,112
Total Business-type Activities Long-Term Liabilities	\$ 4,734,344	\$ 4,718,730	\$ 3,027,740	\$ 6,425,334	\$ 597,680

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2016, was \$33,058,675. Total general obligation debt outstanding at year end was \$19,742,170.

CITY OF NEW RICHMOND

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>
Refunding Bonds	Apr 07	Dec 26	3.875-4.05%	\$ 3,575,000	\$ 2,170,000
Promissory Note	May 08	Apr 18	3.4-3.6%	390,000	110,000
Bonds Payable	May 08	Oct 27	3.5-4.0%	3,685,000	2,160,000
Promissory Note	Feb 08	May 27	0%	803,462	466,454
Promissory Note	Sep 09	Apr 19	1.5-3.55%	2,420,000	600,000
Promissory Note	May 11	Jun 21	0%	163,616	73,627
Refunding Bonds	Aug 11	Mar 27	0.65-4.875%	1,150,000	850,000
Refunding Bonds	Sep 11	Dec 23	1.0-3.0%	3,545,000	2,260,000
State Trust Fund Loan	Dec 12	Mar 22	2.75%	404,000	311,061
Refunding Bonds	Jul 12	Mar 30	2.0-2.8%	3,125,000	1,760,000
State Trust Fund Loan	Apr 13	Mar 23	2.75%	262,000	10,734
State Trust Fund Loan	Jan 13	Mar 22	2.75%	251,000	174,910
State Trust Fund Loan	Apr 13	Mar 23	2.75%	272,000	197,750
Bank Loan	Jan 15	Dec 18	2.47%	23,122	13,168
Bank Loan	Jan 15	Dec 18	2.47%	22,622	12,815
Bank Loan	Jan 15	Feb 19	2.47%	28,340	16,759
Bank Loan	Jan 15	Mar 19	2.47%	27,341	16,156
Refunding Bonds	Aug 15	Oct 25	2.0-2.125%	3,455,000	3,150,000
State Trust Fund Loan	Sep 15	Mar 25	3.25%	450,000	450,000
Bank Loan	Dec 15	Nov 17	2.625%	85,000	42,932
Promissory Note	Jan 16	Dec 25	0%	55,792	50,212
Promissory Note	Jan 16	Dec 26	0%	280,592	280,592
Bonds Payable	Aug 16	Oct 31	2.0-2.25%	4,565,000	<u>4,565,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 19,742,170</u>

CITY OF NEW RICHMOND

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
2017	\$ 2,333,400	\$ 531,565
2018	2,407,503	447,381
2019	2,341,122	381,556
2020	2,098,663	322,229
2021	1,834,749	266,927
2022-2026	6,554,074	681,025
2027-2031	<u>2,172,659</u>	<u>127,479</u>
Totals	<u>\$ 19,742,170</u>	<u>\$ 2,758,162</u>

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 2015. 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 17.98% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,833,340. Principal and interest paid for the current year and total customer net revenues were \$179,747 and \$1,019,550, respectively.

The water and sewer utility has pledged future water and sewer revenues, net of specified operating expenses, to repay revenue bonds issued in 1998 and 2016. 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 2036. Annual principal and interest payments on the bonds are expected to require 28.9% of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,536,276. Principal and interest paid for the current year and total customer net revenues were \$369,311 and \$784,690, respectively.

CITY OF NEW RICHMOND

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

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

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>	
<u>Electric Utility</u>						
Revenue Bonds	Aug 15	Oct 26	1.3-2.5%	\$ 1,765,000	\$ <u>1,625,000</u>	
				Total Electric Utility	<u>1,625,000</u>	
<u>Water Utility</u>						
Safe Drinking Water Loan	May 16	May 36	1.65%	290,840	290,840	(1)
Revenue Bonds	Aug 16	May 35	2.0-2.5%	2,240,000	<u>2,240,000</u>	
				Total Water Utility	<u>2,530,840</u>	
<u>Sewer Utility</u>						
Revenue Bonds	May 98	May 18	2.64%	2,506,755	339,999	
Revenue Bonds	Aug 16	May 35	2.0-2.5%	1,020,000	<u>1,020,000</u>	
				Total Sewer Utility	<u>1,359,999</u>	
Total Business-type Activities - Revenue Debt					<u>\$ 5,515,839</u>	

(1) - During 2016 the utility was authorized to issue \$339,538 of water system Safe Drinking Water Loan revenue bonds. The original amount reported above has been issued as of December 31, 2016. The repayment schedule is for the amount issued.

CITY OF NEW RICHMOND

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2017	\$ 465,178	\$ 128,058
2018	484,811	102,018
2019	382,805	93,336
2020	403,016	86,038
2021	418,231	77,761
2022-2026	2,139,504	256,401
2027-2031	740,430	86,868
2032-2036	481,864	23,297
Totals	<u>\$ 5,515,839</u>	<u>\$ 853,777</u>

Business-type Activities

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Note Payable - WPPI	Jan 13	Feb 17	2%	\$ 34,199	\$ 1,480
Note Payable - WPPI	Jan 15	Jan 20	2%	8,000	5,159
Note Payable - WPPI	Aug 15	Jul 20	2%	16,782	<u>12,338</u>
Total Business-type Activities					<u>\$ 18,977</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities	
	Principal	Interest
2017	\$ 6,390	\$ 306
2018	5,146	206
2019	5,113	99
2020	<u>2,328</u>	<u>14</u>
Totals	<u>\$ 18,977</u>	<u>\$ 625</u>

CITY OF NEW RICHMOND

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

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

Current Refunding

On August 4, 2016, the city issued \$555,000 in general obligation bonds with an interest rate of 2.00% to refund \$605,000 of outstanding state trust fund loans with an interest rate of 2.50%. The net proceeds along with existing funds of the city were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$623,937 in 2017. The cash flow requirements on the refunding bonds are \$640,857 from 2017 through 2031. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$52,385.

On August 4, 2016, the water and sewer utilities issued \$1,845,000 in revenue bonds with an interest rate of 2.00% to refund \$1,945,000 of outstanding revenue bonds with an interest rate of 3.75%. The net proceeds along with existing funds of the water and sewer utilities were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$2,189,473 from 2017 through 2027. The cash flow requirements on the refunding bonds are \$2,067,567 from 2017 through 2027. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$227,438.

CITY OF NEW RICHMOND

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

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 \$589,271. The city's share of this liability, 17.774% of the total estimated costs, is \$104,737 and is recorded as a liability on the statement of net position.

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 \$15,000. An estimated liability of \$240,356, equal to maintenance and monitoring costs for 16 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, 2016, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 7,165,811
Construction in progress	173,782
Other capital assets, net of accumulated depreciation	37,111,370
Less: Long-term debt outstanding	(19,742,170)
Plus: Unspent capital related debt proceeds	789,286
Plus: Noncapital debt proceeds	<u>2,713,243</u>
Total Net Investment in Capital Assets	<u>\$ 28,211,322</u>

CITY OF NEW RICHMOND

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

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, 2016, include the following:

	<u>General Fund</u>	<u>General Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Fund Balances					
Nonspendable:					
Long-term advances to other funds	\$ 34,834	\$ -	\$ -	\$ -	\$ 34,834
Delinquent special assessments held by the county	2,633	-	-	-	2,633
Cemetery perpetual care	-	-	-	11,983	11,983
Restricted for:					
Debt service	-	2,806	-	-	2,806
Library projects	-	-	-	233,283	233,283
Future facility improvements	-	-	-	322,356	322,356
Landfill assurance	-	-	-	1,905	1,905
TIF district projects	-	-	-	833,935	833,935
Park land projects	-	-	-	140,242	140,242
CDBG revolving housing loan program	-	-	-	65,842	65,842
Capital projects	-	-	840,023	-	840,023
Committed to:					
Capital projects	-	-	167,179	-	167,179
Storm water utility	-	-	-	156,604	156,604
Assigned to:					
Police	9,023	-	-	-	9,023
Fire	8,634	-	-	-	8,634
Gravel bed nursery	3,041	-	-	-	3,041
Healthy Hatfield Habitat	921	-	-	-	921
Signage for bike route	2,500	-	-	-	2,500
Bicycle racks	1,500	-	-	-	1,500
Airport	5,571	-	-	-	5,571
Fire pension	172,609	-	-	-	172,609
Future outlay - fire	10,477	-	-	-	10,477
Future retirement	39,700	-	-	-	39,700
Unassigned (deficit):	<u>1,537,866</u>	<u>-</u>	<u>-</u>	<u>(41,519)</u>	<u>1,496,347</u>
Total Fund Balances	<u><u>\$ 1,829,309</u></u>	<u><u>\$ 2,806</u></u>	<u><u>\$ 1,007,202</u></u>	<u><u>\$ 1,724,631</u></u>	<u><u>\$ 4,563,948</u></u>

CITY OF NEW RICHMOND

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

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 106,145
Construction in progress	245,175
Other capital assets, net of accumulated depreciation	27,252,242
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(4,189,947)</u>
 Total Net Investment in Capital Assets	 <u>\$ 23,413,615</u>

I. RESTATEMENT OF FUND BALANCES/NET POSITION

Fund balance has been restated to correct an error in the reporting of the assets set aside to fund certain pension benefits. In connection with the implementation of GASB statement No. 73 (phase I) the investment account for the fire department's funded defined benefit pension plan has been recorded on the city's books.

General Fund balance - December 31, 2015 (as reported)	\$ 1,709,361
Add: Fire pension account	<u>172,609</u>
 Fund Balance - December 31, 2015 (as restated)	 <u>\$ 1,881,970</u>
 Net income of the prior year would have been increased (decreased) by	 <u>\$ 28,173</u>

Net position has been restated to correct an error in the reporting of the assets set aside to fund certain pension benefits. In connection with the implementation of GASB statement No. 73, Part I, the investment account for the fire department's funded defined benefit pension plan has been recorded on the city's books.

Governmental Activities Net Position - December 31, 2015 (as reported)	\$ 29,389,244
Add: Fire pension account	<u>172,609</u>
 Net Position - December 31, 2015 (as restated)	 <u>\$ 29,561,853</u>
 Net income of the prior year would have been increased (decreased) by	 <u>\$ 28,173</u>

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$319,488 in contributions from the city.

Contribution rates as of December 31, 2016 are:

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the city reported a liability of \$533,531 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the city's proportion was 0.03283308%, which was a decrease of 0.00050464% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the city recognized pension expense of \$640,031.

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2016, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 90,258	\$ 1,122,807
Changes in assumptions	373,282	-
Net differences between projected and actual earnings on pension plan investments	2,184,429	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,251	-
Employer contributions subsequent to the measurement date	324,889	-
Totals	\$ 3,002,109	\$ 1,122,807

\$324,889 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 695,213	\$ 271,721
2018	695,213	271,721
2019	695,213	271,721
2020	579,073	271,721
2021	12,508	35,923

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability	\$3,742,198	\$533,531	\$(1,972,495)

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

At December 31, 2016, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

At December 31, 2016, the city reported debt payable to the pension plan of \$123,822, which represents a contractual arrangement for contribution to the pension plan related to past service cost.

B. RISK MANAGEMENT

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

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

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.

The city has active construction projects as of December 31, 2016. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Long-Term Contracts - WPPI Energy

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

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

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

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$411 million as of December 31, 2016.

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Open Contracts

The city has open contracts of approximately \$758,000 at December 31, 2016 relating to various projects.

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	4.21%
City of New Richmond	49.97
Town of Cylon	2.78
Village of Deer Park	1.20
Town of Erin Prairie	2.00
Town of Richmond	11.33
Village of Roberts	6.46
Town of Stanton	4.23
Town of Star Prairie	13.30
Village of Star Prairie	2.61
Town of Warren	<u>1.91</u>
Total	<u><u>100.00%</u></u>

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 \$85,065 to the district for 2016. 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, 2016 is available directly from the district's office.

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

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

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 \$266,901 to the facility for 2016. The city believes that the facility will continue to provide services in the future at similar rates.

The transactions of the facility are not reflected in these financial statements.

Facility financial information as of December 31, 2016 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, 2016

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		5,525
Adjustment to annual required contribution		<u>(6,826)</u>
Annual OPEB cost		249,352
Contributions made		<u>(52,891)</u>
Increase in net OPEB obligation		196,461
Net OPEB Obligation - Beginning of Year		<u>442,118</u>
Net OPEB Obligation - End of Year	\$	<u><u>638,579</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2016	\$ 249,352	21.20	\$ 638,579
December 31, 2015	249,352	11.33	442,118
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, 2016

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The funded status of the plan as of January 1, 2016, 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)	\$ 4,248,358
UAAL as a percentage of covered payroll	52.37%

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, 2016

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 2.5% 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, 2016, 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, 2016

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. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (Phase II)*
- > *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > *Statement No. 80, Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- > *Statement No. 81, Irrevocable Split-Interest Agreements*
- > *Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*

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

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, 2016, the outstanding balance on the loan was \$126,669.

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,088,750	\$ 3,119,101	\$ 3,122,286	\$ 3,185
Intergovernmental	1,422,245	1,557,596	1,566,280	8,684
Licenses and permits	239,615	273,178	272,554	(624)
Fines, forfeitures and penalties	96,000	96,000	86,665	(9,335)
Public charges for services	272,002	283,241	302,184	18,943
Intergovernmental charges for services	24,000	24,000	26,149	2,149
Special assessments	3,196	3,196	13,978	10,782
Investment income	54,114	54,114	36,676	(17,438)
Miscellaneous	89,330	132,458	161,834	29,376
Total Revenues	<u>5,289,252</u>	<u>5,542,884</u>	<u>5,588,606</u>	<u>45,722</u>
EXPENDITURES				
Current				
General government	1,284,108	1,317,467	1,317,467	-
Public safety	2,227,955	2,329,440	2,329,440	-
Public works	1,109,116	1,234,054	1,234,054	-
Health and human services	12,250	11,855	11,855	-
Leisure activities	1,108,116	1,129,730	1,129,730	-
Conservation and development	100,068	99,883	99,883	-
Capital Outlay	<u>22,639</u>	<u>48,044</u>	<u>48,044</u>	<u>-</u>
Total Expenditures	<u>5,864,252</u>	<u>6,170,473</u>	<u>6,170,473</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(575,000)</u>	<u>(627,589)</u>	<u>(581,867)</u>	<u>45,722</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	590,000	590,000	544,278	(45,722)
Transfers out	<u>(15,000)</u>	<u>(15,072)</u>	<u>(15,072)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>575,000</u>	<u>574,928</u>	<u>529,206</u>	<u>(45,722)</u>
Net Change in Fund Balance	-	(52,661)	(52,661)	-
FUND BALANCE - Beginning of Year (as restated)	<u>1,881,970</u>	<u>1,881,970</u>	<u>1,881,970</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,881,970</u>	<u>\$ 1,829,309</u>	<u>\$ 1,829,309</u>	<u>\$ -</u>

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

CITY OF NEW RICHMOND

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
For the Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2016	\$ -	\$ 2,224,817	\$ 2,224,817	0.00%	\$ 4,248,358	52.37%
1/1/2015	-	2,224,817	2,224,817	0.00%	3,833,019	58.04%
1/1/2014	-	2,224,817	2,224,817	0.00%	3,907,396	56.94%

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

CITY OF NEW RICHMOND

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY
WISCONSIN RETIREMENT SYSTEM (WRS)
For the Year Ended December 31, 2016

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Asset / Liability	City's Proportionate Share of the Net Pension (Asset) Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset / Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	0.03283308%	\$ 533,531	\$ 4,220,809	12.64%	98.20%
12/31/2014	0.03333772%	(818,866)	4,111,276	19.92%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM (WRS)
For the Year Ended December 31, 2016

City Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2016	\$ 324,889	\$ 324,889	\$ -	\$ 4,408,090	7.37%
12/31/2015	319,648	319,648	-	4,220,809	7.57%

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, 2016

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 \$31,190. Budgets are adopted at the department level of expenditure.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The city is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

CITY OF NEW RICHMOND

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
General property taxes	\$ 2,969,350	\$ 2,969,350	\$ 2,969,350	\$ -
Mobile home taxes	4,000	4,000	3,435	(565)
Motel tax	55,000	73,350	73,751	401
In lieu of tax	59,490	59,491	59,616	125
General sales tax	10	10	13	3
Interest on taxes	900	12,900	16,121	3,221
Total Taxes	<u>3,088,750</u>	<u>3,119,101</u>	<u>3,122,286</u>	<u>3,185</u>
INTERGOVERNMENTAL REVENUES				
Shared taxes from state	599,984	599,983	600,254	271
Federal aid - law enforcement	-	4,667	4,667	-
State aid - police training	2,400	10,360	9,400	(960)
State aid - highway aids	427,960	427,960	427,750	(210)
State aid - streets	49,660	49,660	49,161	(499)
State aid - other transportation	-	122,725	122,725	-
State aid - other	7,600	7,600	11,731	4,131
State aid - exempt computer aid	5,087	5,087	7,948	2,861
Fire dues for training	22,000	22,000	25,097	3,097
County aid	307,554	307,554	307,547	(7)
Total Intergovernmental Revenues	<u>1,422,245</u>	<u>1,557,596</u>	<u>1,566,280</u>	<u>8,684</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	15,000	15,000	14,400	(600)
Business and cigarette licenses	7,075	7,075	7,903	828
Dog and cat licenses	2,500	2,500	2,077	(423)
Building permits	170,000	203,563	203,562	(1)
Cable TV franchise	42,000	42,000	41,507	(493)
Other regulatory permits and fees	3,040	3,040	3,105	65
Total Licenses and Permits	<u>239,615</u>	<u>273,178</u>	<u>272,554</u>	<u>(624)</u>
FINES, FORFEITURES AND PENALTIES				
Court penalties and costs	80,000	80,000	72,110	(7,890)
Parking violations	15,000	15,000	13,615	(1,385)
Miscellaneous other fines	1,000	1,000	940	(60)
Total Fines, Forfeitures and Penalties	<u>96,000</u>	<u>96,000</u>	<u>86,665</u>	<u>(9,335)</u>

CITY OF NEW RICHMOND

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC CHARGES FOR SERVICES				
Recycling fees	\$ 92,000	\$ 92,000	\$ 93,291	\$ 1,291
General government	2,500	2,500	3,200	700
Clerk's fees	48,600	48,600	57,622	9,022
Police department	8,000	8,000	7,537	(463)
Fire department	2,500	13,739	14,527	788
Street department earnings	3,600	3,600	8,406	4,806
Parks	2,301	2,301	2,192	(109)
Airport	84,371	84,371	83,924	(447)
Library	11,500	11,500	12,984	1,484
Other	16,630	16,630	18,501	1,871
Total Public Charges for Services	<u>272,002</u>	<u>283,241</u>	<u>302,184</u>	<u>18,943</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Local fire services	<u>24,000</u>	<u>24,000</u>	<u>26,149</u>	<u>2,149</u>
Total Intergovernmental Charges for Services	<u>24,000</u>	<u>24,000</u>	<u>26,149</u>	<u>2,149</u>
SPECIAL ASSESSMENTS				
Blacktop	2,364	2,364	2,364	-
Sewer mains and laterals	832	832	832	-
Sidewalk	-	-	10,782	10,782
Total Special Assessments	<u>3,196</u>	<u>3,196</u>	<u>13,978</u>	<u>10,782</u>
INVESTMENT INCOME				
Investment on temporary investments	50,000	50,000	32,095	(17,905)
Interest on advances	2,780	2,780	2,781	1
Interest on notes receivable	334	334	334	-
Interest on special assessments	1,000	1,000	1,466	466
Total Investment Income	<u>54,114</u>	<u>54,114</u>	<u>36,676</u>	<u>(17,438)</u>
MISCELLANEOUS				
Rent of municipal property	76,010	76,010	74,331	(1,679)
Insurance recoveries and dividends	-	11,215	11,215	-
Donations	3,000	33,263	39,733	6,470
Miscellaneous	10,320	11,970	36,555	24,585
Total Miscellaneous	<u>89,330</u>	<u>132,458</u>	<u>161,834</u>	<u>29,376</u>
TOTAL REVENUES	<u>\$ 5,289,252</u>	<u>\$ 5,542,884</u>	<u>\$ 5,588,606</u>	<u>\$ 45,722</u>

CITY OF NEW RICHMOND

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Council	\$ 80,881	\$ 88,681	\$ 87,724	\$ 957
Municipal court	126,633	126,633	127,439	(806)
City attorney	35,000	53,765	50,725	3,040
City administrator	133,527	133,527	126,490	7,037
Clerk - treasurer	169,837	172,598	192,975	(20,377)
City administrative secretary	71,410	71,410	67,355	4,055
Elections	16,500	16,500	10,782	5,718
Internal accounting	37,639	37,639	37,536	103
Independent auditing	24,500	24,500	26,333	(1,833)
Treasury	66,345	66,345	68,930	(2,585)
Assessor/building inspector	183,013	185,196	190,673	(5,477)
Board of review	500	500	314	186
Civic center	141,472	141,472	132,897	8,575
Property and liability insurance	80,000	80,000	82,037	(2,037)
Workers' compensation	60,000	61,850	59,044	2,806
Illegal taxes	-	-	14,721	(14,721)
Mapping	37,143	37,143	36,874	269
Data processing	5,000	5,000	2,818	2,182
Miscellaneous	14,708	14,708	1,800	12,908
Total General Government	<u>1,284,108</u>	<u>1,317,467</u>	<u>1,317,467</u>	<u>-</u>
PUBLIC SAFETY				
Police	1,882,940	1,929,977	1,935,225	(5,248)
Fire department	234,200	288,648	295,823	(7,175)
Ambulance	85,065	85,065	85,065	-
Inspection	4,800	4,800	4,800	-
Emergency disaster	15,550	15,550	6,150	9,400
Correction and detention	600	600	1,260	(660)
Other public safety	4,800	4,800	1,117	3,683
Total Public Safety	<u>2,227,955</u>	<u>2,329,440</u>	<u>2,329,440</u>	<u>-</u>
PUBLIC WORKS				
Street superintendent	41,287	41,287	38,963	2,324
Street shop	12,720	12,720	13,644	(924)
Machinery and equipment	27,000	27,000	30,816	(3,816)
Street maintenance	497,640	497,640	469,107	28,533
Snow and ice control	46,515	46,515	29,279	17,236
Street lighting	180,000	205,473	212,766	(7,293)
Sidewalks	20,000	20,000	45,679	(25,679)
Traffic control	30,000	32,250	52,044	(19,794)
Airport	146,704	147,504	141,073	6,431
Shared ride - taxi	10,000	106,415	99,873	6,542
Landfill	8,250	8,250	14,530	(6,280)
Recycling	76,000	76,000	68,573	7,427
Weed control	13,000	13,000	17,707	(4,707)
Total Public Works	<u>1,109,116</u>	<u>1,234,054</u>	<u>1,234,054</u>	<u>-</u>

CITY OF NEW RICHMOND

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
HEALTH AND HUMAN SERVICES				
Health officer	\$ 200	\$ 200	\$ 200	\$ -
Animal shelter	<u>12,050</u>	<u>11,655</u>	<u>11,655</u>	<u>-</u>
Total Health and Human Services	<u>12,250</u>	<u>11,855</u>	<u>11,855</u>	<u>-</u>
LEISURE ACTIVITIES				
Library	668,568	686,106	695,566	(9,460)
Community center	4,000	2,000	2,000	-
Cable TV	16,000	12,000	11,809	191
Parks	345,727	359,112	352,566	6,546
Sports center	15,000	15,000	15,000	-
Recreation center	21,571	21,571	19,974	1,597
Other leisure activities	<u>37,250</u>	<u>33,941</u>	<u>32,815</u>	<u>1,126</u>
Total Leisure Activities	<u>1,108,116</u>	<u>1,129,730</u>	<u>1,129,730</u>	<u>-</u>
CONSERVATION AND DEVELOPMENT				
Economic development	78,068	77,883	75,335	2,548
Other conservation and development	<u>22,000</u>	<u>22,000</u>	<u>24,548</u>	<u>(2,548)</u>
Total Conservation and Development	<u>100,068</u>	<u>99,883</u>	<u>99,883</u>	<u>-</u>
CAPITAL OUTLAY				
Other general government	4,041	4,041	-	4,041
Other public safety	4,598	4,598	4,591	7
Shared ride - taxi	14,000	34,905	32,888	2,017
Airport	-	4,500	5,359	(859)
Parks	<u>-</u>	<u>-</u>	<u>5,206</u>	<u>(5,206)</u>
Total Capital Outlay	<u>22,639</u>	<u>48,044</u>	<u>48,044</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 5,864,252</u>	<u>\$ 6,170,473</u>	<u>\$ 6,170,473</u>	<u>\$ -</u>

CITY OF NEW RICHMOND

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

	Special Revenue Funds			
	Park Land Trust Fund	Library Trust Fund	Storm Water Utility	CDBG Revolving Housing
ASSETS				
Cash and investments	\$ 149,715	\$ 233,259	\$ 157,521	\$ 65,842
Restricted cash and investments	-	-	-	-
Receivables (net)				
Taxes	-	-	-	-
Accounts	-	24	-	-
Notes	-	-	-	263,519
Special assessments	-	-	-	-
Due from other governmental units	-	-	186	-
Due from other funds	-	-	41,411	-
	<u>\$ 149,715</u>	<u>\$ 233,283</u>	<u>\$ 199,118</u>	<u>\$ 329,361</u>
TOTAL ASSETS	<u>\$ 149,715</u>	<u>\$ 233,283</u>	<u>\$ 199,118</u>	<u>\$ 329,361</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 3,928	\$ -	\$ 40,820	\$ -
Accrued liabilities	-	-	1,694	-
Due to other funds	5,545	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>9,473</u>	<u>-</u>	<u>42,514</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	263,519
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>263,519</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	140,242	233,283	-	65,842
Committed	-	-	156,604	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances (Deficit)	<u>140,242</u>	<u>233,283</u>	<u>156,604</u>	<u>65,842</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 149,715</u>	<u>\$ 233,283</u>	<u>\$ 199,118</u>	<u>\$ 329,361</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Funds			
Impact Fees	Cemetery	TIF District #5	Landfill Assurance	TIF District #6	TIF District #7	TIF District #8
\$ -	\$ 12,095	\$ -	\$ 8,609	\$ 469,115	\$ 84,940	\$ 327,584
329,341	-	-	-	-	-	-
-	-	470,466	-	357,120	66,664	157,458
-	-	-	-	-	-	-
-	-	-	-	-	-	7,208
-	-	-	-	-	-	-
-	-	-	-	-	-	5,545
<u>\$ 329,341</u>	<u>\$ 12,095</u>	<u>\$ 470,466</u>	<u>\$ 8,609</u>	<u>\$ 826,235</u>	<u>\$ 151,604</u>	<u>\$ 497,795</u>
\$ 6,972	\$ 112	\$ -	\$ 6,704	\$ 52,096	\$ -	\$ -
-	-	-	-	1,153	-	-
13	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,985</u>	<u>112</u>	<u>-</u>	<u>6,704</u>	<u>53,249</u>	<u>-</u>	<u>-</u>
-	-	470,466	-	357,120	66,664	149,529
-	-	-	-	-	-	15,137
-	-	<u>470,466</u>	-	<u>357,120</u>	<u>66,664</u>	<u>164,666</u>
-	11,983	-	-	-	-	-
322,356	-	-	1,905	415,866	84,940	333,129
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>322,356</u>	<u>11,983</u>	<u>-</u>	<u>1,905</u>	<u>415,866</u>	<u>84,940</u>	<u>333,129</u>
<u>\$ 329,341</u>	<u>\$ 12,095</u>	<u>\$ 470,466</u>	<u>\$ 8,609</u>	<u>\$ 826,235</u>	<u>\$ 151,604</u>	<u>\$ 497,795</u>

CITY OF NEW RICHMOND

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

	Capital Projects Funds			
	TIF District #9	TIF District #10	Capital Replacement Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ -	\$ -	\$ -	\$ 1,508,680
Restricted cash and investments	-	-	-	329,341
Receivables (net)				
Taxes	38,958	40,532	85,000	1,216,198
Accounts	-	-	-	24
Notes	-	-	-	263,519
Special assessments	-	-	-	7,208
Due from other governmental units	-	-	-	186
Due from other funds	-	-	-	46,956
	<u>\$ 38,958</u>	<u>\$ 40,532</u>	<u>\$ 85,000</u>	<u>\$ 3,372,112</u>
TOTAL ASSETS				
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 110,632
Accrued liabilities	-	-	-	2,847
Due to other funds	-	-	26	5,584
Advances from other funds	6,659	34,834	-	41,493
Total Liabilities	<u>6,659</u>	<u>34,834</u>	<u>26</u>	<u>160,556</u>
Deferred Inflows of Resources				
Unearned revenues	38,958	40,532	85,000	1,208,269
Unavailable revenues	-	-	-	278,656
Total Deferred Inflows of Resources	<u>38,958</u>	<u>40,532</u>	<u>85,000</u>	<u>1,486,925</u>
Fund Balances				
Nonspendable	-	-	-	11,983
Restricted	-	-	-	1,597,563
Committed	-	-	-	156,604
Unassigned (deficit)	(6,659)	(34,834)	(26)	(41,519)
Total Fund Balances (Deficit)	<u>(6,659)</u>	<u>(34,834)</u>	<u>(26)</u>	<u>1,724,631</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
	<u>\$ 38,958</u>	<u>\$ 40,532</u>	<u>\$ 85,000</u>	<u>\$ 3,372,112</u>

CITY OF NEW RICHMOND

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

	Special Revenue Funds			
	Park Land Trust Fund	Library Trust Fund	Storm Water Utility	CDBG Revolving Housing
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	103,042	-
Public charges for services	584	20,825	272,405	-
Special assessments	-	-	-	-
Investment income	135	15,785	-	43
Miscellaneous	<u>260,082</u>	<u>50</u>	<u>385</u>	<u>42,280</u>
Total Revenues	<u>260,801</u>	<u>36,660</u>	<u>375,832</u>	<u>42,323</u>
EXPENDITURES				
Current				
Public works	-	-	155,835	-
Health and human services	-	-	-	-
Leisure activities	75,801	8,941	-	-
Conservation and development	-	-	-	1,585
Capital Outlay	125,627	-	785,648	-
Debt Service				
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>7,304</u>	<u>-</u>
Total Expenditures	<u>201,428</u>	<u>8,941</u>	<u>948,787</u>	<u>1,585</u>
Excess (deficiency) of revenues over expenditures	<u>59,373</u>	<u>27,719</u>	<u>(572,955)</u>	<u>40,738</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	375,000	-
Premium on debt issued	-	-	3,465	-
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>378,465</u>	<u>-</u>
Net Change in Fund Balances	59,373	27,719	(194,490)	40,738
FUND BALANCES (DEFICIT) - Beginning of Year	<u>80,869</u>	<u>205,564</u>	<u>351,094</u>	<u>25,104</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 140,242</u>	<u>\$ 233,283</u>	<u>\$ 156,604</u>	<u>\$ 65,842</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Funds			
Impact Fees	Cemetery	TIF District #5	Landfill Assurance	TIF District #6	TIF District #7	TIF District #8
\$ -	\$ -	\$ 444,934	\$ -	\$ 270,556	\$ 63,963	\$ 115,010
-	-	18,544	-	5,665	409	4,758
-	9,115	-	-	2,624	-	-
-	-	-	-	-	-	7,208
1,740	88	-	22	-	-	1,081
<u>128,349</u>	<u>37,378</u>	-	<u>69,727</u>	-	-	-
<u>130,089</u>	<u>46,581</u>	<u>463,478</u>	<u>69,749</u>	<u>278,845</u>	<u>64,372</u>	<u>128,057</u>
-	-	-	69,117	-	-	-
-	34,598	-	-	-	-	-
-	-	-	-	-	-	-
-	-	364	-	29,991	6,978	55,927
157,918	-	-	-	642,853	-	-
-	-	-	-	14,317	-	-
<u>157,918</u>	<u>34,598</u>	<u>364</u>	<u>69,117</u>	<u>687,161</u>	<u>6,978</u>	<u>55,927</u>
<u>(27,829)</u>	<u>11,983</u>	<u>463,114</u>	<u>632</u>	<u>(408,316)</u>	<u>57,394</u>	<u>72,130</u>
-	-	-	-	735,000	-	-
-	-	-	-	6,791	-	-
-	-	-	15,072	-	-	463,114
-	-	(463,114)	-	(416,670)	(32,021)	(319,647)
-	-	(463,114)	15,072	325,121	(32,021)	143,467
(27,829)	11,983	-	15,704	(83,195)	25,373	215,597
<u>350,185</u>	<u>-</u>	<u>-</u>	<u>(13,799)</u>	<u>499,061</u>	<u>59,567</u>	<u>117,532</u>
<u>\$ 322,356</u>	<u>\$ 11,983</u>	<u>\$ -</u>	<u>\$ 1,905</u>	<u>\$ 415,866</u>	<u>\$ 84,940</u>	<u>\$ 333,129</u>

CITY OF NEW RICHMOND

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

	Capital Projects Funds			
	TIF District #9	TIF District #10	Capital Replacement Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 24,981	\$ -	\$ 135,000	\$ 1,054,444
Intergovernmental	2,534	827	44,548	180,327
Public charges for services	-	-	-	305,553
Special assessments	-	-	-	7,208
Investment income	-	-	-	18,894
Miscellaneous	10,576	-	1,072	549,899
Total Revenues	<u>38,091</u>	<u>827</u>	<u>180,620</u>	<u>2,116,325</u>
EXPENDITURES				
Current				
Public works	-	-	-	224,952
Health and human services	-	-	-	34,598
Leisure activities	-	-	11,221	95,963
Conservation and development	1,292	14,619	-	110,756
Capital Outlay	-	-	180,639	1,892,685
Debt Service				
Interest and fiscal charges	2,032	749	-	24,402
Total Expenditures	<u>3,324</u>	<u>15,368</u>	<u>191,860</u>	<u>2,383,356</u>
Excess (deficiency) of revenues over expenditures	<u>34,767</u>	<u>(14,541)</u>	<u>(11,240)</u>	<u>(267,031)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	1,110,000
Premium on debt issued	-	-	-	10,256
Transfers in	-	-	-	478,186
Transfers out	-	-	-	(1,231,452)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>366,990</u>
Net Change in Fund Balances	34,767	(14,541)	(11,240)	99,959
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(41,426)</u>	<u>(20,293)</u>	<u>11,214</u>	<u>1,624,672</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (6,659)</u>	<u>\$ (34,834)</u>	<u>\$ (26)</u>	<u>\$ 1,724,631</u>

CITY OF NEW RICHMOND

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 As of December 31, 2016

	Tax Collection Fund	Employee Flex Plan	Armed Services Memorial	Totals
ASSETS				
Cash and investments	\$ 3,899,581	\$ 23,311	\$ 4,421	\$ 3,927,313
Taxes receivable	5,373,452	-	-	5,373,452
TOTAL ASSETS	\$ 9,273,033	\$ 23,311	\$ 4,421	\$ 9,300,765
LIABILITIES				
Deposits	\$ -	\$ 23,311	\$ 4,421	\$ 27,732
Due to other taxing units	9,273,033	-	-	9,273,033
TOTAL LIABILITIES	\$ 9,273,033	\$ 23,311	\$ 4,421	\$ 9,300,765

CITY OF NEW RICHMOND

RATE OF RETURN - REGULATORY BASIS For the Year Ended December 31, 2016

	Electric Utility	Water Utility
Utility Financed Plant in Service		
Beginning of year	\$ 12,007,676	\$ 8,387,124
End of year	12,501,606	9,057,706
Average	12,254,641	8,722,415
Utility Financed Accumulated Depreciation		
Beginning of year	(7,390,328)	(2,872,910)
End of year	(7,849,404)	(3,006,937)
Average	(7,619,866)	(2,939,924)
Materials and Supplies		
Beginning of year	294,220	10,736
End of year	280,698	10,576
Average	287,459	10,656
Customer Advances for Construction		
Beginning of year	-	(8,324)
End of year	-	-
Average	-	(4,162)
Regulatory Liability		
Beginning of year	(79,199)	(145,577)
End of year	(69,300)	(127,380)
Average	(74,250)	(136,479)
AVERAGE NET RATE BASE	\$ 4,847,985	\$ 5,652,507
OPERATING INCOME - REGULATORY BASIS	\$ 303,670	\$ 167,994
RATE OF RETURN (PERCENT)	6.26%	2.97%

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States of America due to GASB No. 34, GASB No. 68, and PSC order 05-US-105.