

CITY OF NEW RICHMOND

New Richmond, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

CITY OF NEW RICHMOND

TABLE OF CONTENTS As of and for the Year Ended December 31, 2017

	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10 - 11
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 14
Statement of Assets and Liabilities - Agency Funds	15
Index to Notes to Financial Statements	16
Notes to Financial Statements	17 - 69
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	70
Schedule of Funding Progress - Other Postemployment Benefits	71
Schedule of Employer's Proportionate Share of the Net Pension (Asset) Liability - Wisconsin Retirement System (WRS)	72
Schedule of Employer Contributions - Wisconsin Retirement System (WRS)	72
Schedule of Changes in the Total Pension Liability - Fire Stipend	73
Schedule of Covered Payroll - Fire Stipend	73
Notes to Required Supplementary Information	74

CITY OF NEW RICHMOND

TABLE OF CONTENTS (cont.) As of and for the Year Ended December 31, 2017

Supplementary Information	<u>Page(s)</u>
Detailed Schedule of Revenues - Budget and Actual - General Fund	75 - 76
Detailed Schedule of Expenditures - Budget and Actual - General Fund	77 - 78
Combining Balance Sheet - Nonmajor Governmental Funds	79 - 82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	83 - 86
Combining Statement of Assets and Liabilities - Agency Funds	87
Rate of Return - Regulatory Basis	88

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, 2017, 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.

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, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2017. 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.

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

Eau Claire, Wisconsin
August 8, 2018

CITY OF NEW RICHMOND

STATEMENT OF NET POSITION
As of December 31, 2017

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 3,589,291	\$ 7,011,246	\$ 10,600,537
Receivables (net)			
Taxes receivable	6,415,345	-	6,415,345
Special assessments	21,735	-	21,735
Notes receivable	1,073,795	12,730	1,086,525
Other receivables	260,095	1,900,445	2,160,540
Due from other governmental units	127,558	-	127,558
Internal balances	45,024	(45,024)	-
Inventories	-	257,954	257,954
Restricted Assets			
Cash and investments	1,641,493	2,423,069	4,064,562
Capital Assets			
Construction in progress	248,476	271,054	519,530
Land	7,455,960	106,145	7,562,105
Other capital assets, net of depreciation	38,159,775	28,027,209	66,186,984
Total Assets	<u>59,038,547</u>	<u>39,964,828</u>	<u>99,003,375</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>1,660,925</u>	<u>640,666</u>	<u>2,301,591</u>
LIABILITIES			
Accounts payable	369,836	787,932	1,157,768
Accrued liabilities and deposits	415,623	144,968	560,591
Due to other taxing units	187	-	187
Unearned revenue	-	19,800	19,800
Noncurrent Liabilities			
Due within one year	2,758,271	693,124	3,451,395
Due in more than one year	<u>19,151,254</u>	<u>6,208,229</u>	<u>25,359,483</u>
Total Liabilities	<u>22,695,171</u>	<u>7,854,053</u>	<u>30,549,224</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	6,342,056	-	6,342,056
Pension related amounts	<u>670,570</u>	<u>273,739</u>	<u>944,309</u>
Total Deferred Inflows of Resources	<u>7,012,626</u>	<u>273,739</u>	<u>7,286,365</u>
NET POSITION			
Net investment in capital assets	29,469,146	23,345,093	52,235,083
Restricted for			
Debt service	-	658,400	658,400
Library projects	266,562	-	266,562
Park land projects	125,748	-	125,748
Future facility improvements	392,086	604,023	996,109
Landfill projects	15,187	-	15,187
TIF district projects	794,763	-	794,763
CDBG revolving housing loan program	324,904	-	324,904
Cemetery perpetual care	39,725	-	39,725
Storm water projects	6,080	-	6,080
Equipment replacement	-	487,985	487,985
Unrestricted (deficit)	<u>(442,526)</u>	<u>7,382,201</u>	<u>7,518,831</u>
TOTAL NET POSITION	<u>\$ 30,991,675</u>	<u>\$ 32,477,702</u>	<u>\$ 63,469,377</u>

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,134,051	\$ 585,648	\$ -	\$ 89,181
Public safety	3,210,884	14,140	96,051	293,930
Public works	2,923,224	414,124	821,227	392,736
Health and human services	15,703	29,575	-	-
Leisure activities	1,626,033	211,937	361,295	379,579
Conservation and development	930,631	-	-	2,702
Interest and fiscal charges	579,412	-	-	-
Total Governmental Activities	<u>10,419,938</u>	<u>1,255,424</u>	<u>1,278,573</u>	<u>1,158,128</u>
Business-type Activities				
Electric Utility	9,521,639	9,942,944	-	100,393
Water Utility	1,352,662	1,531,953	-	386,035
Sewer Utility	1,859,185	1,469,695	-	399,834
Total Business-type Activities	<u>12,733,486</u>	<u>12,944,592</u>	<u>-</u>	<u>886,262</u>
Totals	<u>\$ 23,153,424</u>	<u>\$ 14,200,016</u>	<u>\$ 1,278,573</u>	<u>\$ 2,044,390</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 projects

 Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on disposal of capital assets

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (459,222)	\$ -	\$ (459,222)
(2,806,763)	-	(2,806,763)
(1,295,137)	-	(1,295,137)
13,872	-	13,872
(673,222)	-	(673,222)
(927,929)	-	(927,929)
<u>(579,412)</u>	<u>-</u>	<u>(579,412)</u>
<u>(6,727,813)</u>	<u>-</u>	<u>(6,727,813)</u>
-	521,698	521,698
-	565,326	565,326
-	<u>10,344</u>	<u>10,344</u>
-	<u>1,097,368</u>	<u>1,097,368</u>
<u>(6,727,813)</u>	<u>1,097,368</u>	<u>(5,630,445)</u>
2,853,635	-	2,853,635
1,800,896	-	1,800,896
1,123,268	-	1,123,268
85,000	-	85,000
146,016	-	146,016
634,392	-	634,392
133,470	80,613	214,083
294,458	-	294,458
<u>507,219</u>	<u>-</u>	<u>507,219</u>
7,578,354	80,613	7,658,967
<u>254,459</u>	<u>(254,459)</u>	<u>-</u>
<u>7,832,813</u>	<u>(173,846)</u>	<u>7,658,967</u>
1,105,000	923,522	2,028,522
<u>29,886,675</u>	<u>31,554,180</u>	<u>61,440,855</u>
<u>\$ 30,991,675</u>	<u>\$ 32,477,702</u>	<u>\$ 63,469,377</u>

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

	<u>General Fund</u>	<u>General Debt Service</u>	<u>Capital Projects</u>	<u>TIF District #6 Capital Projects</u>
ASSETS				
Cash and investments	\$ 1,766,512	\$ 19,531	\$ 266,092	\$ 37,898
Restricted cash and investments	-	-	1,155,180	91,617
Receivables (net)				
Taxes	3,160,183	1,851,176	-	483,773
Delinquent personal property taxes	60,011	-	-	-
Accounts	252,815	-	-	5,000
Notes	12,097	785,000	16,251	-
Special assessments	21,735	-	-	-
Due from other governmental units	74,434	9,323	31,429	-
Due from other funds	482,225	-	-	-
Advances to other funds	<u>655,311</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 6,485,323</u></u>	<u><u>\$ 2,665,030</u></u>	<u><u>\$ 1,468,952</u></u>	<u><u>\$ 618,288</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 249,980	\$ -	\$ 71,764	\$ 12,238
Accrued liabilities	265,026	-	-	-
Due to other taxing units	187	-	-	-
Due to other funds	68,883	36,550	143,420	10,114
Advances from other funds	<u>-</u>	<u>-</u>	<u>176,076</u>	<u>457,380</u>
Total Liabilities	<u><u>584,076</u></u>	<u><u>36,550</u></u>	<u><u>391,260</u></u>	<u><u>479,732</u></u>
Deferred Inflows of Resources				
Unearned revenues	3,154,474	1,851,176	-	483,773
Unavailable revenues	<u>65,663</u>	<u>794,323</u>	<u>23,012</u>	<u>-</u>
Total Deferred Inflows of Resources	<u><u>3,220,137</u></u>	<u><u>2,645,499</u></u>	<u><u>23,012</u></u>	<u><u>483,773</u></u>
Fund Balances (Deficit)				
Nonspendable	706,992	-	-	-
Restricted	-	-	1,054,680	-
Committed	-	-	-	-
Assigned	636,973	-	-	-
Unassigned (deficit)	<u>1,337,145</u>	<u>(17,019)</u>	<u>-</u>	<u>(345,217)</u>
Total Fund Balances (Deficit)	<u><u>2,681,110</u></u>	<u><u>(17,019)</u></u>	<u><u>1,054,680</u></u>	<u><u>(345,217)</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 6,485,323</u></u>	<u><u>\$ 2,665,030</u></u>	<u><u>\$ 1,468,952</u></u>	<u><u>\$ 618,288</u></u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 1,499,258	\$ 3,589,291
394,696	1,641,493
860,202	6,355,334
-	60,011
2,280	260,095
260,447	1,073,795
-	21,735
12,372	127,558
165,366	647,591
<u>-</u>	<u>655,311</u>
<u>\$ 3,194,621</u>	<u>\$ 14,432,214</u>

\$ 35,854	\$ 369,836
3,137	268,163
-	187
17,524	276,491
<u>347,931</u>	<u>981,387</u>
<u>404,446</u>	<u>1,896,064</u>

852,633	6,342,056
<u>276,196</u>	<u>1,159,194</u>
<u>1,128,829</u>	<u>7,501,250</u>

39,725	746,717
1,657,314	2,711,994
244,291	244,291
-	636,973
<u>(279,984)</u>	<u>694,925</u>
<u>1,661,346</u>	<u>5,034,900</u>

<u>\$ 3,194,621</u>	<u>\$ 14,432,214</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, 2017

Total Fund Balances - Governmental Funds	\$	5,034,900
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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		7,455,960
Construction in progress		248,476
Other capital assets		58,871,287
Less: Accumulated depreciation		(20,711,512)

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		13,383
Special assessments not yet due		17,674
Account receivable		23,253
Due from other governments		31,089
Loans receivable		1,073,795

Deferred outflows of resources related to net pension liability - WRS do not relate to current financial resources and are not reported in the governmental funds.		1,612,782
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Deferred inflows of resources related to net pension liability - WRS do not relate to current financial resources and are not reported in the governmental funds.		(670,570)
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Deferred outflows of resources related to total pension liability - fire stipend do not relate to current financial resources and are not reported in the governmental funds.		48,143
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Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these items are deferred and amortized in the statement of activities.		(428,229)
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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		(19,488,929)
Accrued interest on general obligation debt		(147,460)
Compensated absences		(414,534)
Landfill long-term costs		(224,776)
Landfill remediation costs		(94,668)
Unfunded prior service service costs		(94,712)
Other postemployment benefits		(573,561)
Net pension liability - WRS		(205,492)
Total pension liability - fire stipend		<u>(384,624)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 30,991,675</u>
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See accompanying notes to financial statements.

CITY OF NEW RICHMOND

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

For the Year Ended December 31, 2017

	<u>General Fund</u>	<u>General Debt Service</u>	<u>Capital Projects</u>	<u>TIF District #6 Capital Projects</u>
REVENUES				
Taxes	\$ 2,999,651	\$ 1,800,896	\$ -	\$ 357,120
Intergovernmental	1,604,336	1,762	10,000	5,814
Licenses and permits	491,662	-	-	-
Fines, forfeitures and penalties	98,656	-	-	-
Public charges for services	287,087	-	-	2,702
Intergovernmental charges for services	28,019	-	-	-
Special assessments	8,009	-	-	-
Investment income	53,105	38,117	9,584	1,840
Miscellaneous	<u>516,066</u>	<u>65,000</u>	<u>319,285</u>	<u>5,000</u>
Total Revenues	<u>6,086,591</u>	<u>1,905,775</u>	<u>338,869</u>	<u>372,476</u>
EXPENDITURES				
Current				
General government	1,069,234	-	-	-
Public safety	2,485,494	-	-	-
Public works	1,349,453	-	-	-
Health and human services	5,632	-	-	-
Leisure activities	1,238,658	-	-	-
Conservation and development	93,466	-	-	40,000
Capital Outlay	33,882	-	2,180,838	567,399
Debt Service				
Principal	-	5,993,241	-	-
Interest and fiscal charges	-	<u>550,143</u>	<u>29,593</u>	<u>11,716</u>
Total Expenditures	<u>6,275,819</u>	<u>6,543,384</u>	<u>2,210,431</u>	<u>619,115</u>
Excess (deficiency) of revenues over expenditures	<u>(189,228)</u>	<u>(4,637,609)</u>	<u>(1,871,562)</u>	<u>(246,639)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	2,595,000	1,945,000	770,000
Premium on debt issued	-	280,924	14,040	39,867
Transfers in	597,263	1,778,410	-	-
Transfers out	(13,614)	(36,550)	(40,000)	(1,339,311)
Property sales	<u>457,380</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Total Other Financing Sources (Uses)	<u>1,041,029</u>	<u>4,617,784</u>	<u>1,919,040</u>	<u>(514,444)</u>
Net Change in Fund Balances	851,801	(19,825)	47,478	(761,083)
FUND BALANCES - Beginning of Year	<u>1,829,309</u>	<u>2,806</u>	<u>1,007,202</u>	<u>415,866</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 2,681,110</u>	<u>\$ (17,019)</u>	<u>\$ 1,054,680</u>	<u>\$ (345,217)</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 851,148	\$ 6,008,815
62,900	1,684,812
-	491,662
-	98,656
374,276	664,065
-	28,019
7,208	15,217
31,873	134,519
<u>468,185</u>	<u>1,373,536</u>
<u>1,795,590</u>	<u>10,499,301</u>
-	1,069,234
2,452	2,487,946
263,487	1,612,940
10,071	15,703
145,763	1,384,421
274,662	408,128
782,138	3,564,257
-	5,993,241
<u>8,605</u>	<u>600,057</u>
<u>1,487,178</u>	<u>17,135,927</u>
<u>308,412</u>	<u>(6,636,626)</u>
430,000	5,740,000
3,104	337,935
529,514	2,905,187
(918,449)	(2,347,924)
-	<u>472,380</u>
<u>44,169</u>	<u>7,107,578</u>
352,581	470,952
<u>1,308,765</u>	<u>4,563,948</u>
<u>\$ 1,661,346</u>	<u>\$ 5,034,900</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, 2017

Net change in fund balances - total governmental funds	\$	470,952
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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		3,564,257
Some capital outlay is not capitalized in the government-wide statements		(851,112)
Some items reported as operating expenditures in the fund financial statements are capitalized in the government-wide statements		165,062
Some items reported as capital outlay or operating expenditures were transferred to the business-type activities		(302,804)
Contributed capital assets are reported as revenues in the government-wide financial statements		567,004
Depreciation is reported in the government-wide statements		(1,565,072)
Net book value of capital assets disposed of reported in the government-wide statements		(181,722)

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		(12,801)
Accounts receivable		2,715
Due from other governments		11,497
Loan receivable		(73,475)

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		(5,740,000)
Principal repaid		5,993,241

Governmental funds report debt premiums as other financing sources. 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		(337,935)
Amortization		17,735

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		7,403
Change in accrued interest payable		2,910
Change in unfunded prior service costs		29,110
Change in landfill long-term liability		15,580
Change in landfill remediation liability		10,069
Change in other postemployment benefits		(133,611)
Change in net pension liability - WRS and related deferred outflows/inflows of resources		(217,522)
Change in total pension liability - fire stipend and related deferred outflows of resources		(336,481)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>1,105,000</u>
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CITY OF NEW RICHMOND

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

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 2,321,847	\$ 1,866,159	\$ 2,823,240	\$ 7,011,246
Restricted cash - redemption account	118,266	468,278	99,410	685,954
Receivables				
Accounts	1,349,005	256,881	226,856	1,832,742
Other	52,062	14,140	1,501	67,703
Due from other funds	152,804	15,481	68,710	236,995
Inventories	247,260	10,446	248	257,954
Notes receivable - current portion	4,864	-	-	4,864
Total Current Assets	<u>4,246,108</u>	<u>2,631,385</u>	<u>3,219,965</u>	<u>10,097,458</u>
Noncurrent Assets				
Restricted Assets				
Reserve account	180,164	178,700	80,912	439,776
Replacement account	-	-	487,985	487,985
Impact fees	-	555,737	48,286	604,023
Construction account	-	152,232	53,099	205,331
Capital Assets				
Construction in progress	184,305	54,939	31,810	271,054
Plant in service	15,145,747	17,881,127	19,532,286	52,559,160
Less: Accumulated depreciation	(9,443,118)	(4,916,915)	(10,065,773)	(24,425,806)
Other Assets				
Notes receivable	7,866	-	-	7,866
Advances to other funds	226,294	-	99,782	326,076
Total Noncurrent Assets	<u>6,301,258</u>	<u>13,905,820</u>	<u>10,268,387</u>	<u>30,475,465</u>
Total Assets	<u>10,547,366</u>	<u>16,537,205</u>	<u>13,488,352</u>	<u>40,572,923</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	<u>305,454</u>	<u>210,524</u>	<u>124,688</u>	<u>640,666</u>
Total Deferred Outflows of Resources	<u>305,454</u>	<u>210,524</u>	<u>124,688</u>	<u>640,666</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 677,896	\$ 26,911	\$ 83,125	\$ 787,932
Accrued expenses	62,164	17,310	17,234	96,708
Customer deposits	20,706	-	-	20,706
Due to other funds	269,866	255,612	82,617	608,095
Current portion of accrued compensated absences	79,459	46,780	25,628	151,867
Current portion of general obligation debt	-	30,000	20,000	50,000
Current portion of notes payable	5,146	-	-	5,146
Unearned revenue	-	-	19,800	19,800
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	150,000	128,897	207,214	486,111
Accrued interest	8,029	12,627	6,898	27,554
Total Current Liabilities	<u>1,273,266</u>	<u>518,137</u>	<u>462,516</u>	<u>2,253,919</u>
Noncurrent Liabilities				
Long-Term Debt				
Accrued compensated absences	197,032	116,000	63,549	376,581
General obligation debt payable	-	490,000	320,000	810,000
Revenue bonds payable	1,330,000	2,308,275	955,000	4,593,275
Unamortized debt premium	-	52,235	19,973	72,208
Notes payable	7,584	-	-	7,584
Other postemployment benefits liability	113,335	91,853	56,407	261,595
Net pension liability	40,489	28,486	18,011	86,986
Total Noncurrent Liabilities	<u>1,688,440</u>	<u>3,086,849</u>	<u>1,432,940</u>	<u>6,208,229</u>
Total Liabilities	<u>2,961,706</u>	<u>3,604,986</u>	<u>1,895,456</u>	<u>8,462,148</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	<u>129,200</u>	<u>91,029</u>	<u>53,510</u>	<u>273,739</u>
Total Deferred Inflows of Resources	<u>129,200</u>	<u>91,029</u>	<u>53,510</u>	<u>273,739</u>
NET POSITION				
Net investment in capital assets	4,587,098	10,647,848	8,110,147	23,345,093
Restricted for				
Redemption	110,237	455,651	92,512	658,400
Future facility improvements	-	555,737	48,286	604,023
Equipment replacement	-	-	487,985	487,985
Unrestricted	<u>3,064,579</u>	<u>1,392,478</u>	<u>2,925,144</u>	<u>7,382,201</u>
TOTAL NET POSITION	<u>\$ 7,761,914</u>	<u>\$ 13,051,714</u>	<u>\$ 11,664,074</u>	<u>\$ 32,477,702</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, 2017

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
OPERATING REVENUES	<u>\$ 9,942,944</u>	<u>\$ 1,531,953</u>	<u>\$ 1,469,695</u>	<u>\$ 12,944,592</u>
OPERATING EXPENSES				
Operation and maintenance	8,794,018	933,816	1,231,381	10,959,215
Depreciation	621,380	332,111	556,117	1,509,608
Taxes	<u>67,382</u>	<u>21,083</u>	<u>34,147</u>	<u>122,612</u>
Total Operating Expenses	<u>9,482,780</u>	<u>1,287,010</u>	<u>1,821,645</u>	<u>12,591,435</u>
Operating Income (Loss)	<u>460,164</u>	<u>244,943</u>	<u>(351,950)</u>	<u>353,157</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	13,523	28,604	38,486	80,613
Interest and fiscal charges	(33,900)	(71,181)	(39,538)	(144,619)
Amortization	-	5,529	1,998	7,527
Non-utility expenses	<u>(4,959)</u>	<u>-</u>	<u>-</u>	<u>(4,959)</u>
Total Nonoperating Revenues (Expenses)	<u>(25,336)</u>	<u>(37,048)</u>	<u>946</u>	<u>(61,438)</u>
Income (Loss) Before Contributions and Transfers	<u>434,828</u>	<u>207,895</u>	<u>(351,004)</u>	<u>291,719</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	303,415	386,035	499,616	1,189,066
Transfers out	<u>(261,832)</u>	<u>(295,431)</u>	<u>-</u>	<u>(557,263)</u>
Total Contributions and Transfers	<u>41,583</u>	<u>90,604</u>	<u>499,616</u>	<u>631,803</u>
Change in Net Position	476,411	298,499	148,612	923,522
NET POSITION - Beginning of Year	<u>7,285,503</u>	<u>12,753,215</u>	<u>11,515,462</u>	<u>31,554,180</u>
NET POSITION - END OF YEAR	<u>\$ 7,761,914</u>	<u>\$ 13,051,714</u>	<u>\$ 11,664,074</u>	<u>\$ 32,477,702</u>

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 9,704,781	\$ 1,532,896	\$ 1,382,289	\$ 12,619,966
Received from municipality for services	212,633	-	-	212,633
Paid to suppliers for goods and services	(8,090,979)	(435,601)	(698,327)	(9,224,907)
Paid to employees for services	(619,950)	(432,697)	(395,151)	(1,447,798)
Net Cash Flows From Operating Activities	<u>1,206,485</u>	<u>664,598</u>	<u>288,811</u>	<u>2,159,894</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>13,523</u>	<u>28,604</u>	<u>38,486</u>	<u>80,613</u>
Net Cash Flows From Investing Activities	<u>13,523</u>	<u>28,604</u>	<u>38,486</u>	<u>80,613</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent Advances to other funds	(256,015)	(288,263)	-	(544,278)
	(176,076)	-	-	(176,076)
Net Cash Flows From Noncapital Financing Activities	<u>(432,091)</u>	<u>(288,263)</u>	<u>-</u>	<u>(720,354)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	-	548,725	340,000	888,725
Debt retired	(151,247)	(122,393)	(197,785)	(471,425)
Interest and fiscal charges paid	(34,449)	(68,694)	(38,151)	(141,294)
Premium on debt issued	-	3,754	2,454	6,208
Capital contributions received	86,173	139,118	170,439	395,730
Acquisition and construction of capital assets	(471,563)	(736,880)	(463,956)	(1,672,399)
Advance to other funds	(50,218)	-	(99,782)	(150,000)
Net Cash Flows From Capital and Related Financing Activities	<u>(621,304)</u>	<u>(236,370)</u>	<u>(286,781)</u>	<u>(1,144,455)</u>
Net Change in Cash and Cash Equivalents	166,613	168,569	40,516	375,698
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,453,664</u>	<u>3,052,537</u>	<u>3,552,416</u>	<u>9,058,617</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,620,277</u>	<u>\$ 3,221,106</u>	<u>\$ 3,592,932</u>	<u>\$ 9,434,315</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)	\$ 460,164	\$ 244,943	\$ (351,950)	\$ 353,157
Nonoperating revenue (expense)	(4,959)	-	-	(4,959)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	621,380	332,111	556,117	1,509,608
Depreciation charged to other funds	-	35,061	(35,061)	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources				
Customer accounts receivable	(21,735)	(10,888)	(16,889)	(49,512)
Other accounts receivable	-	(7,990)	(130)	(8,120)
Due from other funds	7,911	(15,240)	(35,326)	(42,655)
Inventories	33,443	130	-	33,573
Notes receivable	6,387	-	-	6,387
Accounts payable	(29,500)	16,919	42,846	30,265
Due to other funds	-	(7,179)	82,617	75,438
Other current liabilities	13,864	736	1,008	15,608
Compensated absences	40,484	18,643	6,259	65,386
Customer deposits	1,164	-	-	1,164
Post employment benefits	26,906	22,637	13,423	62,966
Pension related deferrals and assets/liabilities	50,976	34,715	25,897	111,588
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,206,485</u>	<u>\$ 664,598</u>	<u>\$ 288,811</u>	<u>\$ 2,159,894</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 2,321,847	\$ 1,866,159	\$ 2,823,240	\$ 7,011,246
Restricted cash and investments	<u>298,430</u>	<u>1,354,947</u>	<u>769,692</u>	<u>2,423,069</u>
CASH AND CASH EQUIVALENTS	<u>\$ 2,620,277</u>	<u>\$ 3,221,106</u>	<u>\$ 3,592,932</u>	<u>\$ 9,434,315</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
City contributed property	<u>\$ 203,022</u>	<u>\$ -</u>	<u>\$ 99,782</u>	
Developer contributed property	<u>\$ -</u>	<u>\$ 246,917</u>	<u>\$ 199,695</u>	

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 3,448,858
Receivables	
Taxes	<u>6,207,170</u>
TOTAL ASSETS	<u>\$ 9,656,028</u>
LIABILITIES	
Deposits	\$ 31,090
Due to other taxing units	<u>9,624,938</u>
TOTAL LIABILITIES	<u>\$ 9,656,028</u>

See accompanying notes to financial statements.

CITY OF NEW RICHMOND

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

NOTE	Page
I Summary of Significant Accounting Policies	17
A. Reporting Entity	17
B. Government-Wide and Fund Financial Statements	17
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	20
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	21
1. Deposits and Investments	21
2. Receivables	23
3. Inventories	24
4. Restricted Assets	24
5. Capital Assets	25
6. Deferred Outflows of Resources	25
7. Compensated Absences	26
8. Long-Term Obligations	26
9. Deferred Inflows of Resources	26
10. Equity Classifications	27
11. Pension	28
12. Basis for Existing Rates	29
II Stewardship, Compliance, and Accountability	29
A. Excess Expenditures and Other Financing Uses Over Appropriations	29
B. Deficit Balances	30
C. Limitations on the City's Tax Levy	30
III Detailed Notes on All Funds	31
A. Deposits and Investments	31
B. Receivables	35
C. Restricted Assets	36
D. Capital Assets	37
E. Interfund Receivables/Payables, Advances and Transfers	42
F. Long-Term Obligations	45
G. Closure and Postclosure Care Cost	51
H. Net Position/Fund Balances	51
IV Other Information	53
A. Employees' Retirement System	53
B. Risk Management	59
C. Commitments and Contingencies	60
D. Joint Ventures	61
E. Other Postemployment Benefits	62
F. Related Organizations	65
G. Effect of New Accounting Standards on Current-Period Financial Statements	66
H. Nonexchange Financial Guarantee	66
I. Defined Benefit Pension Plan - Fire Stipend	66

CITY OF NEW RICHMOND

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

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 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 II of statement No. 73 was implemented January 1, 2017. The beginning balances were not restated for the second phase of implementation of this standard as the impact was not material.

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, 2017

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.
- Tax Incremental District (TID) No. 6 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

The city reports the following major enterprise funds:

- 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, 2017

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 #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, 2017

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, 2017

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, 2017

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

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

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, 2017

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

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

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, 2017, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. Receivables

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

Property tax calendar - 2017 tax roll:

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

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, 2017

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

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

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

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

4. Restricted Assets

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

CITY OF NEW RICHMOND

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

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

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

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 acquisition 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, 2017

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

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

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, 2017, 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 obligations, unfunded prior service costs, other postemployment benefits, accrued compensated absences, and pension liabilities.

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, 2017

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

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

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	\$ 29,469,146	\$ 23,345,093	\$ (579,156)	\$ 52,235,083
Unrestricted	(442,526)	7,382,201	579,156	7,518,831

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, 2017

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

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

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, 2017

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

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

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 general debt service fund (including amendments) were \$6,543,383. Total expenditures were \$6,579,934. This results in excess expenditures of \$36,551.

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.

CITY OF NEW RICHMOND

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

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

B. DEFICIT BALANCES

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

As of December 31, 2017, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
General Debt Service	\$ 17,019	Expenditures in excess of revenues
TIF District #6	345,217	Project costs in excess of increment
TIF District #10	279,984	Project costs in excess of increment

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

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, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Demand and time deposits	\$ 975,438	\$ 1,489,941	Custodial credit
Money market	932,807	932,807	Custodial credit
U.S. agency bonds - explicit guarantee	19,087	19,087	Custodial credit and interest rate
U.S. agency bonds - implicit guarantee	659,535	659,535	Credit, custodial credit, concentration of credit and interest rate
U.S. treasuries	149,619	149,619	Custodial credit and interest rate
State and local bonds	75,735	75,735	Credit, custodial credit, concentration of credit and interest rate
Repurchase sweep agreements	3,703,318	3,703,318	Credit, custodial credit, concentration of credit and interest rate
Negotiable certificates of deposit	2,584,144	2,584,144	Credit, custodial credit, concentration of credit and interest rate
Mutual funds	32,959	32,959	N/A
LGIP	8,586,826	8,586,826	Credit
Exchange-traded products	185,422	185,422	N/A
Equities	13,085	13,085	Custodial credit
Annuities	193,432	193,432	Credit and interest rate
Petty cash	2,550	-	N/A
Total Deposits and Investments	\$ 18,113,957	\$ 18,625,910	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 10,600,537		
Restricted cash and investments	4,064,562		
Per statement of assets and liabilities - agency funds			
Agency Funds	3,448,858		
Total Deposits and Investments	\$ 18,113,957		

CITY OF NEW RICHMOND

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

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. \$763,163 of the city's investments are covered by SIPC.

The city maintains various collateral agreements and a line of credit with its banks. At December 31, 2017, the banks had pledged \$776,800 of various government securities to secure the city's deposits and \$3,703,318 of various government securities to secure the city's repurchase sweep agreements. The city also has a line of credit for \$10,000,000 for any excess deposits at Bremer Bank.

Deposits at Bremer Bank in the amount of approximately \$297,000 are insured through the CDARS program. The CDARS program allows the city to have FDIC protection for all deposits. Deposits over the FDIC limit are transferred to other financial institutions as certificates of deposit (up to the FDIC limit per financial institution) and in exchange other financial institutions transfer certificates of deposit for the same amount to Bremer Bank.

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

CITY OF NEW RICHMOND

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

- > Quoted market prices

Investment Type	December 31, 2017			
	Level 1	Level 2	Level 3	Total
U.S. agency bonds - explicit guarantee	\$ -	\$ 19,087	\$ -	\$ 19,087
U.S. agency bonds - implicit guarantee	-	659,535	-	659,535
U.S. treasuries	-	149,619	-	149,619
State and local bonds	-	75,735	-	75,735
Repurchase sweep agreements	-	3,703,318	-	3,703,318
Negotiable certificates of deposit	-	2,584,144	-	2,584,144
Mutual funds	32,959	-	-	32,959
Exchange-traded products	185,422	-	-	185,422
Equities	13,085	-	-	13,085
Total	<u>\$ 231,466</u>	<u>\$ 7,191,438</u>	<u>\$ -</u>	<u>\$ 7,422,904</u>

Custodial Credit Risk

Deposits

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

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

Investments

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

As of December 31, \$878,450 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.

CITY OF NEW RICHMOND

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

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

Investment Type	Standard & Poors	Moody's Investors Services
Federal Home Loan Bank	AA+	AAA
Federal Farm Credit Bank	AA+	AAA
Federal Home Loan Mortgage Corporation (FHLMC)	AA+	AAA

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

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

The city also has investments in negotiable certificates of deposit, certain implicity guaranteed U.S. agency bonds, repurchase sweep agreements, and state and local bonds which have unknown credit ratings.

Concentration of Credit Risk

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

At December 31, 2017, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal National Mortgage Association	Repurchase sweep agreement	22.86%

CITY OF NEW RICHMOND

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

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

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

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1 - 3	3 +
U.S. agency bonds - explicit guarantee	\$ 19,087	\$ -	\$ -	\$ 19,087
U.S. agency bonds - implicit guarantee	659,535	181,044	154,248	324,243
U.S. treasuries	149,619	149,619	-	-
State and local bonds	75,735	75,735	-	-
Repurchase sweep agreements	3,703,318	3,703,318	-	-
Negotiable certificates of deposit	2,584,144	889,888	1,694,256	-
Annuities	<u>193,432</u>	-	-	<u>193,432</u>
Totals	<u>\$ 7,384,870</u>	<u>\$ 4,999,604</u>	<u>\$ 1,848,504</u>	<u>\$ 536,762</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 \$28,558 in the general fund, \$727,972 in the debt service fund, \$17,879 in the capital projects fund, \$7,688 in the electric utility, and \$260,447 in the nonmajor funds.

CITY OF NEW RICHMOND

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

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

B. RECEIVABLES (cont.)

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 6,341,951	\$ 13,383
Accounts receivable	105	23,253
Due from other governments	-	31,089
Special assessments not yet due	-	17,674
Loans receivable	-	1,073,795
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 6,342,056	 \$ 1,159,194

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 revenue 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, 2017

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

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2017:

	<u>Restricted Assets</u>
Bond redemption account	\$ 685,954
Bond reserve account	439,776
Equipment replacement account	487,985
Impact fee account - utility	604,023
Impact fee account - other	394,696
Construction account - utility	205,331
Construction account - other	<u>1,246,797</u>
 Total	 <u><u>\$ 4,064,562</u></u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Construction in progress	\$ 173,782	\$ 97,225	\$ 22,531	\$ 248,476
Land	<u>7,165,811</u>	<u>308,335</u>	<u>18,186</u>	<u>7,455,960</u>
Total Capital Assets Not Being Depreciated	<u>7,339,593</u>	<u>405,560</u>	<u>40,717</u>	<u>7,704,436</u>
Capital assets being depreciated				
Buildings	10,010,376	185,939	-	10,196,315
Machinery and equipment	5,116,817	812,890	206,319	5,723,388
Land improvements	6,545,916	129,919	-	6,675,835
Roads	24,858,174	1,001,426	152,766	25,706,834
Storm sewers	9,367,959	646,839	93,172	9,921,626
Sidewalks	<u>648,291</u>	<u>-</u>	<u>1,002</u>	<u>647,289</u>
Total Capital Assets Being Depreciated	<u>56,547,533</u>	<u>2,777,013</u>	<u>453,259</u>	<u>58,871,287</u>
Total Capital Assets	<u>63,887,126</u>	<u>3,182,573</u>	<u>493,976</u>	<u>66,575,723</u>

CITY OF NEW RICHMOND

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

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

D. CAPITAL ASSETS (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Buildings	\$ (3,044,403)	\$ (188,115)	\$ -	\$ (3,232,518)
Machinery and equipment	(3,403,577)	(348,400)	128,121	(3,623,856)
Land improvements	(1,688,785)	(210,349)	-	(1,899,134)
Roads	(8,304,323)	(608,820)	109,898	(8,803,245)
Storm sewers	(2,847,432)	(193,466)	50,702	(2,990,196)
Sidewalks	<u>(147,643)</u>	<u>(15,922)</u>	<u>1,002</u>	<u>(162,563)</u>
Total Accumulated Depreciation	<u>(19,436,163)</u>	<u>(1,565,072)</u>	<u>289,723</u>	<u>(20,711,512)</u>
Net Capital Assets Being Depreciated	<u>37,111,370</u>	<u>1,211,941</u>	<u>163,536</u>	<u>38,159,775</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 44,450,963</u>	<u>\$ 1,617,501</u>	<u>\$ 204,253</u>	<u>\$ 45,864,211</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 31,007
Public safety	213,026
Public works, which includes the depreciation of infrastructure	1,150,392
Leisure activities	<u>170,647</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,565,072</u>

CITY OF NEW RICHMOND

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Electric</u>				
Capital assets not being depreciated/amortized				
Construction in progress	\$ 163,219	\$ 21,086	\$ -	\$ 184,305
Land and land rights	<u>48,414</u>	<u>-</u>	<u>-</u>	<u>48,414</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>211,633</u>	<u>21,086</u>	<u>-</u>	<u>232,719</u>
Capital assets being depreciated/amortized				
Intangibles	10,206	-	-	10,206
Transmission	113,355	-	-	113,355
Distribution	12,948,149	563,295	64,230	13,447,214
Administrative and general assets	<u>1,527,091</u>	<u>1,725</u>	<u>2,258</u>	<u>1,526,558</u>
Total Capital Assets Being Depreciated/Amortized	<u>14,598,801</u>	<u>565,020</u>	<u>66,488</u>	<u>15,097,333</u>
Total Capital Assets	<u>14,810,434</u>	<u>586,106</u>	<u>66,488</u>	<u>15,330,052</u>
Less: Accumulated depreciation/amortization for				
Electric plant	<u>(8,883,111)</u>	<u>(626,495)</u>	<u>66,488</u>	<u>(9,443,118)</u>
Total Accumulated Depreciation/Amortization	<u>(8,883,111)</u>	<u>(626,495)</u>	<u>66,488</u>	<u>(9,443,118)</u>
Net Capital Assets Being Depreciated/Amortized	<u>5,715,690</u>	<u>(61,475)</u>	<u>-</u>	<u>5,654,215</u>
Net Electric Capital Assets	<u>\$ 5,927,323</u>	<u>\$ (40,389)</u>	<u>\$ -</u>	<u>\$ 5,886,934</u>

CITY OF NEW RICHMOND

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated/amortized				
Construction in progress	\$ 57,823	\$ 4,205	\$ 7,089	\$ 54,939
Land and land rights	2,425	-	-	2,425
Total Capital Assets Not Being Depreciated/Amortized	<u>60,248</u>	<u>4,205</u>	<u>7,089</u>	<u>57,364</u>
Capital assets being depreciated/amortized				
Intangibles	9,072	-	-	9,072
Source of supply	597,764	-	-	597,764
Pumping	1,287,586	44,913	-	1,332,499
Treatment	14,298	-	-	14,298
Transmission and distribution	14,515,359	877,849	77,328	15,315,880
Administrative and general assets	<u>560,526</u>	<u>50,356</u>	<u>1,693</u>	<u>609,189</u>
Total Capital Assets Being Depreciated/Amortized	<u>16,984,605</u>	<u>973,118</u>	<u>79,021</u>	<u>17,878,702</u>
Total Capital Assets	<u>17,044,853</u>	<u>977,323</u>	<u>86,110</u>	<u>17,936,066</u>
Less: Accumulated depreciation/amortization for				
Water plant	<u>(4,628,766)</u>	<u>(367,170)</u>	<u>79,021</u>	<u>(4,916,915)</u>
Total Accumulated Depreciation/Amortization	<u>(4,628,766)</u>	<u>(367,170)</u>	<u>79,021</u>	<u>(4,916,915)</u>
Net Capital Assets Being Depreciated/Amortized	<u>12,355,839</u>	<u>605,948</u>	<u>-</u>	<u>12,961,787</u>
Net Water Capital Assets	<u>\$12,416,087</u>	<u>\$ 610,153</u>	<u>\$ 7,089</u>	<u>\$13,019,151</u>

CITY OF NEW RICHMOND

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated/amortized				
Construction in progress	\$ 24,133	\$ 12,425	\$ 4,748	\$ 31,810
Land and land rights	<u>55,306</u>	-	-	<u>55,306</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>79,439</u>	<u>12,425</u>	<u>4,748</u>	<u>87,116</u>
Capital assets being depreciated/amortized				
Intangibles	9,072	-	-	9,072
Collection system	9,228,130	711,534	112,748	9,826,916
Collection system pumping	2,643,919	40,017	-	2,683,936
Treatment and disposal	6,220,614	-	-	6,220,614
Administrative and general assets	<u>738,135</u>	-	<u>1,693</u>	<u>736,442</u>
Total Capital Assets Being Depreciated/Amortized	<u>18,839,870</u>	<u>751,551</u>	<u>114,441</u>	<u>19,476,980</u>
Total Capital Assets	<u>18,919,309</u>	<u>763,976</u>	<u>119,189</u>	<u>19,564,096</u>
Less: Accumulated depreciation/amortization for				
Sewer plant	<u>(9,659,157)</u>	<u>(521,057)</u>	<u>114,441</u>	<u>(10,065,773)</u>
Total Accumulated Depreciation/Amortization	<u>(9,659,157)</u>	<u>(521,057)</u>	<u>114,441</u>	<u>(10,065,773)</u>
Net Capital Assets Being Depreciated/Amortized	<u>9,180,713</u>	<u>230,494</u>	-	<u>9,411,207</u>
Net Sewer Capital Assets	<u>\$ 9,260,152</u>	<u>\$ 242,919</u>	<u>\$ 4,748</u>	<u>\$ 9,498,323</u>
Business-type Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 27,603,562</u>	<u>\$ 812,683</u>	<u>\$ 11,837</u>	<u>\$ 28,404,408</u>

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Electric	\$ 621,380
Water	332,111
Sewer	<u>556,117</u>
Total Business-type Activities Depreciation/ Amortization Expense	<u>\$ 1,509,608</u>

CITY OF NEW RICHMOND

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

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

D. CAPITAL ASSETS (cont.)

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

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	\$ 269,866
General Fund	Water Utility	212,359
Electric Utility	Capital Projects	142,690
Electric Utility	TIF District #6	10,114
Water Utility	Capital Projects	730
Water Utility	Impact Fees	81
Water Utility	TIF District #10	14,670
Sewer Utility	General Fund	68,710
Storm Water Utility	General Debt Service	36,550
Storm Water Utility	Water Utility	43,253
Impact Fees	General Fund	173
TIF District #8	Park Land Trust	2,773
TIF District #10	Sewer Utility	82,617
Total - Fund Financial Statements		884,586
Less: Fund eliminations		(39,496)
Less: Government-wide eliminations		(473,990)
Less: Interfund advances		(326,076)
Total Internal Balances - Government-Wide Statement of Net Position		\$ 45,024

All amounts are due within one year, except \$18,275 due from general debt service to storm water utility.

CITY OF NEW RICHMOND

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

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

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

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 2017 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 #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 #10 interest on the advance at a rate of 4%. No repayment schedule has been established.

The general fund advanced funds to TIF District #6 to finance a development incentive. The general fund is charging interest on the advance at a rate of 2%. Principal repayments are expected from 2018 - 2023.

The electric utility advanced funds to the capital projects fund to finance the purchase of property. The electric utility is charging interest on the advance at a rate of 1.5%. Repayments are expected from 2019 - 2024.

The electric and sewer utilities advanced funds to TIF District #10 to provide financing for infrastructure relocation. The electric and sewer utilities are charging interest on the advance at a rate of 4%. Repayments are expected from 2021 - 2023.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	TIF District #6	\$ 457,380	\$ 441,528
General Fund	TIF District #10	197,931	197,931
Electric Utility	Capital Projects	176,076	176,076
Electric Utility	TIF District #10	50,218	50,218
Sewer Utility	TIF District #10	99,782	99,782
Total - Fund Financial Statements		981,387	
Less: Fund eliminations		(655,311)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ 326,076	

CITY OF NEW RICHMOND

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

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

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

Advances (cont.)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 608,095
Business-type Activities	Governmental Activities	<u>(563,071)</u>
Total Government-Wide Financial Statements		<u><u>\$ 45,024</u></u>

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	\$ 261,832	Payment in lieu of taxes
General Fund	Water Utility	295,431	Payment in lieu of taxes
General Fund	Capital Projects	40,000	Airport projects in the general fund
Landfill Assurance	General Fund	13,614	City share of landfill costs
TIF District #8	TIF District #5	479,350	TIF increment sharing
General Debt Service	Storm Water Utility	28,841	Storm Water Utility share of debt service
General Debt Service	TIF District #6	1,339,311	TIF share of debt service
General Debt Service	TIF District #7	32,021	TIF share of debt service
General Debt Service	TIF District #8	318,819	TIF share of debt service
General Debt Service	TIF District #10	59,418	TIF share of debt service
Storm Water Utility	General Debt Service	<u>36,550</u>	Equipment purchase utilizing debt service funds
Total - Fund Financial Statements		2,905,187	
Less: Fund eliminations		(2,347,924)	
Less: Transfer of property from governmental activities to business-type activities		<u>(302,804)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 254,459</u></u>	

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

CITY OF NEW RICHMOND

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

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 19,742,170	\$ 5,740,000	\$ 5,993,241	\$ 19,488,929	\$ 2,372,686
(Discounts)/Premiums	<u>108,029</u>	<u>337,935</u>	<u>17,735</u>	<u>428,229</u>	<u>-</u>
Sub-totals	<u>19,850,199</u>	<u>6,077,935</u>	<u>6,010,976</u>	<u>19,917,158</u>	<u>2,372,686</u>
Other Liabilities					
Compensated absences	421,937	320,351	327,754	414,534	321,050
Landfill long-term costs	240,356	-	15,580	224,776	15,000
Landfill remediation costs	104,737	-	10,069	94,668	13,000
Unfunded prior service cost	123,822	6,361	35,471	94,712	36,535
Other postemployment benefits	439,950	133,611	-	573,561	-
Net pension liability - WRS	378,231	275,343	448,082	205,492	-
Total pension liability - fire stipend	<u>-</u>	<u>388,044</u>	<u>3,420</u>	<u>384,624</u>	<u>-</u>
Total Other Liabilities	<u>1,709,033</u>	<u>1,123,710</u>	<u>840,376</u>	<u>1,992,367</u>	<u>385,585</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 21,559,232</u>	<u>\$ 7,201,645</u>	<u>\$ 6,851,352</u>	<u>\$ 21,909,525</u>	<u>\$ 2,758,271</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ -	\$ 860,000	\$ -	\$ 860,000	\$ 50,000
Revenue bonds	5,515,839	28,725	465,178	5,079,386	486,111
Other notes or loans payable	18,977	-	6,247	12,730	5,146
(Discounts)/Premiums	<u>73,527</u>	<u>6,208</u>	<u>7,527</u>	<u>72,208</u>	<u>-</u>
Sub-totals	<u>5,608,343</u>	<u>894,933</u>	<u>478,952</u>	<u>6,024,324</u>	<u>541,257</u>
Other Liabilities					
Compensated absences	463,062	218,622	153,236	528,448	151,867
Other postemployment benefits	198,629	62,966	-	261,595	-
Net pension liability - WRS	<u>155,300</u>	<u>121,361</u>	<u>189,675</u>	<u>86,986</u>	<u>-</u>
Total Other Liabilities	<u>816,991</u>	<u>402,949</u>	<u>342,911</u>	<u>877,029</u>	<u>151,867</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 6,425,334</u>	<u>\$ 1,297,882</u>	<u>\$ 821,863</u>	<u>\$ 6,901,353</u>	<u>\$ 693,124</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2017, was \$35,867,840. Total general obligation debt outstanding at year end was \$20,348,929.

CITY OF NEW RICHMOND

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
Promissory Note	May 08	Apr 18	3.4-3.6%	\$ 390,000	\$ 55,000
Promissory Note	Feb 08	May 27	0%	803,462	424,049
Promissory Note	Sep 09	Apr 19	1.5-3.55%	2,420,000	390,000
Promissory Note	May 11	Jun 21	0%	163,616	57,265
Refunding Bonds	Aug 11	Mar 27	0.65-4.875%	1,150,000	785,000
Refunding Bonds	Sep 11	Dec 23	1.0-3.0%	3,545,000	1,965,000
State Trust Fund Loan	Dec 12	Mar 22	2.75%	404,000	263,061
Refunding Bonds	Jul 12	Mar 30	2.0-2.8%	3,125,000	1,650,000
State Trust Fund Loan	Apr 13	Mar 23	2.75%	262,000	9,323
State Trust Fund Loan	Jan 13	Mar 22	2.75%	251,000	147,700
State Trust Fund Loan	Apr 13	Mar 23	2.75%	272,000	171,746
Bank Loan	Jan 15	Dec 18	2.47%	23,122	6,600
Bank Loan	Jan 15	Dec 18	2.47%	22,622	6,327
Bank Loan	Jan 15	Feb 19	2.47%	28,340	9,084
Bank Loan	Jan 15	Mar 19	2.47%	27,341	8,908
Refunding Bonds	Aug 15	Oct 25	2.0-2.125%	3,455,000	2,835,000
State Trust Fund Loan	Sep 15	Mar 25	3.25%	450,000	412,700
Promissory Note	Jan 16	Dec 25	0%	55,792	44,633
Promissory Note	Jan 16	Dec 26	0%	280,592	252,533
Bonds Payable	Aug 16	Oct 31	2.0-2.25%	4,565,000	4,255,000
Bonds Payable	Jul 17	Oct 32	3.0%	5,740,000	<u>5,740,000</u>

Total Governmental Activities - General Obligation Debt \$ 19,488,929

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
Bonds Payable	Jul 17	Oct 32	3.0%	\$ 860,000	<u>\$ 860,000</u>

Total Business-type Activities - General Obligation Debt \$ 860,000

CITY OF NEW RICHMOND

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2018	\$ 2,372,686	\$ 519,346	\$ 50,000	\$ 31,533
2019	2,466,352	421,035	50,000	24,300
2020	2,218,663	362,826	50,000	22,800
2021	1,959,749	308,245	50,000	21,300
2022	1,995,955	259,905	50,000	19,800
2023-2027	6,000,524	690,245	290,000	74,550
2028-2032	<u>2,475,000</u>	<u>165,165</u>	<u>320,000</u>	<u>29,100</u>
Totals	<u>\$ 19,488,929</u>	<u>\$ 2,726,767</u>	<u>\$ 860,000</u>	<u>\$ 223,383</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 16.99% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,653,935. Principal and interest paid for the current year and total customer net revenues were \$179,405 and \$1,081,544, 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 28.0% of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,155,905. Principal and interest paid for the current year and total customer net revenues were \$413,939 and \$781,221, respectively.

CITY OF NEW RICHMOND

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2017, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>	
<u>Electric Utility</u>						
Revenue Bonds	Aug 15	Oct 26	1.3-2.5%	\$ 1,765,000	\$ 1,480,000	
Total Electric Utility					<u>1,480,000</u>	
<u>Water Utility</u>						
Safe Drinking Water Loan	May 16	May 36	1.65%	319,565	307,172	(1)
Revenue Bonds	Aug 16	May 35	2.0-2.5%	2,240,000	<u>2,130,000</u>	
Total Water Utility					<u>2,437,172</u>	
<u>Sewer Utility</u>						
Revenue Bonds	May 98	May 18	2.64%	2,506,755	172,214	
Revenue Bonds	Aug 16	May 35	2.0-2.5%	1,020,000	<u>990,000</u>	
Total Sewer Utility					<u>1,162,214</u>	
Total Business-type Activities - Revenue Debt					<u>\$ 5,079,386</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, 2017. 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, 2017

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
2018	\$ 486,111	\$ 102,482
2019	384,126	93,778
2020	404,359	86,458
2021	419,596	78,159
2022	419,837	69,651
2023-2027	2,007,939	211,894
2028-2032	584,585	74,356
2033-2036	372,833	13,678
Totals	<u>\$ 5,079,386</u>	<u>\$ 730,456</u>

Notes Payable

Business-type Activities Notes Payable	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
Note Payable - WPPI	Jan 15	Jan 20	2%	\$ 8,000	\$ 3,565
Note Payable - WPPI	Aug 15	Jul 20	2%	16,782	<u>9,165</u>
Total Business-type Activities Notes Payable					<u>\$ 12,730</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Notes Payable	
	Principal	Interest
2018	\$ 5,146	\$ 206
2019	5,113	99
2020	2,471	13
Totals	<u>\$ 12,730</u>	<u>\$ 318</u>

CITY OF NEW RICHMOND

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

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

Current Refunding

On July 11, 2017, the city issued \$1,760,000 in general obligation bonds with an interest rate of 3.00% to refund \$2,170,000 of outstanding bonds with an interest rate of 3.875-4.050%. The net proceeds along with \$357,454 of 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 were \$2,481,703 from 2017 through 2026. The cash flow requirements on the refunding bonds are \$1,960,810 from 2018 through 2026. 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 \$141,408.

On July 11, 2017, the city issued \$1,605,000 in general obligation bonds with an interest rate of 3.00% to refund \$1,805,000 of outstanding bonds with an interest rate of 3.5-4.0%. The net proceeds were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding were \$2,078,300 from 2018 through 2027. The cash flow requirements on the refunding bonds are \$1,795,579 from 2018 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 \$252,710.

CITY OF NEW RICHMOND

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

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 \$532,622. The city's share of this liability, 17.774% of the total estimated costs, is \$94,668 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 \$224,776, equal to maintenance and monitoring costs for 15 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, 2017, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 7,455,960
Construction in progress	248,476
Other capital assets, net of accumulated depreciation	38,159,775
Less: Long-term debt outstanding	(19,488,929)
Plus: Unspent capital related debt proceeds	1,054,804
Plus: Noncapital debt proceeds	2,467,289
Less: Unamortized debt premium	<u>(428,229)</u>
Total Net Investment in Capital Assets	<u>\$ 29,469,146</u>

CITY OF NEW RICHMOND

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

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

	<u>General Fund</u>	<u>General Debt Service</u>	<u>Capital Projects</u>	<u>TIF District #6 Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Fund Balances						
Nonspendable:						
Long-term advances to other funds	\$ 655,311	\$ -	\$ -	\$ -	\$ -	\$ 655,311
Delinquent special assessments held by the county	4,062	-	-	-	-	4,062
Delinquent personal property taxes	47,619	-	-	-	-	47,619
Cemetery perpetual care	-	-	-	-	39,725	39,725
Restricted for:						
Capital projects	-	-	1,054,680	-	-	1,054,680
Park land projects	-	-	-	-	125,748	125,748
Library projects	-	-	-	-	266,562	266,562
Storm water utility	-	-	-	-	6,080	6,080
CDBG revolving housing loan program	-	-	-	-	64,457	64,457
Future facility improvements	-	-	-	-	392,086	392,086
Landfill assurance	-	-	-	-	15,187	15,187
TIF district projects	-	-	-	-	787,194	787,194
Committed to:						
Storm water utility	-	-	-	-	196,100	196,100
Capital projects	-	-	-	-	48,191	48,191
Assigned to:						
Police	8,660	-	-	-	-	8,660
Healthy Hatfield Habitat	482	-	-	-	-	482
Signage for bike route	2,500	-	-	-	-	2,500
Networking/computers	27,000	-	-	-	-	27,000
Airport projects	40,000	-	-	-	-	40,000
Projects - hail damage	284,788	-	-	-	-	284,788
Insurance - CESA grant	12,500	-	-	-	-	12,500
Fire pension	193,432	-	-	-	-	193,432
Future outlay - fire	10,561	-	-	-	-	10,561
Future retirement	42,050	-	-	-	-	42,050
Insurance - sustainability funds	15,000	-	-	-	-	15,000
Unassigned (deficit):	<u>1,337,145</u>	<u>(17,019)</u>	<u>-</u>	<u>(345,217)</u>	<u>(279,984)</u>	<u>694,925</u>
Total Fund Balances (Deficit)	<u>\$ 2,681,110</u>	<u>\$ (17,019)</u>	<u>\$ 1,054,680</u>	<u>\$ (345,217)</u>	<u>\$ 1,661,346</u>	<u>\$ 5,034,900</u>

CITY OF NEW RICHMOND

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

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 106,145
Construction in progress	271,054
Other capital assets, net of accumulated depreciation	28,027,209
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(4,987,107)
Less: Unamortized debt premium	<u>(72,208)</u>
Total Net Investment in Capital Assets	<u>\$ 23,345,093</u>

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.

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$388,121 in contributions from the city.

Contribution rates as of December 31, 2017 are:

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

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

At December 31, 2017, the city reported a liability of \$292,478 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the city's proportion was 0.03548459%, which was a decrease of 0.00265151% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the city recognized pension expense of \$687,824.

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2017, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 111,523	\$ 919,817
Changes in assumptions	305,797	-
Net differences between projected and actual earnings on pension plan investments	1,455,860	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,554	24,492
Employer contributions subsequent to the measurement date	358,714	-
Totals	\$ 2,253,448	\$ 944,309

\$358,714 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 689,209	\$ 299,715
2019	689,207	299,715
2020	563,861	299,715
2021	(48,053)	44,872
2022	510	292

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<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>
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the city's proportionate share of the net pension liability 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 (asset)	\$3,847,732	\$292,478	\$(2,445,229)

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

At December 31, 2017, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

At December 31, 2017, the city reported debt payable to the pension plan of \$94,712, 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, 2017

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, 2017. 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 States of Wisconsin, Iowa and Michigan. 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 and 2016, all but two of WPPI Energy members ratified an extension to their existing contracts. The new contract expires at midnight on December 31, 2055. The contract for the remaining members expires on December 31, 2037.

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

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

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	4.14%
City of New Richmond	50.46
Town of Cylon	2.75
Village of Deer Park	1.09
Town of Erin Prairie	1.92
Town of Richmond	11.18
Village of Roberts	6.36
Town of Stanton	4.11
Town of Star Prairie	13.47
Village of Star Prairie	2.65
	<u>1.87</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 \$88,486 to the district for 2017. 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, 2017 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, 2017

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 \$308,582 to the facility for 2017. 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, 2017 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, 2017

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>(52,775)</u>
Increase in net OPEB obligation	196,577
Net OPEB Obligation - Beginning of Year	<u>638,579</u>
Net OPEB Obligation - End of Year	<u><u>\$ 835,156</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2017	\$ 249,352	21.16	\$ 835,156
December 31, 2016	249,352	21.20	638,579
December 31, 2015	249,352	11.33	442,118

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The funded status of the plan as of January 1, 2017, 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)	\$ 4,475,325
UAAL as a percentage of covered payroll	49.71%

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, 2017

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, 2017, 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, 2017

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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt*

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 February 1, 2018. In the event the golf club were unable to make payments, the city would be obligated to make the payments. At December 31, 2017, the outstanding balance on the loan was \$113,812. The loan was paid in full during 2018.

I. DEFINED BENEFIT PENSION PLAN - FIRE STIPEND

Plan description. The city reports a single employer defined benefit pension plan for fire department employees ("the plan"). Management of the plan is vested in the New Richmond Fire Fighters Group. No assets have been accumulated in a trust for payment of these benefits.

Benefits provided. The plan is administered by the New Richmond Fire Fighters Group and provides stipend benefits to certain fire department employees. The amount paid to retirees or beneficiaries each year is based on the years of service at the time of retirement. Benefit provisions are established by the adoption agreement and may be amended by the employer. The plan was closed to new entrants on December 2006.

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

I. DEFINED BENEFIT PENSION PLAN - FIRE STIPEND (cont.)

At December 31, 2017, plan's membership consisted of:

Retirees and beneficiaries	25
Inactive, nonretired members	-
Active members	<u>11</u>
Total	<u><u>36</u></u>

The city paid \$3,420 for pension benefits as they came due during the reporting period. The city has accumulated assets to pay for these benefits; however, the arrangement does not meet the definition of a trust under GASB Statement No. 73. The specific criteria that are not met include:

- > Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.

- > Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the pension plan administrator and plan members.

Changes in total pension liability. The city's change in total pension liability for the calendar year ended December 31, 2017, was as follows:

	Total Pension Liability
Beginning of Year Balance	\$ 309,714
Service cost	7,221
Interest on total pension liability	10,195
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	64,191
Benefit payments	<u>(6,697)</u>
End of Year Balance	<u><u>\$ 384,624</u></u>

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

I. DEFINED BENEFIT PENSION PLAN - FIRE STIPEND (cont.)

Assumptions. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date:	December 31, 2017
Actuarial Valuation Date:	January 1, 2017
Inflation:	0.0%
Salary Changes:	N/A
Discount Rate:	3.31%
Source of Discount Rate:	20 year AA general obligation bond rate
Source of Mortality Assumptions:	RP 2000MF with improvement
Dates of Experience Studies	Not available

Sensitivity of the total pension liability to changes in the discount rate. The following is a sensitivity analysis of the total pension liability to changes in the discount rate. The table below presents the pension liability of the city calculated using the current discount rate of 3.31% as well as what the total pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (2.31%) or 1 percentage point higher (4.31%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 411,631	\$ 384,624	\$ 357,015

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2017, the city recognized pension expense of \$336,481. The city reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	48,143	-
Changes in employer's proportion	-	-
Transactions subsequent to measurement date	-	-
Total	<u>\$ 48,143</u>	<u>\$ -</u>

CITY OF NEW RICHMOND

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

NOTE IV - OTHER INFORMATION (cont.)

I. DEFINED BENEFIT PENSION PLAN - FIRE STIPEND (cont.)

Amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:

2018	\$	16,048
2019		16,048
2020		<u>16,047</u>
Total	\$	<u><u>48,143</u></u>

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,972,444	\$ 2,977,574	\$ 2,999,651	\$ 22,077
Intergovernmental	1,463,523	1,593,683	1,604,336	10,653
Licenses and permits	237,165	269,168	491,662	222,494
Fines, forfeitures and penalties	96,000	98,000	98,656	656
Public charges for services	262,898	270,398	287,087	16,689
Intergovernmental charges for services	24,000	24,000	28,019	4,019
Special assessments	3,196	3,196	8,009	4,813
Investment income	54,114	54,114	53,105	(1,009)
Miscellaneous	89,130	129,767	516,066	386,299
Total Revenues	<u>5,202,470</u>	<u>5,419,900</u>	<u>6,086,591</u>	<u>666,691</u>
EXPENDITURES				
Current				
General government	990,142	1,069,234	1,069,234	-
Public safety	2,413,465	2,501,215	2,485,494	15,721
Public works	1,246,850	1,363,921	1,349,453	14,468
Health and human services	7,250	7,250	5,632	1,618
Leisure activities	1,261,958	1,249,989	1,238,658	11,331
Conservation and development	99,312	99,312	93,466	5,846
Capital Outlay	<u>7,000</u>	<u>33,945</u>	<u>33,882</u>	<u>63</u>
Total Expenditures	<u>6,025,977</u>	<u>6,324,866</u>	<u>6,275,819</u>	<u>49,047</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(823,507)</u>	<u>(904,966)</u>	<u>(189,228)</u>	<u>715,738</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	837,270	837,270	597,263	(240,007)
Transfers out	(13,763)	(13,763)	(13,614)	149
Property sales	-	-	457,380	457,380
Total Other Financing Sources (Uses)	<u>823,507</u>	<u>823,507</u>	<u>1,041,029</u>	<u>217,522</u>
Net Change in Fund Balance	-	(81,459)	851,801	933,260
FUND BALANCE - Beginning of Year	<u>1,829,309</u>	<u>1,829,309</u>	<u>1,829,309</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 1,829,309</u>	<u>\$ 1,747,850</u>	<u>\$ 2,681,110</u>	<u>\$ 933,260</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, 2017

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2017	\$ -	\$ 2,224,817	\$ 2,224,817	0.00%	\$ 4,475,325	49.71%
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%

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, 2017

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
12/31/2016	0.03548459%	\$ 292,478	\$ 4,408,090	6.64%	99.12%
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, 2017

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
12/31/2017	\$ 358,714	\$ 358,714	\$ -	\$ 4,532,158	7.91%
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

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY
FIRE STIPEND

For the Year Ended December 31, 2017

<u>Fiscal Year</u> <u>Ending</u>	<u>Beginning</u> <u>Balance</u>	<u>Service Cost</u>	<u>Interest on</u> <u>Total Pension</u> <u>Liability</u>	<u>Changes in</u> <u>Benefit Terms</u>	<u>Difference</u> <u>Between</u> <u>Expected and</u> <u>Actual</u> <u>Experience</u>	<u>Changes of</u> <u>Assumptions</u>	<u>Benefit</u> <u>Payments</u>	<u>Ending</u> <u>Balance</u>
12/31/2017	\$ 309,714	\$ 7,221	\$ 10,195	\$ -	\$ -	\$ 64,191	\$ (6,697)	\$ 384,624

SCHEDULE OF COVERED PAYROLL
FIRE STIPEND

For the Year Ended December 31, 2017

<u>Fiscal Year</u> <u>Ending</u>	<u>Total Pension</u> <u>Liability</u>	<u>Covered</u> <u>Payroll</u>	<u>Total Pension</u> <u>Liability as a</u> <u>Percentage of</u> <u>Covered</u> <u>Payroll</u>
12/31/2017	\$ 384,624	\$ 48,587	791.62%

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, 2017

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 \$375,930. 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.

FIRE STIPEND

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.

Accumulation of assets. No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

Change in benefit terms. There were no changes of benefit terms.

Changes in assumptions. The discount rate changed, the pre-retirement mortality was removed, and the post-employment mortality changed from GAR94-1 to RP2000MF with improvement.

Changes that significantly affect trends in amounts reported. There were no changes in trends.

SUPPLEMENTARY INFORMATION

CITY OF NEW RICHMOND

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
General property taxes	\$ 2,851,707	\$ 2,851,707	\$ 2,851,709	\$ 2
Mobile home taxes	4,000	4,000	3,024	(976)
Motel tax	55,000	60,130	76,070	15,940
In lieu of tax	60,827	60,827	66,241	5,414
General sales tax	10	10	17	7
Omitted taxes	-	-	1,926	1,926
Interest on taxes	900	900	664	(236)
Total Taxes	<u>2,972,444</u>	<u>2,977,574</u>	<u>2,999,651</u>	<u>22,077</u>
INTERGOVERNMENTAL REVENUES				
Shared taxes from state	598,380	598,380	598,635	255
State aid - police training	2,400	2,560	2,560	-
State aid - highway aids	449,654	449,654	448,681	(973)
State aid - streets	49,813	49,813	49,813	-
State aid - other transportation	-	130,000	131,257	1,257
State aid - other	6,597	6,597	6,981	384
State aid - exempt computer aid	5,315	5,315	8,831	3,516
Fire dues for training	22,000	22,000	28,633	6,633
County aid	329,364	329,364	328,945	(419)
Total Intergovernmental Revenues	<u>1,463,523</u>	<u>1,593,683</u>	<u>1,604,336</u>	<u>10,653</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	13,500	13,500	11,990	(1,510)
Business and cigarette licenses	6,475	6,475	9,986	3,511
Dog and cat licenses	2,500	2,500	2,125	(375)
Building permits	170,000	202,003	423,331	221,328
Cable TV franchise	42,000	42,000	42,040	40
Other regulatory permits and fees	2,690	2,690	2,190	(500)
Total Licenses and Permits	<u>237,165</u>	<u>269,168</u>	<u>491,662</u>	<u>222,494</u>
FINES, FORFEITURES AND PENALTIES				
Court penalties and costs	80,000	80,000	79,616	(384)
Parking violations	15,000	17,000	18,795	1,795
Miscellaneous other fines	1,000	1,000	245	(755)
Total Fines, Forfeitures and Penalties	<u>96,000</u>	<u>98,000</u>	<u>98,656</u>	<u>656</u>

CITY OF NEW RICHMOND

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC CHARGES FOR SERVICES				
Recycling fees	\$ 92,000	\$ 92,000	\$ 96,342	\$ 4,342
General government	2,500	2,500	5,322	2,822
Clerk's fees	31,902	31,902	30,798	(1,104)
Police department	8,000	8,000	8,368	368
Fire department	2,500	2,500	5,772	3,272
Street department earnings	3,600	3,600	7,917	4,317
Parks	2,301	2,301	2,748	447
Airport	84,371	84,371	85,513	1,142
Library	11,500	11,500	12,561	1,061
Other	24,224	31,724	31,746	22
Total Public Charges for Services	<u>262,898</u>	<u>270,398</u>	<u>287,087</u>	<u>16,689</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Local fire services	<u>24,000</u>	<u>24,000</u>	<u>28,019</u>	<u>4,019</u>
Total Intergovernmental Charges for Services	<u>24,000</u>	<u>24,000</u>	<u>28,019</u>	<u>4,019</u>
SPECIAL ASSESSMENTS				
Blacktop	2,364	2,364	2,364	-
Sewer mains and laterals	832	832	832	-
Sidewalk	-	-	4,813	4,813
Total Special Assessments	<u>3,196</u>	<u>3,196</u>	<u>8,009</u>	<u>4,813</u>
INVESTMENT INCOME				
Investment on temporary investments	50,000	50,000	50,265	265
Interest on advances	2,780	2,780	2,064	(716)
Interest on notes receivable	334	334	289	(45)
Interest on special assessments	1,000	1,000	487	(513)
Total Investment Income	<u>54,114</u>	<u>54,114</u>	<u>53,105</u>	<u>(1,009)</u>
MISCELLANEOUS				
Rent of municipal property	75,810	75,810	74,544	(1,266)
Insurance recoveries and dividends	-	10,917	354,707	343,790
Donations	3,000	21,052	24,052	3,000
Miscellaneous	10,320	21,988	62,763	40,775
Total Miscellaneous	<u>89,130</u>	<u>129,767</u>	<u>516,066</u>	<u>386,299</u>
TOTAL REVENUES	<u>\$ 5,202,470</u>	<u>\$ 5,419,900</u>	<u>\$ 6,086,591</u>	<u>\$ 666,691</u>

CITY OF NEW RICHMOND

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Council	\$ 78,881	\$ 83,624	\$ 88,844	\$ (5,220)
Municipal court	137,536	137,536	140,221	(2,685)
City attorney	43,000	43,000	50,179	(7,179)
City administrator	103,294	103,294	98,535	4,759
Clerk - treasurer	31,635	31,635	33,243	(1,608)
City administrative secretary	25,736	25,736	25,855	(119)
Elections	5,000	5,000	4,737	263
Internal accounting	561	561	2,862	(2,301)
Independent auditing	35,000	35,000	27,393	7,607
Treasury	16,759	16,759	25,568	(8,809)
Assessor/building inspector	187,957	219,960	208,772	11,188
Board of review	500	500	299	201
Civic center	92,847	92,847	140,541	(47,694)
Property and liability insurance	80,000	80,000	85,674	(5,674)
Workers' compensation	75,000	81,551	61,684	19,867
Illegal taxes	-	35,795	51,246	(15,451)
Mapping	13,651	13,651	13,347	304
Data processing	30,000	30,000	2,377	27,623
Miscellaneous	32,785	32,785	7,857	24,928
Total General Government	<u>990,142</u>	<u>1,069,234</u>	<u>1,069,234</u>	<u>-</u>
PUBLIC SAFETY				
Police	2,037,566	2,116,022	2,115,973	49
Fire department	261,969	264,319	248,645	15,674
Ambulance	88,485	88,485	88,486	(1)
Inspection	4,800	4,800	4,800	-
Emergency disaster	17,210	24,154	26,165	(2,011)
Correction and detention	600	600	180	420
Other public safety	2,835	2,835	1,245	1,590
Total Public Safety	<u>2,413,465</u>	<u>2,501,215</u>	<u>2,485,494</u>	<u>15,721</u>
PUBLIC WORKS				
Street superintendent	42,315	42,315	45,013	(2,698)
Street shop	12,720	12,720	15,929	(3,209)
Machinery and equipment	27,000	27,000	26,532	468
Street maintenance	562,055	562,055	540,308	21,747
Snow and ice control	46,515	46,515	31,888	14,627
Street lighting	200,000	200,000	214,783	(14,783)
Sidewalks	60,000	60,000	61,577	(1,577)
Traffic control	30,000	30,000	35,502	(5,502)
Airport	158,645	164,216	163,664	552
Shared ride - taxi	10,000	114,000	113,438	562
Landfill	8,250	8,250	15,679	(7,429)
Recycling	76,350	76,350	64,822	11,528
Weed control	13,000	20,500	20,318	182
Total Public Works	<u>1,246,850</u>	<u>1,363,921</u>	<u>1,349,453</u>	<u>14,468</u>

CITY OF NEW RICHMOND

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
HEALTH AND HUMAN SERVICES				
Health officer	\$ 200	\$ 200	\$ 200	\$ -
Animal shelter	7,050	7,050	5,432	1,618
Total Health and Human Services	<u>7,250</u>	<u>7,250</u>	<u>5,632</u>	<u>1,618</u>
LEISURE ACTIVITIES				
Library	794,171	763,008	763,006	2
Cable TV	17,000	17,000	12,171	4,829
Parks	362,766	379,928	378,044	1,884
Sports center	15,000	15,000	21,265	(6,265)
Recreation center	24,571	24,571	20,160	4,411
Other leisure activities	48,450	50,482	44,012	6,470
Total Leisure Activities	<u>1,261,958</u>	<u>1,249,989</u>	<u>1,238,658</u>	<u>11,331</u>
CONSERVATION AND DEVELOPMENT				
Economic development	77,312	77,312	72,140	5,172
Other conservation and development	22,000	22,000	21,326	674
Total Conservation and Development	<u>99,312</u>	<u>99,312</u>	<u>93,466</u>	<u>5,846</u>
CAPITAL OUTLAY				
Other public safety	-	945	994	(49)
Shared ride - taxi	7,000	33,000	32,888	112
Total Capital Outlay	<u>7,000</u>	<u>33,945</u>	<u>33,882</u>	<u>63</u>
TOTAL EXPENDITURES	<u>\$ 6,025,977</u>	<u>\$ 6,324,866</u>	<u>\$ 6,275,819</u>	<u>\$ 49,047</u>

CITY OF NEW RICHMOND

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

	<u>Special Revenue Funds</u>		
	<u>Park Land Trust Fund</u>	<u>Library Trust Fund</u>	<u>Storm Water Utility</u>
ASSETS			
Cash and investments	\$ 129,105	\$ 266,562	\$ 132,416
Restricted cash and investments	-	-	-
Receivables (net)			
Taxes	-	-	-
Accounts	-	-	-
Notes	-	-	-
Due from other governmental units	5,900	-	6,472
Due from other funds	<u>-</u>	<u>-</u>	<u>79,803</u>
TOTAL ASSETS	<u>\$ 135,005</u>	<u>\$ 266,562</u>	<u>\$ 218,691</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 584	\$ -	\$ 14,020
Accrued liabilities	-	-	2,491
Due to other funds	2,773	-	-
Advances from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>3,357</u>	<u>-</u>	<u>16,511</u>
Deferred Inflows of Resources			
Unearned revenues	-	-	-
Unavailable revenues	<u>5,900</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>5,900</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit)			
Nonspendable	-	-	-
Restricted	125,748	266,562	6,080
Committed	-	-	196,100
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (deficit)	<u>125,748</u>	<u>266,562</u>	<u>202,180</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 135,005</u>	<u>\$ 266,562</u>	<u>\$ 218,691</u>

Special Revenue Funds			Debt Service Fund	Capital Projects Funds		
CDBG Revolving Housing	Impact Fees	Cemetery	TIF District #5	Landfill Assurance	TIF District #7	TIF District #8
\$ 64,457	\$ -	\$ 40,384	\$ -	\$ 21,342	\$ 111,293	\$ 643,710
-	394,696	-	-	-	-	-
-	-	-	429,597	-	76,343	156,794
-	-	2,280	-	-	-	-
260,447	-	-	-	-	-	-
-	-	-	-	-	-	-
-	173	-	-	-	-	2,773
<u>\$ 324,904</u>	<u>\$ 394,869</u>	<u>\$ 42,664</u>	<u>\$ 429,597</u>	<u>\$ 21,342</u>	<u>\$ 187,636</u>	<u>\$ 803,277</u>
\$ -	\$ 2,702	\$ 13	\$ -	\$ 6,155	\$ -	\$ -
-	-	646	-	-	-	-
-	81	-	-	-	-	-
-	-	-	-	-	-	-
-	2,783	659	-	6,155	-	-
-	-	-	429,597	-	76,343	149,225
260,447	-	2,280	-	-	-	7,569
<u>260,447</u>	<u>-</u>	<u>2,280</u>	<u>429,597</u>	<u>-</u>	<u>76,343</u>	<u>156,794</u>
-	-	39,725	-	-	-	-
64,457	392,086	-	-	15,187	111,293	646,483
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>64,457</u>	<u>392,086</u>	<u>39,725</u>	<u>-</u>	<u>15,187</u>	<u>111,293</u>	<u>646,483</u>
<u>\$ 324,904</u>	<u>\$ 394,869</u>	<u>\$ 42,664</u>	<u>\$ 429,597</u>	<u>\$ 21,342</u>	<u>\$ 187,636</u>	<u>\$ 803,277</u>

CITY OF NEW RICHMOND

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

	Capital Projects Funds		
	TIF District #9	TIF District #10	Capital Replacement Fund
ASSETS			
Cash and investments	\$ 29,418	\$ -	\$ 60,571
Restricted cash and investments	-	-	-
Receivables (net)			
Taxes	42,551	54,917	100,000
Accounts	-	-	-
Notes	-	-	-
Due from other governmental units	-	-	-
Due from other funds	-	82,617	-
TOTAL ASSETS	\$ 71,969	\$ 137,534	\$ 160,571
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 12,380
Accrued liabilities	-	-	-
Due to other funds	-	14,670	-
Advances from other funds	-	347,931	-
Total Liabilities	-	362,601	12,380
Deferred Inflows of Resources			
Unearned revenues	42,551	54,917	100,000
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	42,551	54,917	100,000
Fund Balances (Deficit)			
Nonspendable	-	-	-
Restricted	29,418	-	-
Committed	-	-	48,191
Unassigned (deficit)	-	(279,984)	-
Total Fund Balances (deficit)	29,418	(279,984)	48,191
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 71,969	\$ 137,534	\$ 160,571

Total
Nonmajor
Governmental
Funds

\$ 1,499,258
394,696

860,202
2,280
260,447
12,372
165,366

\$ 3,194,621

\$ 35,854
3,137
17,524
347,931
404,446

852,633
276,196
1,128,829

39,725
1,657,314
244,291
(279,984)
1,661,346

\$ 3,194,621

CITY OF NEW RICHMOND

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

	Special Revenue Funds		
	Park Land Trust Fund	Library Trust Fund	Storm Water Utility
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	4,898	-	25,250
Public charges for services	40,763	18,653	287,565
Special assessments	-	-	-
Investment income	236	26,355	988
Miscellaneous	73,593	50	57,648
Total Revenues	119,490	45,058	371,451
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	-	-	200,150
Health and human services	-	-	-
Leisure activities	133,984	11,779	-
Conservation and development	-	-	-
Capital Outlay	-	-	559,996
Debt Service			
Interest and fiscal charges	-	-	6,542
Total Expenditures	133,984	11,779	766,688
Excess (deficiency) of revenues over expenditures	(14,494)	33,279	(395,237)
OTHER FINANCING SOURCES (USES)			
Debt issued	-	-	430,000
Premium on debt issued	-	-	3,104
Transfers in	-	-	36,550
Transfers out	-	-	(28,841)
Total Other Financing Sources (Uses)	-	-	440,813
Net Change in Fund Balances	(14,494)	33,279	45,576
FUND BALANCES (DEFICIT) - Beginning of Year	140,242	233,283	156,604
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 125,748	\$ 266,562	\$ 202,180

Special Revenue Funds			Debt Service Fund	Capital Projects Funds		
CDBG Revolving Housing	Impact Fees	Cemetery	TIF District #5	Landfill Assurance	TIF District #7	TIF District #8
\$ -	\$ -	\$ -	\$ 470,466	\$ -	\$ 66,664	\$ 149,528
-	-	-	9,260	-	372	6,334
-	-	27,295	-	-	-	-
-	-	-	-	-	-	7,208
101	3,238	211	-	23	-	721
17,492	235,336	10,307	-	62,982	-	-
<u>17,593</u>	<u>238,574</u>	<u>37,813</u>	<u>479,726</u>	<u>63,005</u>	<u>67,036</u>	<u>163,791</u>
-	2,452	-	-	-	-	-
-	-	-	-	63,337	-	-
-	-	10,071	-	-	-	-
-	-	-	-	-	-	-
18,978	-	-	376	-	8,662	10,968
-	166,392	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>18,978</u>	<u>168,844</u>	<u>10,071</u>	<u>376</u>	<u>63,337</u>	<u>8,662</u>	<u>10,968</u>
<u>(1,385)</u>	<u>69,730</u>	<u>27,742</u>	<u>479,350</u>	<u>(332)</u>	<u>58,374</u>	<u>152,823</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	13,614	-	479,350
-	-	-	(479,350)	-	(32,021)	(318,819)
-	-	-	(479,350)	13,614	(32,021)	160,531
(1,385)	69,730	27,742	-	13,282	26,353	313,354
65,842	322,356	11,983	-	1,905	84,940	333,129
<u>\$ 64,457</u>	<u>\$ 392,086</u>	<u>\$ 39,725</u>	<u>\$ -</u>	<u>\$ 15,187</u>	<u>\$ 111,293</u>	<u>\$ 646,483</u>

CITY OF NEW RICHMOND

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

	Capital Projects Funds		
	TIF District #9	TIF District #10	Capital Replacement Fund
REVENUES			
Taxes	\$ 38,958	\$ 40,532	\$ 85,000
Intergovernmental	3,211	1,585	11,990
Public charges for services	-	-	-
Special assessments	-	-	-
Investment income	-	-	-
Miscellaneous	-	3,800	6,977
Total Revenues	42,169	45,917	103,967
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	-	-	-
Health and human services	-	-	-
Leisure activities	-	-	-
Conservation and development	5,131	230,547	-
Capital Outlay	-	-	55,750
Debt Service			
Interest and fiscal charges	961	1,102	-
Total Expenditures	6,092	231,649	55,750
Excess (deficiency) of revenues over expenditures	36,077	(185,732)	48,217
OTHER FINANCING SOURCES (USES)			
Debt issued	-	-	-
Premium on debt issued	-	-	-
Transfers in	-	-	-
Transfers out	-	(59,418)	-
Total Other Financing Sources (Uses)	-	(59,418)	-
Net Change in Fund Balances	36,077	(245,150)	48,217
FUND BALANCES (DEFICIT) - Beginning of Year	(6,659)	(34,834)	(26)
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 29,418	\$ (279,984)	\$ 48,191

Total
Nonmajor
Governmental
Funds

\$ 851,148
62,900
374,276
7,208
31,873
468,185
1,795,590

2,452
263,487
10,071
145,763
274,662
782,138

8,605
1,487,178

308,412

430,000
3,104
529,514
(918,449)
44,169

352,581

1,308,765

\$ 1,661,346

CITY OF NEW RICHMOND

COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2017

	<u>Tax Collection Fund</u>	<u>Employee Flex Plan</u>	<u>Armed Services Memorial</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 3,417,768	\$ 27,246	\$ 3,844	\$ 3,448,858
Taxes receivable	<u>6,207,170</u>	<u>-</u>	<u>-</u>	<u>6,207,170</u>
TOTAL ASSETS	<u>\$ 9,624,938</u>	<u>\$ 27,246</u>	<u>\$ 3,844</u>	<u>\$ 9,656,028</u>
LIABILITIES				
Deposits	\$ -	\$ 27,246	\$ 3,844	\$ 31,090
Due to other taxing units	<u>9,624,938</u>	<u>-</u>	<u>-</u>	<u>9,624,938</u>
TOTAL LIABILITIES	<u>\$ 9,624,938</u>	<u>\$ 27,246</u>	<u>\$ 3,844</u>	<u>\$ 9,656,028</u>

CITY OF NEW RICHMOND

RATE OF RETURN - REGULATORY BASIS For the Year Ended December 31, 2017

	Electric Utility	Water Utility
Utility Financed Plant in Service		
Beginning of year	\$ 12,501,606	\$ 9,057,706
End of year	12,902,912	9,707,135
Average	12,702,259	9,382,421
Utility Financed Accumulated Depreciation		
Beginning of year	(7,849,404)	(3,006,937)
End of year	(8,320,878)	(3,182,740)
Average	(8,085,141)	(3,094,839)
Materials and Supplies		
Beginning of year	280,698	10,576
End of year	247,260	10,446
Average	263,979	10,511
Regulatory Liability		
Beginning of year	(69,300)	(127,380)
End of year	(59,401)	(109,183)
Average	(64,351)	(118,282)
AVERAGE NET RATE BASE	\$ 4,816,747	\$ 6,179,812
OPERATING INCOME - REGULATORY BASIS	\$ 339,349	\$ 73,697
RATE OF RETURN (PERCENT)	7.05%	1.19%

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.