

CITY OF PLATTEVILLE, WISCONSIN

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended December 31, 2015

Johnson Block & Company, Inc.
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CITY OF PLATTEVILLE, WISCONSIN
DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Platteville, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Platteville, Wisconsin ("City"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City'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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2015, 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 1 to the financial statements, effective January 1, 2015, the City of Platteville adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. 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 management's discussion and analysis on pages 4 through 13, budgetary comparison information on pages 60 and 61, and the Wisconsin Retirement System schedules on page 62 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.

Other Information

Prior Year Summarized Information

We have previously audited the City's 2014 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information in our report dated June 12, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information (continued)

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Platteville, Wisconsin's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

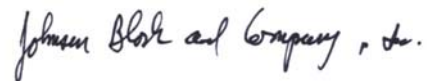
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The schedules of insurance and other utility information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

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

Johnson Block & Company, Inc.



May 5, 2016
Mineral Point, Wisconsin

Management's Discussion and Analysis

On behalf of Platteville’s management team, I am pleased to offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that can be found in our annual audit report issued by Johnson Block and Company, Inc. Copies may be obtained at the Municipal Building at 75 North Bonson St. or the City Web Site at www.platteville.org.

Financial Highlights

- The assets of the City of Platteville again exceeded its liabilities as of December 31, 2015. The total net position of the City are categorized by investment in capital assets (i.e. land, buildings, infrastructure, machinery and equipment), net of related debt used to acquire these assets still outstanding, restricted net position (resources subject to external restrictions on how they may be used) and unrestricted net position (may be used to meet the City’s ongoing obligations to citizens and creditors). Over the last two years, the following changes have occurred:

<u>Year</u>	<u>Net Position*</u>	<u>\$ Change (+/-)</u>
2015	\$67,765,731	\$ 158,665
2014	\$67,607,066	(\$ 1,444,287)

**see net position-pg 15*

- As of December 31, 2015, the City of Platteville's governmental activities reported total current assets of \$11,639,487 (page 14, Exhibit A-1). This compares to the prior year as follows:

<u>Year</u>	<u>Current Assets</u>	<u>\$ Change (+/-)</u>
2015	\$11,639,487	\$ 81,107
2014	\$11,558,380	(\$ 106,410)

About 57.2 percent of this total, or \$6,656,912 represents cash and investments.

- The city’s general fund balance decreased by \$579,691 from 2014 to 2015. In the past 2 years, changes have been as follows:

<u>Year</u>	<u>General Fund Bal.*%age Change (+/-)</u>
2015	\$4,272,386 (11.9%)
2014	\$4,852,077 5.6%

**Exhibit A-3, Page 17*

- In 2015, the city’s long-term obligations increased by \$ 3,044,850, as compared to an increase of \$3,411,917 during 2014 (page 44). Notes totaling \$3,962,000 and utility revenue bonds totaling \$5,425,000 were issued in 2015.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an overview of the City of Platteville's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, this report contains supplementary information.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Platteville's finances, in a manner similar to a private-sector business.

The *statement of net position (Exhibit A-1)* presents information on all of the City of Platteville's assets and liabilities, with the difference between the two reported as *net position (page 15)*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Platteville is improving or deteriorating.

The *statement of activities (Exhibit A-2)* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City of Platteville that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Platteville include general government, public safety, public works, community enrichment services, and conservation and development. The business-type activities of the City of Platteville include the Water and Wastewater Utility.

The government-wide financial statements include not only the City of Platteville itself (known as the *primary government*), but also a legally separate Housing Authority for which the City of Platteville is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14-16 of this report. Supplementary information is included starting on page 63.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Platteville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Platteville can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Platteville maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Major categories include the General Fund, the Capital Projects Fund, the Community Development Block Grant fund, and TIF No. 7.

The basic governmental fund financial statements can be found on pages 17-21 of this report.

Proprietary funds. Proprietary funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Platteville Water and Wastewater Utility, which is considered to be a major fund of the City of Platteville.

The basic proprietary fund financial statements can be found on pages 22-26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Platteville's programs. The fiduciary fund maintained by the City of Platteville is the Tax Collection Fund which records the tax roll and tax collections for other taxing jurisdictions within the City of Platteville.

The basic fiduciary fund financial statements can be found on page 27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-59 of this report.

Other information. In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the General Fund and information on the Wisconsin Retirement System pension plan. The budgetary comparison schedules on pages 60 and 61 demonstrate compliance with the budget and complements the statement included in the basic governmental fund financial statements. The Wisconsin Retirement System schedules on page 62 present 10-year pension plan trend information.

The combining statements referred to earlier in connection with non-major governmental funds and other information related to the individual funds is presented immediately following the required supplementary information. Individual fund statements and schedules can be found on pages 63-64 of this report.

Government-wide Financial Analysis

Changes in net position can serve as a useful indicator of a government's financial position over time. In the case of the City of Platteville, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$65,258,891 at the close of 2014, which increased to \$67,765,731 by the end of 2015.

TABLE 1: CITY OF PLATTEVILLE'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current/other assets	\$ 17,900,460	\$ 14,133,742	\$ 6,969,048	\$ 5,740,851	\$ 24,869,508	\$ 19,874,593
Capital Assets	59,157,510	59,469,829	33,692,370	33,337,508	92,849,880	92,807,337
Total Assets	\$ 77,057,970	\$ 73,603,571	\$ 40,661,418	\$ 39,078,359	\$117,719,388	\$112,681,930
Deferred outflows of resources	\$ 694,370		\$ 188,757	\$ 62,407	\$ 883,127	\$ 62,407
Current Liabilities	\$ 4,058,428	\$ 2,897,016	\$ 984,554	\$ 817,293	\$ 5,042,982	\$ 3,714,309
Other Liabilities	23,550,496	22,315,305	16,257,810	15,556,715	39,808,306	37,872,020
Total Liabilities	\$ 27,608,924	\$ 25,212,321	\$ 17,242,364	\$ 16,374,008	\$ 44,851,288	\$ 41,586,329
Deferred inflows of resources	\$ 5,985,496	\$ 5,899,117			\$ 5,985,496	\$ 5,899,117
Net Position:						
Net investment In capital assets	\$ 37,377,510	\$ 37,979,829	\$ 17,176,558	\$ 17,565,754	\$ 54,554,068	\$ 55,545,583
Restricted	6,744,674	2,656,719	4,879,391	3,153,700	11,624,065	5,810,419
Unrestricted	35,736	1,855,585	1,551,862	2,047,304	1,587,598	3,902,889
Total Net Position	\$ 44,157,920	\$ 42,492,133	\$ 23,607,811	\$ 22,766,758	\$ 67,765,731	\$ 65,258,891

Source: Rows 1-3 Exhibit A-1 page 14, Rows 4-6 page 15, Rows 7-10 page 15

The largest portion of the City of Platteville's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related outstanding debt against those assets (approximately 80 percent). The city uses these capital assets to provide services to citizens; subsequently these assets are not available for future spending. Although Platteville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must come from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Platteville's net position (approximately 17 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,587,598) may be used to meet the city's ongoing obligations to citizens and creditors.

Governmental Activities. Governmental activities have the potential to increase or decrease the city’s net position during the course of the year. The following chart establishes baseline numbers for comparison in future years.

TABLE 2: CITY OF PLATTEVILLE’S PRIMARY GOVERNMENT STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for Service	\$ 1,763,581	\$ 1,810,381	\$ 4,554,663	\$ 4,537,055	\$ 6,318,244	\$ 6,347,436
Operating grants and contributions	1,949,774	1,808,985			1,949,774	1,808,985
Capital grants and contributions	1,539,983	1,283,549	859	107,238	1,540,842	1,390,787
Property taxes	5,740,580	5,281,193			5,740,580	5,281,193
Other taxes	222,171	299,464			222,171	299,464
Intergovernmental rev’s not restricted to specific programs	2,594,260	2,627,414			2,594,260	2,627,414
Investment income	30,196	58,562	13,253	7,520	43,449	66,082
Other	(904,071)	(245,738)	8,531	(4,626)	(895,540)	(250,364)
Total revenues	12,936,474	12,923,810	4,577,306	4,647,187	17,513,780	17,570,997
Expenses						
General Gov’t	1,107,524	1,039,017			1,107,524	1,039,017
Public safety	3,631,010	3,483,150			3,631,010	3,483,150
Public works	5,027,159	3,765,517			5,027,159	3,765,517
Hlth & Hum Serv.	101,497	110,923			101,497	110,923
Leisure Activities	1,780,965	1,724,958			1,780,965	1,724,958
Urban Redev. and Housing	402,766	280,596			402,766	280,596
Industrial Dev.	1,021,737	4,622,731			1,021,737	4,622,731
Interest and Fiscal Charges	663,710	632,937			663,710	632,937
Water and Sewer			3,618,747	3,355,455	3,618,747	3,355,455
Total expenses	13,736,368	15,659,829	3,618,747	3,355,455	17,355,115	19,015,284
Incr.(Decr.) in net position before Transfers	(799,894)	(2,736,019)	958,559	1,291,732	158,665	(1,444,287)
Transfers	397,742	393,454	(397,742)	(393,454)		
Incr.(Decr.) in net position	(402,152)	(2,342,565)	560,817	898,278	158,665	(1,444,287)
Net position – beginning of Year, previous	42,492,133	44,834,698	22,766,758	21,868,480	65,258,891	66,703,178
Prior period adjustment – implementation of GASB No. 68 and No. 71	1,370,802		280,236		1,651,038	
Prior period adjustment – mortgages receivable	697,137				697,137	
Net position-beginning, restated	44,560,072	44,834,698	23,046,994	21,868,408	67,607,066	66,703,178
Net position – end of year	\$ 44,157,920	\$ 42,492,133	\$ 23,607,811	\$ 22,766,758	\$ 67,765,731	\$ 65,258,891

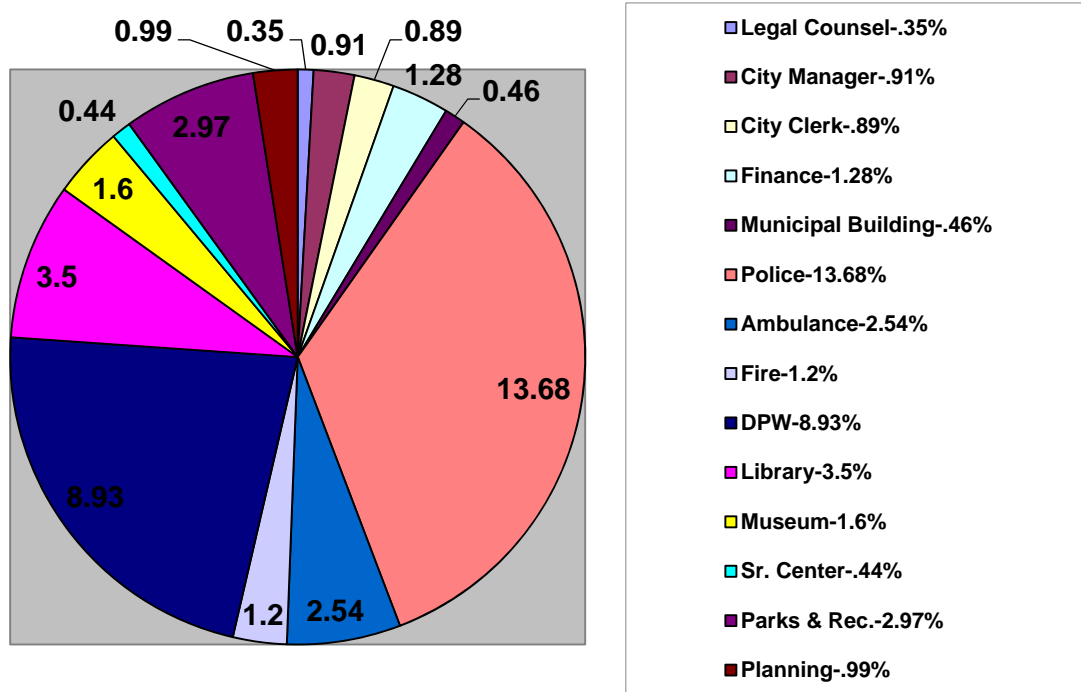
Source: Exhibit A-2, Page 16

Public safety activities accounted for 26 percent of the total expenses within the governmental activities of the City of Platteville, as compared to 22 percent in the prior year. This includes police, fire, and ambulance services. Expenses in this area increased by approximately \$147,860 from 2014.

Industrial development expenses decreased by approximately \$3,600,994 or 78% from 2014. Health and Human Services expenses decreased by \$9,426, or 8% from 2014.

Public works expenditures increased by approximately \$1,261,642, or 34% from 2014. General Government increased by approximately \$68,507, or 7% from 2014.

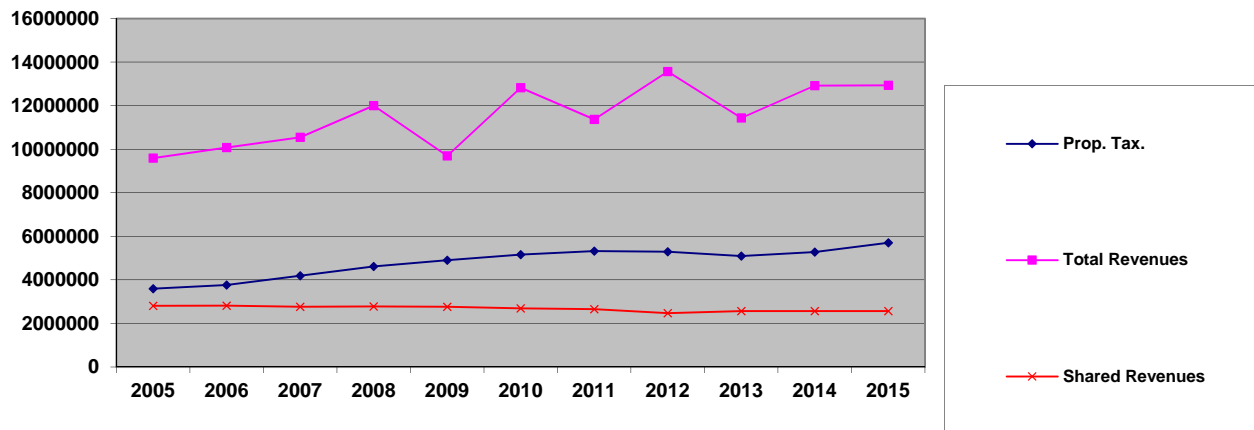
Figure 1: Municipal Expenditures by Major Department as a Percentage Share of Total 2015 Budget



Source: City of Platteville 2015 Budget

In recent years, property taxes have been the largest revenue source for governmental activities, followed closely by state shared revenue. Property taxes accounted for approximately 40.9% of total revenues in 2014, and 44.1% in 2015.

Figure 2: Property Tax Revenue As Compared to Total Revenue

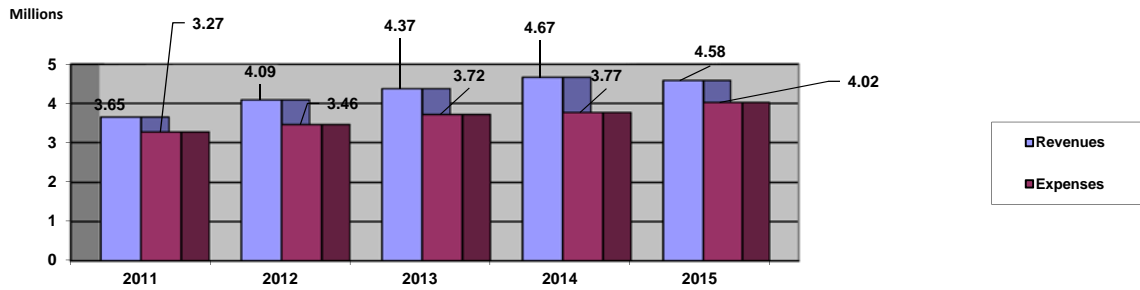


Business-type activities (Proprietary Funds).

In 2015, net position in the proprietary funds increased by \$560,817. This compares to an \$898,278 increase in 2014. Major water and sewer line replacements and improvements and upgrades to the utility’s facilities increase net position.

The Platteville Water and Wastewater Utility is fairly unique in that it is a combined utility. While rates are established separately for water and sewer, revenues and expenses are combined into a single operating unit. Rates are monitored and set according to the policies of the Wisconsin Public Service Commission. The last time the PSC allowed a water rate increase was on January 15, 2013, and the last time for a sewer rate increase on January 15, 2012.

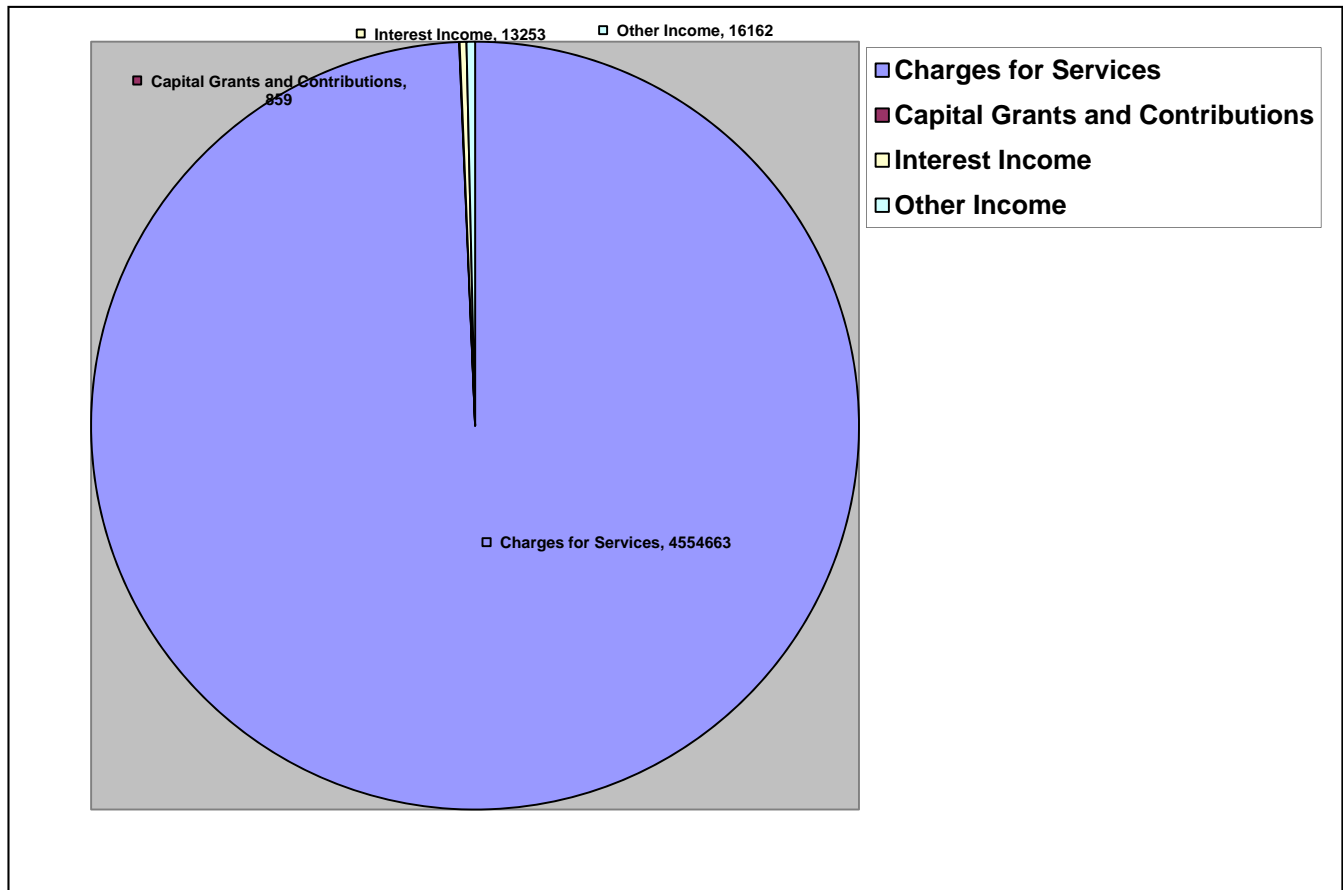
Figure 3: Comparison of Utility Revenues to Expenses, By Year



Source: Exhibit A-2, Page 16

As shown on the following chart, the revenues of the Platteville Water and Wastewater Utility included capital grants and contributions in addition to charges for services (operating revenues). Any investment income and miscellaneous revenues are not identified specifically to an individual program but to the fund as a whole.

Figure 4: Revenues by Source - Business-type Activities



Source: Exhibit A-2, Page 16

Financial Analysis of the Government's Funds

As noted earlier, the City of Platteville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Platteville's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Platteville's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Please note that major funds may change from year to year depending on whether the fund meets the definition of major fund for the year or established by GASB Statement No. 34.

Over the last 2 years, the governmental funds have reported the following balances (*Exhibit A-5, page 19*):

<u>Year</u>	<u>Governmental Fund Balance*</u>	<u>\$ Change (+/-)</u>
2015	\$7,429,650	\$1,722,175
2014	\$5,707,475	\$ 553,940

**As of the end of the year.*

The fund balance gives the overall total funds, and includes positive and negative balances in individual allocations. This is a useful tool for examining the fiscal changes in the city's major funds, which may otherwise be masked by being included in totals. The primary reason for the increase in fund balance as of December 31, 2015 was due to receipt of loan proceeds in December 2015 for which the related payments were not made until January 2016. In January 2016, using December 2015 loans proceeds, the City paid off \$1,070,000 of taxable note anticipation notes and paid a tax incremental financing loan of \$2,000,000 to a developer.

The *General Fund* is the main operating fund of the City of Platteville. In the past few years this fund has seen the following changes (*Exhibit A-5, page 19*):

<u>Year</u>	<u>General Fund Balance*</u>	<u>\$ Change (+/-)</u>
2015	\$4,272,386	(\$ 579,691)
2014	\$4,852,077	\$ 255,153

**As of the end of the year.*

The balance in the general fund accounts for 58% of the overall governmental funds balance.

The *Capital Projects Fund* provides funding for capital projects of the City of Platteville or other unique expenditures, which are not normal operating or maintenance type expenditures reportable within the general fund or other governmental funds (example-large equipment acquisition). The total fund balance as of December 31, 2015, is \$124,667. This is a decrease of \$361,637 from 2014 (*Exhibit A-5, page 19*).

Proprietary fund. The City of Platteville's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net position of the Water and Wastewater Utility at the end of 2015 amounted to \$23,607,811, up \$560,817 from the year before.

The financial statements and a statement of cash flows for the enterprise funds can be found on pages 22-26 of this report.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor. Actual revenue exceeded budget by \$141,252. Actual expenditures were under budget by \$642,848.

Capital Asset and Debt Administration

Capital assets- The City of Platteville's investment in capital assets for its governmental and business type activities is considerable. Recent changes are as follows (*Notes to Financial Statements-Page 42-43*):

<u>Year</u>	<u>Capital Assets</u>	<u>\$ Change (+/-)</u>
2015	\$92,849,880	+\$ 42,543
2014	\$92,807,337	+\$1,294,052

Capital assets include land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress.

TABLE 3: CITY OF PLATTEVILLE'S GOVERNMENTAL CAPITAL ASSETS

	Governmental Activities		Business Activities		Total	
	2015	2014	2015	2014	2015	2014
Land**	\$ 3,148,378	\$ 2,598,552			\$ 3,148,378	\$ 2,598,552
Land improvements	3,607,463	3,517,340			3,607,463	3,517,340
Buildings and improvements	9,472,244	9,442,244			9,472,244	9,442,244
Machinery and Equipment	4,308,708	4,295,477			4,308,708	4,295,477
Vehicles	3,489,624	3,999,382			3,489,624	3,999,382
Infrastructure	57,393,976	56,951,404			57,393,976	56,951,404
Intangible Plant			8,978	8,978	8,978	8,978
Land & Land Rights			40,345	40,345	40,345	40,345
Const. in Progress	1,453,142	107,365	13,152	154,347	1,466,294	261,712
Water:						
Source of supply			765,539	774,164	765,539	774,164
Pumping			2,067,302	2,090,485	2,067,302	2,090,485
Water treatment			1,413,693	1,413,693	1,413,693	1,413,693
Transmis. & Distr.			17,733,401	17,253,819	17,733,401	17,253,819
General plant			733,909	783,936	733,909	783,936
Sewer:						
Collection system			15,016,641	14,296,173	15,016,641	14,296,173
Treatment and disp.			10,315,567	10,292,565	10,315,567	10,292,565
General plant			938,035	996,673	938,035	996,673
Total capital assets	82,873,535	80,911,764	49,046,562	48,105,178	131,920,097	129,016,942
Less accumulated depreciation	(23,716,025)	(21,441,935)	(15,354,192)	(14,767,670)	(39,070,217)	(36,209,605)
Capital assets net of depreciation	\$ 59,157,510	\$ 59,469,829	\$ 33,692,370	\$ 33,337,508	\$ 93,849,880	\$ 92,807,337

Source: Notes to the Basic Financial Statements-Note 4, pages 42-43

**Note that land is not depreciated.

The total decrease in the City of Platteville's governmental-type activities capital assets totals (\$312,319) net of depreciation, or a < 1% decrease.

In Business Type Activities, the biggest gains have been seen in the investment in to the water distribution system and sewer collection and treatment systems. Water transmission and distribution plant accounted for \$479,582 of additions, while sewer collection system accounted for \$720,468.

Long-term debt. At the end of 2015, the City of Platteville had total bonded debt outstanding of \$20,035,520 entirely backed by the full faith and credit of the government (general obligation bonds).

The City of Platteville issued debt in 2015, in the amount of \$9,387,000. This debt was issued to finance various capital projects, utility projects, economic development, and pay off anticipation debt.

TABLE 4: CITY OF PLATTEVILLE OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
G.O. debt	\$ 20,035,520	\$ 17,223,640	\$	\$ 95,000	\$20,035,520	\$17,318,640
Revenue Bonds –						
Utility			16,515,812	11,576,754	16,515,812	11,576,754
Tax Increment	4,953,900	5,466,989			4,953,900	5,466,989
Anticipation notes						
Taxable note	1,070,000	1,070,000			1,070,000	1,070,000
Other Long-term						
Liabilities	468,888	466,834	138,919	138,972	607,807	605,806
Total	\$ 26,528,308	\$ 24,227,463	\$16,654,731	\$15,910,726	\$43,183,039	\$40,138,189

Source: Notes to the Basic Financial Statements, Note 5, pages 44-46

The City of Platteville maintains an "AA-" rating from Standards and Poor's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The debt limitation as of 12/31/15 for the City of Platteville was \$31,668,825, which significantly exceeds the City of Platteville's current outstanding general obligation debt. As of December 31, 2015, the City of Platteville's outstanding general obligation debt equaled 63.3 percent of the state authorized debt limit.

The Platteville Water and Wastewater Utility generally have used borrowed funds for capital improvements. A replacement fund that was established as part of the 1982 bond issue will be continued voluntarily, and proceeds from it are used to pay for allowable costs of maintenance and improvement. This allows the utility to do larger projects while reducing debt load.

Additional information of the City of Platteville's long-term debt can be found in note 5 beginning on page 44.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate as of December 2015, for Grant County, which includes the City of Platteville, was 4.2 percent. This compares to a rate of 4.3 percent for the State of Wisconsin. (Source: Bureau of Labor Statistics)
- The rate of inflation for 2015 was .1 percent, down from 1.6 percent for 2014. The equalized tax rate for taxes collected for 2016 operations (2015 tax bill) went down from 7.21 to 7.17 per thousand of equalized valuation. The taxes to be collected increased by .91 percent, which includes additional tax increments to be collected.

Requests for Information

This financial report is designed to provide a general overview of the City of Platteville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director or the Office of the City Manager, 75 N. Bonson Street, PO Box 780, Platteville, WI 53818. General information relating to the City of Platteville, Wisconsin, can be found at the City's website, <http://www.platteville.org>.

BASIC FINANCIAL STATEMENTS

Exhibit A-1
City of Platteville, Wisconsin
Statement of Net Position
December 31, 2015
(With summarized financial information as of December 31, 2014)

	Governmental Activities	Business-Type Activities	Total Governmental and Business-Type activities		Component Unit Housing Authority	
			2015	2014	2015	2014
ASSETS						
Current assets:						
Cash and investments	\$ 6,656,912	\$ 859,745	\$ 7,516,657	\$ 8,926,135	\$ 2,597	\$ 7,502
Receivables						
Taxes	4,246,941		4,246,941	4,190,412		
Customer	15,244	670,032	685,276	799,026		
Less: allowance for uncollectibles				(30,000)		
Due from other governmental units	1,174,403		1,174,403	153,639		
Other	62,942	5,609	68,551	63,552	5,729	5,473
Special assessments	13,066		13,066	13,679		
Prepaid expenses					115	268
Internal balances	(530,021)	530,021				
Materials and supplies		24,250	24,250	29,088		
Total current assets	11,639,487	2,089,657	13,729,144	14,145,531	8,441	13,243
Noncurrent assets:						
Restricted assets:						
Net pension asset	680,652	139,147	819,799			
Cash and investments	3,078,879	4,740,244	7,819,123	4,394,355	1,367	1,661
Other assets:						
Mortgages receivable	1,717,825		1,717,825	895,869		
Loans receivable	783,617		783,617	438,838		
Capital assets:	82,873,535	49,046,562	131,920,097	129,016,942	7,820	7,820
Less: Accumulated depreciation	23,716,025	15,354,192	39,070,217	36,209,605	7,820	7,776
Net book value of capital assets	59,157,510	33,692,370	92,849,880	92,807,337		44
Total noncurrent assets	65,418,483	38,571,761	103,990,244	98,536,399	1,367	1,705
Total assets	77,057,970	40,661,418	117,719,388	112,681,930	9,808	14,948
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflows	694,370	141,952	836,322			
Unamortized well rehabilitation costs		46,805	46,805	62,407		
Total deferred outflows of resources	694,370	188,757	883,127	62,407		
Total assets and deferred outflows of resources	\$ 77,752,340	\$ 40,850,175	\$ 118,602,515	\$ 112,744,337	\$ 9,808	\$ 14,948

Exhibit A-1 (Continued)
City of Platteville, Wisconsin
Statement of Net Position
December 31, 2015
(With summarized financial information as of December 31, 2014)

	Governmental Activities	Business-Type Activities	Total Governmental and Business-Type activities		Component Unit Housing Authority	
			2015	2014	2015	2014
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 748,047	\$ 152,996	\$ 901,043	\$ 769,039	\$ 2,303	\$ 1,859
Due to other governments	2,166		2,166	41,683		
Accrued wages	143,843	21,686	165,529	149,492		
Accrued interest	151,692	84,751	236,443	226,935		
Unearned revenue	11,101		11,101			
Current portion of:						
Long-term debt	2,938,677	717,783	3,656,460	2,455,539		
Compensated absences	62,582	7,338	69,920	71,401		
Deposits	320		320	220		
Total current liabilities	4,058,428	984,554	5,042,982	3,714,309	2,303	1,859
Noncurrent liabilities:						
General obligation debt	20,035,520		20,035,520	17,318,640		
Taxable note anticipation notes	1,070,000		1,070,000	1,070,000		
Tax increment revenue bonds	4,953,900		4,953,900	5,466,989		
Water and Sewer revenue bonds		16,515,812	16,515,812	11,576,754		
Water and Sewer revenue bond anticipation notes				4,100,000		
Unamortized bond premium	23,447	328,200	351,647	260,771		
Compensated absences	468,888	138,919	607,807	605,806		
Less current portion of long-term debt	(3,001,259)	(725,121)	(3,726,380)	(2,526,940)		
Total noncurrent liabilities	23,550,496	16,257,810	39,808,306	37,872,020		
Total Liabilities	27,608,924	17,242,364	44,851,288	41,586,329	2,303	1,859
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	5,985,496		5,985,496	5,899,117		
Total deferred inflows of resources	5,985,496		5,985,496	5,899,117		
NET POSITION						
Net investment in capital assets	37,377,510	17,176,558	54,554,068	55,545,583		44
Restricted	6,744,674	4,879,391	11,624,065	5,810,419	1,367	1,661
Unrestricted	35,736	1,551,862	1,587,598	3,902,889	6,138	11,384
Total net position	44,157,920	23,607,811	67,765,731	65,258,891	7,505	13,089
Total liabilities, deferred inflows of resources, and net position	\$ 77,752,340	\$ 40,850,175	\$ 118,602,515	\$ 112,744,337	\$ 9,808	\$ 14,948

Exhibit A-2
City of Platteville, Wisconsin
Statement of Activities
For the Year Ended December 31, 2015
(With summarized financial information for the year ended December 31, 2014)

Functions/Programs	Expenses	Program Revenues				Net (Expenses) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Totals		Component Unit Housing Authority	
							2015	2014	2015	2014
Primary Government:										
Governmental activities:										
General government	\$ 1,107,524	\$ 248,163	\$ 3,680	\$ 14,997	\$ (840,684)	\$ (840,684)	\$ (793,215)			
Public safety	3,631,010	613,190	276,842		(2,740,978)	(2,740,978)	(2,374,840)			
Transportation	4,582,006	452,613	1,412,874	952,091	(1,764,428)	(1,764,428)	(942,338)			
Sanitation	445,153	156,585	43,943		(244,625)	(244,625)	(190,996)			
Health and human services	101,497	37,966			(63,531)	(63,531)	(78,418)			
Leisure activities	1,780,965	231,157	212,435	357,401	(979,972)	(979,972)	(1,291,814)			
Urban redevelopment and housing	402,766	23,907			(378,859)	(378,859)	(217,297)			
Industrial development	1,021,737			215,494	(806,243)	(806,243)	(4,235,059)			
Interest and fiscal charges	663,710				(663,710)	(663,710)	(632,937)			
Total governmental activities	13,736,368	1,763,581	1,949,774	1,539,983	(8,483,030)	(8,483,030)	(10,756,914)			
Business-type activities:										
Water and sewer	3,618,747	4,554,663		859		936,775	936,775	1,288,838		
Total business-type activities	3,618,747	4,554,663		859		936,775	936,775	1,288,838		
Total primary government	\$ 17,355,115	\$ 6,318,244	\$ 1,949,774	\$ 1,540,842	(8,483,030)	936,775	(7,546,255)	(9,468,076)		
Component Unit:										
Housing Authority	444,759		437,768					(6,991)	(45,328)	
Total component unit	444,759		437,768					(6,991)	(45,328)	
General revenues:										
Property taxes										
General purposes					3,140,353	3,140,353	2,875,194			
Debt service					816,952	816,952	869,977			
Tax Increments					1,783,275	1,783,275	1,536,022			
Other taxes					222,171	222,171	299,464			
Federal and State aid not restricted for specific purposes										
General					2,594,260	2,594,260	2,627,414			
Interest and investment earnings					30,196	13,253	43,449	18	43	
Loss on sale/disposal of fixed assets					(925,865)	(7,631)	(933,496)	(286,354)		
Miscellaneous					21,794	16,162	37,956	1,389	1,228	
Transfers					397,742	(397,742)				
Total general revenues					8,080,878	(375,958)	7,704,920	8,023,789	1,407	
Changes in net position					(402,152)	560,817	158,665	(1,444,287)	(5,584)	
Net position - beginning , as previously reported					42,492,133	22,766,758	65,258,891	66,703,178	13,089	
Prior period adjustment - implementation of GASB Statement No. 68 and GASB Statement No. 71					1,370,802	280,236	1,651,038			
Prior period adjustment - record long-term receivables not yet due					697,137		697,137			
Net position - beginning, as restated					44,560,072	23,046,994	67,607,066	66,703,178	13,089	
Net position-end of year	\$ 44,157,920	\$ 23,607,811	\$ 67,765,731	\$ 65,258,891	\$ 7,505	\$ 13,089				

Exhibit A-3
City of Platteville, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2015

(With summarized financial information as of December 31, 2014)

	General	Capital Projects	Community Development Block Grant	TIF No. 7	Other Governmental Funds
ASSETS					
Cash and investments	\$ 5,105,099	\$ 318,207	\$ 79,538		\$ 1,154,068
Restricted cash and investments				2,000,060	1,078,819
Receivables:					
Taxes	2,379,090			212,564	1,655,287
Customer	15,244				
Less: allowance for uncollectibles					
Other accounts	50,556	6,360		480	5,546
Other governments	66,098	71,009		401,207	636,089
Special assessments	13,066				
Mortgages			1,646,012		71,813
Loans	263,014				520,603
Due from other funds	777,845				
Advances to other funds	832,942				115,349
Total assets	\$ 9,502,954	\$ 395,576	\$ 1,725,550	\$ 2,614,311	\$ 5,237,574
LIABILITIES					
Accounts payable	\$ 297,425	\$ 270,909	\$ 43	\$ 29,951	\$ 149,719
Accrued payroll	143,843				
Due to other governments	813				1,353
Due to other funds	6,764				380,104
Advances from other funds				1,688,389	180,901
Unearned revenue	3,001				8,100
Deposits	320				
Total liabilities	452,166	270,909	43	1,718,340	720,177
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues	4,778,402		1,646,012	212,564	2,247,702
FUND BALANCES					
Nonspendable	837,748				115,349
Restricted	478,364		79,495	2,250,482	2,154,346
Assigned	912,951	124,667			
Unassigned (Deficit)	2,043,323			(1,567,075)	
Total fund equity	4,272,386	124,667	79,495	683,407	2,269,695
Total liabilities, deferred outflow of resources and fund equity	\$ 9,502,954	\$ 395,576	\$ 1,725,550	\$ 2,614,311	\$ 5,237,574

The notes to the financial statements are an integral part of this statement.

Total Governmental Funds	
2015	2014
\$ 6,656,912	\$ 7,613,517
3,078,879	1,240,655
4,246,941	4,190,412
15,244	137,102
	(30,000)
62,942	50,173
1,174,403	153,639
13,066	13,679
1,717,825	1,593,006
783,617	438,838
777,845	804,486
948,291	780,664
<u>\$ 19,475,965</u>	<u>\$ 16,986,171</u>
\$ 748,047	\$ 626,055
143,843	131,031
2,166	41,683
386,868	207,673
1,869,290	1,947,619
11,101	1,220
320	220
<u>3,161,635</u>	<u>2,955,501</u>
<u>8,884,680</u>	<u>8,323,195</u>
953,097	759,263
4,962,687	2,542,991
1,037,618	1,865,441
476,248	539,780
<u>7,429,650</u>	<u>5,707,475</u>
<u>\$ 19,475,965</u>	<u>\$ 16,986,171</u>

Exhibit A-4
City of Platteville, Wisconsin
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2015
(With summarized financial information as of December 31, 2014)

	2015	2014
Total fund balances-governmental funds:	\$ 7,429,650	\$ 5,707,475
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 fund statements. Amounts reported for governmental activities in the statement of net position:		
Governmental capital asset	82,873,535	80,911,764
Governmental accumulated depreciation	(23,716,025)	(21,441,935)
	59,157,510	59,469,829
The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements		
	680,652	1,105,067
Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.		
Deferred outflows of resources	694,370	265,735
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Long-term notes and loans	2,501,443	2,031,844
Subsequent year tax equivalent from utility	397,742	393,454
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:		
Bonds and notes payable	(20,035,520)	(17,223,640)
Taxable note anticipation notes	(1,070,000)	(1,070,000)
Tax increment revenue bonds	(4,953,900)	(5,466,989)
Bond premium	(23,447)	(26,505)
Accrued interest	(151,692)	(159,364)
Compensated absences	(468,888)	(466,834)
Net position of Governmental Activities	\$ 44,157,920	\$ 44,560,072

Exhibit A-5
City of Platteville, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015
(With summarized financial information for the year ended December 31, 2014)

	General	Capital Projects	Community Development Block Grant	TIF No. 7	Other Governmental Funds
REVENUES					
Taxes	\$ 2,482,197	\$ 839,545	\$	\$ 46,454	\$ 2,594,556
Special assessments	17,473				
Intergovernmental	3,867,577	357,401		404,707	929,105
Licenses and permits	245,854				
Fines and forfeitures	142,047				2,844
Public charges for services	952,003			26,060	610,511
Interest income	21,958	201	383		2,354
Loan repayments	5,235		11,618		107,996
Miscellaneous	51,206	193,342			8,489
Total revenues	7,785,550	1,390,489	12,001	477,221	4,255,855
EXPENDITURES					
Current:					
General government	1,006,736				3,787
Public safety	3,238,998				
Transportation	1,068,866				676,343
Sanitation	445,136				
Health and social services	95,315				
Leisure activities	1,582,022				373
Urban redevelopment and housing	177,645		137,643	203,192	
Industrial development	91,604				50,619
Capital outlay	22,157	2,946,179		706,224	1,801,033
Debt service:					
Principal retirement				30,000	1,633,209
Interest and fiscal charges				53,875	567,558
Debt issuance costs				42,646	17,327
Total expenditures	7,728,479	2,946,179	137,643	1,035,937	4,750,249
Excess (deficiency) of revenues over over expenditures	57,071	(1,555,690)	(125,642)	(558,716)	(494,394)
OTHER FINANCING SOURCES (USES)					
Long-term debt proceeds				2,695,000	1,267,000
Premium on debt issued					
Proceeds from sale of capital assets	11,122				
Insurance proceeds	32,970				
Transfer to other funds	(1,116,508)	(40,000)			(159,745)
Transfer from other funds	42,200	1,234,053			40,000
Transfer from utility-tax equivalent	393,454				
Net change in fund balances	(579,691)	(361,637)	(125,642)	2,136,284	652,861
Fund balance-beginning of year	4,852,077	486,304	205,137	(1,452,877)	1,616,834
Fund balance-end of year	\$ 4,272,386	\$ 124,667	\$ 79,495	\$ 683,407	\$ 2,269,695

The notes to the basic financial statements are an integral part of this statement.

Total	
Governmental Funds	
2015	2014
\$ 5,962,752	\$ 5,580,657
17,473	18,018
5,558,790	4,184,479
245,854	195,592
144,891	159,017
1,588,574	1,746,657
24,896	24,303
124,849	120,268
253,037	143,146
<u>13,921,116</u>	<u>12,172,137</u>
1,010,523	999,791
3,238,998	3,285,909
1,745,209	1,657,747
445,136	392,915
95,315	113,599
1,582,395	1,570,363
518,480	302,637
142,223	142,967
5,475,593	7,339,492
1,663,209	5,211,418
621,433	664,130
59,973	
<u>16,598,487</u>	<u>21,680,968</u>
(2,677,371)	(9,508,831)
3,962,000	9,200,000
	17,754
11,122	262,567
32,970	167,659
(1,316,253)	(342,007)
1,316,253	342,007
393,454	414,791
<u>1,722,175</u>	<u>553,940</u>
5,707,475	5,153,535
<u>\$ 7,429,650</u>	<u>\$ 5,707,475</u>

Exhibit A-6
City of Platteville, Wisconsin
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015
(With summarized financial information for the year ended December 31, 2014)

	2015	2014
Net change in fund balances-total governmental funds	\$ 1,722,175	\$ 553,940
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlay reported in governmental fund statements	3,562,548	2,603,313
Depreciation expenses reported in the statement of activities	<u>(2,953,573)</u>	<u>(1,682,277)</u>
Amount by which capital outlays are greater (less) than depreciation in the current period.	608,975	921,036
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/decrease net position:	(921,293)	298,124
Compensated absences are reported in the governmental funds when amounts are paid. The statement of activities reports the amount earned during the year. The difference between the amount paid and earned was:	(2,054)	(51,510)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities		
The amount of long-term debt principal payments in the current year is:	1,663,209	5,211,418
The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds but does not affect the statement of activities	(3,962,000)	(9,200,000)
Repayments of economic development loans receivable are reflected as revenue in governmental funds, but are reported as a reduction of notes receivable in the statement of net position and does not affect the statement of activities	(107,442)	(67,676)
Additional economic development loans are reflected as expenditures in governmental funds, but are reported as additions to loans receivable in statement of net position and does not affect the statement of activities.	577,040	
Debt premiums are reported in the governmental funds as revenues when those amounts are received. However, the premium is shown in the statement of net position and allocated over the life of the debt issue as amortization expense in the statement of activities		
Amount of debt premium amortized in the current year	3,058	3,058

Exhibit A-6 (Continued)
City of Platteville, Wisconsin
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015
(With summarized financial information for the year ended December 31, 2014)

	2015	2014
In governmental funds, the current year utility tax equivalent is deferred and recognized as revenue in the subsequent year. In the statement of activities, this amount is recognized as a transfer in the year accrued.		
2014 utility tax equivalent recognized as revenue in 2015 in the governmental fund	(393,454)	(414,791)
2015 utility tax equivalent recognized as a transfer in for the statement of activities	397,742	393,454
	4,288	(21,337)
In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
The amount of interest paid during the current period	620,227	663,667
The amount of interest accrued during the current period	(612,555)	(653,285)
Interest paid is greater (less) than interest expensed by	7,672	10,382
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan.		
Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments.		
Difference between the required contributions into the defined benefit plan and the actuarially determined change in net pension asset between years, with adjustments.	4,220	
Change in net position-governmental activities	\$ (402,152)	\$ (2,342,565)

Exhibit A-7
City of Platteville, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2015

(With summarized financial information as of December 31, 2014)

	Water and Sewer Utility	
	2015	2014
ASSETS		
Current assets:		
Cash	\$ 859,420	\$ 1,312,293
Petty cash	325	325
Customer accounts receivable	670,032	661,924
Other accounts receivable	5,609	13,379
Due from other funds	6,764	15,973
Inventories	24,250	29,088
Total current assets	1,566,400	2,032,982
Non-current assets:		
Restricted assets:		
Net pension asset	139,147	
Cash and Investments:		
Replacement fund	1,642,114	1,280,758
Depreciation fund	2,060,993	1,103,672
Debt reserve fund	1,037,137	769,270
Total restricted assets	4,879,391	3,153,700
Capital assets:		
Property and plant	49,046,562	48,105,178
Less: accumulated provision for depreciation	15,354,192	14,767,670
Net property and plant	33,692,370	33,337,508
Other assets:		
Advances due from other funds	920,999	1,166,955
Total other assets	920,999	1,166,955
Total non-current assets	39,492,760	37,658,163
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	141,952	
Unamortized well rehabilitation costs	46,805	62,407
Total deferred outflows of resources	188,757	62,407
Total assets and deferred outflows of resources	\$ 41,247,917	\$ 39,753,552

Exhibit A-7 (Continued)
City of Platteville, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2015

(With summarized financial information as of December 31, 2014)

	Water and Sewer Utility	
	2015	2014
LIABILITIES		
<u>Current liabilities:</u>		
Accounts payable	\$ 152,996	\$ 142,984
Accrued payroll	21,686	18,461
Accrued interest	84,751	67,571
Current portion of:		
General obligation notes		95,000
Revenue bonds	717,783	485,942
Compensated absences	7,338	7,335
Due to other funds	397,742	612,786
Total current liabilities	1,382,296	1,430,079
<u>Non-current liabilities</u>		
General obligation notes		95,000
Revenue bonds	16,515,812	11,576,754
Revenue bond anticipation notes		4,100,000
Unamortized bond premium	328,200	234,266
Compensated absences	138,919	138,972
Less current portion of long-term debt	(725,121)	(588,277)
Total non-current liabilities	16,257,810	15,556,715
NET POSITION		
Net investment in capital assets	17,176,558	17,565,754
Restricted	4,879,391	3,153,700
Unrestricted	1,551,862	2,047,304
Total net position	23,607,811	22,766,758
Total liabilities and net position	\$ 41,247,917	\$ 39,753,552

Exhibit A-8
City of Platteville, Wisconsin
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015
(With summarized financial information for the year ended December 31, 2014)

	Water	Sewer	Total	
			2015	2014
OPERATING REVENUES				
Metered sales	\$ 1,285,675		\$ 1,285,675	\$ 1,269,877
Private fire protection	87,239		87,239	86,645
Public fire protection	615,231		615,231	612,727
Public authorities	249,285		249,285	255,603
Measured sewer service		2,137,623	2,137,623	2,133,208
Forfeited discounts	8,009	8,327	16,336	15,235
Miscellaneous	155,860	7,414	163,274	163,760
Total operating revenues	2,401,299	2,153,364	4,554,663	4,537,055
OPERATING EXPENDITURES				
Pumping expenses	212,816		212,816	195,948
Treatment expenses	105,545	380,120	485,665	449,690
Transmission and distribution	201,168		201,168	199,129
Customer accounts expense	46,268	21,882	68,150	49,595
Administrative and general	280,964	422,498	703,462	632,859
Rent	1,080	5,827	6,907	7,085
Transportation expenses		20,663	20,663	23,010
Maintenance of sewage system		227,994	227,994	133,024
Depreciation	490,599	642,973	1,133,572	1,119,677
Taxes	10,920	50,266	61,186	61,040
Total operating expenses	1,349,360	1,772,223	3,121,583	2,871,057
Operating income	\$ 1,051,939	\$ 381,141	1,433,080	1,665,998
NONOPERATING REVENUES (EXPENSES)				
*Interest and dividends on investments			13,253	7,520
*Interest expense			(497,164)	(484,398)
*Amortization of debt premium			16,162	13,387
*Loss on sale of fixed assets			(7,631)	(18,013)
*Transfer of tax equivalent			(397,742)	(393,454)
Total nonoperating revenues (expenses)			(873,122)	(874,958)
Income before contributions			559,958	791,040
*Receipt of contributed capital			859	107,238
Change in net position			560,817	898,278
Net position - beginning , as previously reported			22,766,758	21,868,480
Prior period adjustment - implementation of GASB Statement No. 68 and GASB Statement No. 71			280,236	
Net position - beginning, as restated			23,046,994	21,868,480
Net position-end of year			\$ 23,607,811	\$ 22,766,758
* Not allocated				

Exhibit A-9
City of Platteville, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015
(With summarized financial information for the year ended December 31, 2014)

	2015	2014
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES		
Received from customers	\$ 4,554,325	\$ 4,524,336
Payments to employees	(633,516)	(598,973)
Payment for employee benefits	(361,223)	(326,209)
Payment to suppliers	(920,390)	(904,111)
	2,639,196	2,695,043
Net cash flows from operating activities		
CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES		
Paid to municipality for tax equivalent	(397,742)	(393,454)
	(397,742)	(393,454)
Net cash flows (used by) noncapital financing activities:		
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,487,107)	(1,319,557)
Payments for major repairs	859	(78,008)
Contributed capital	2,537	17,340
Sale of capital assets	(11,495)	
Cost of removals	5,535,097	
Proceeds from bonds, including premiums	(4,680,943)	(625,699)
Debt retired	(479,984)	(486,831)
Interest paid	(1,121,036)	(2,492,755)
Net cash flows (used by) capital and related financing activities		
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES		
Purchase of investments	(500,000)	(500,000)
Receipt of investments maturing	500,000	500,000
Investment income	13,253	7,520
	13,253	7,520
Net cash flows from investing activities		
Net change in cash and cash equivalents	1,133,671	(183,646)
Cash and cash equivalents - beginning of year	3,966,318	4,149,964
Cash and cash equivalents - end of year	\$ 5,099,989	\$ 3,966,318
Reconciliation of cash and cash equivalents to statement of net position accounts		
Cash	\$ 859,420	\$ 1,312,293
Petty cash	325	325
Restricted cash and investments	4,740,244	3,153,700
Less: long-term investments	(500,000)	(500,000)
	\$ 5,099,989	\$ 3,966,318
Total cash and cash equivalents		

Exhibit A-9 (Continued)
City of Platteville, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015
(With summarized financial information for the year ended December 31, 2014)

	2015	2014
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,433,080	\$ 1,665,998
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,133,572	1,119,677
Pension expense	(863)	
Amortization of major repairs	15,602	15,601
Changes in assets and liabilities:		
(Increase) decrease in customer accounts receivable	(8,108)	(2,804)
(Increase) decrease in other accounts receivable	7,770	(9,915)
(Increase) decrease in due from other funds	255,165	3,561
(Increase) decrease in inventories	4,838	1,417
Increase (decrease) in accounts payable	10,012	(84,818)
Increase (decrease) in accrued payroll	3,225	2,342
Increase (decrease) in due other funds	(215,044)	(13,541)
Increase (decrease) in compensated absences	(53)	(2,475)
	\$ 2,639,196	\$ 2,695,043

Exhibit A-10
City of Platteville, Wisconsin
Statement of Net Position
Fiduciary Funds
December 31, 2015

(With summarized financial information as of December 31, 2014)

	Tax Collection Fund	Total	
		2015	2014
ASSETS			
Cash and investments	\$ 2,661,503	\$ 2,661,503	\$ 2,643,766
Taxes receivable	6,204,490	6,204,490	6,136,418
Total assets	\$ 8,865,993	\$ 8,865,993	\$ 8,780,184
LIABILITIES			
Deposit	\$	\$	\$ 1,969
Due to other taxing units	8,865,993	8,865,993	8,778,215
Total liabilities	\$ 8,865,993	\$ 8,865,993	\$ 8,780,184

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Platteville, Wisconsin
December 31, 2015
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City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Platteville, Wisconsin have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

A. Reporting Entity

The City is a municipal corporation governed by an elected seven-member council. This report includes all of the funds of the City of Platteville. The reporting entity for the City consists of the (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The City has identified the following component unit that is required to be included in the financial statements in accordance with standards established in GASB standards.

Discretely Presented Component Unit

The Platteville Housing Authority was created by the City of Platteville under the provisions of Section 66.40 to 66.404 of the Wisconsin Statutes. The central purpose of the Platteville Housing Authority is to provide the opportunity for the City of Platteville residents to live in decent, affordable and standard housing. The programs at the Platteville Housing Authority are created to enable Platteville families to improve their housing conditions. Its governing board is appointed by the City Council.

B. Government-Wide and Fund Financial Statements

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

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

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements

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

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.

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

Major Governmental Funds:

The City reports the following major governmental funds:

General Fund – Accounts for the City’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Improvements Capital Project Fund – Accounts for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

Community Development Block Grant Fund – Accounts for financial resources to be used to provide financial assistance to develop communities by providing housing.

TIF District No. 7 – Accounts for the activity of tax incremental district No. 7, including the payment of general long-term debt principal, interest and related costs.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Major Enterprise Funds:

The City reports the following major enterprise funds:

Water and Sewer Utility – Accounts for operations of the water and sewer system

Non-Major Governmental Funds:

The City reports the following non-major governmental funds:

Special Revenue Funds – Accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Airport
Redevelopment Authority
Housing Conservation Program
Library (Littlefield)
Zeigert Trust
Boll Cemetery
Taxi/Bus

General Debt Service Fund – Accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

TIF District No. 4 – Accounts for the activity of tax incremental district No. 4, including the payment of general long-term debt principal, interest and related costs.

TIF District No. 6 – Accounts for the activity of tax incremental district No. 6, including the payment of general long-term debt principal, interest and related costs.

TIF District No. 5 – Accounts for the activity of tax incremental district No. 5, including the payment of general long-term debt principal, interest and related costs.

Permanent Funds – Are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

-Freudenreich animal care
-Cemetery perpetual care
-Graham trust

In addition, the City reports the following fund types:

Agency Fund - Accounts for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

-Tax agency

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of resources. 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 water and sewer utility and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

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

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

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utility are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenues and expenditures arising from non-exchange transactions, such as property and sales taxes, fines, and grants are recorded according to the standards in Governmental Accounting Standards.

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

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalent/Investments

All deposits of the City are made in board designated official depositories and are secured as required by State Statute. The City may designate, as an official depository, any bank or savings association. Also the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost, which approximates fair value. Investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices.

For purposes of the statement of cash flows, all cash deposits and highly liquid investments with an original maturity of three months or less (including restricted assets) are considered to be cash equivalents.

E. 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 in the accompanying agency fund balance sheet.

Property tax calendar - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale- 2015 delinquent real estate taxes	October 2018

No provision for uncollectible accounts receivable has been made for customer accounts receivable since the Water and Sewer Utility has the right by law to place delinquent bills on the tax roll.

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 government-wide financial statements as "internal balances".

In the governmental fund financial statements, advances to other funds are offset equally by nonspendable fund balance which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventories and Prepaid Items

Inventories of governmental fund types consist of expendable supplies held for consumption. Such items, which are not material, are considered expenditures when purchased and, accordingly, are not reflected on the Balance Sheet-Governmental Funds.

Inventories of proprietary fund types are valued at cost using the first-in, first-out method and are charged as expenses or are capitalized when used.

G. Restricted Assets

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

H. Capital Assets

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 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 fixed assets are recorded at their estimated fair value at the date of donation.

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

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

Buildings	20-50 Years
Machinery and Equipment	3-40 Years
Utility System	10-100 Years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available 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, 2015 are determined on the basis of current salary rates and include salary related payments.

J. Long-Term Obligations/Conduit Debt

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

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

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$25,574,854, made up of two issues.

K. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

L. Risk Management

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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 of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital 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 position that does not meet the definition of "restricted" or "net investment in capital assets."

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

Fund Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-Spendable – includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed – includes amounts constrained to specific purposes by the City Council, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the City Council takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts the City Council intends to use for a specific purpose; intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed may be assigned. Assignments may take place after the end of the reporting period.
- 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.

The City's fund balance policy establishes a minimum unassigned fund balance equal to 20% of total General Fund expenditures. In the event that the balance drops below the established minimum level, the Council will develop a plan to replenish the fund balance at a rate of one percent annually, each year.

The Council may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Council. Commitments of fund balance, once made, can be modified only by majority vote of the Council.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Equity Classifications (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

N. Transfers

Transfers include the payment in lieu of taxes from the water and sewer utility to the general fund.

O. Housing Conservation and Community Development Block Grant

Long-term loans receivable under the Housing Conservation and Community Development Block Program are shown as loans receivable and deferred inflows of resources in the governmental fund statements.

P. Summarized Comparative Information

The basic financial statements include certain prior year summarized comparative information in total, but not at the level of detail for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Q. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions, 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 for WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

R. Change in Accounting Principles

Effective January 1, 2015, the City adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Implementation of GASB Statement No. 68 and 71 required net position in the governmental activities and business-type activities to be increased. The increase in net position was to reflect the January 1, 2014 beginning net pension asset and beginning deferred outflows of resources for City contributions to the WRS after the December 31, 2013 measurement date through December 31, 2014.

In addition, prior to 2015, long-term loans which had not yet become due (non-defaulted) were not shown in the financial statements. These loans originated under Housing Conservation and Community Development Block Programs. Net position in the governmental activities was increased by \$697,137 as of January 1, 2015 for the total of previously unrecorded non-defaulted loans. \$71,813 of these loans were for the Housing Conservation Program and \$625,324 are for the Community Development Block Grant program. In the governmental fund statements, these loans are shown as loans receivable and deferred inflows of resources.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Change in Accounting Principles (Continued)

Prior period adjustments have been recorded effective January 1, 2015 as follows:

	Governmental Activities	Business-Type Activities
Net position – beginning, as previously reported	\$ 42,492,133	\$ 22,766,758
Implementation of GASB Statement No. 68		
Net pension asset as of January 1, 2015	1,105,067	225,911
Deferred outflows as of January 1, 2015	265,735	54,325
Record non-defaulted loans receivable	697,137	
Net position – beginning, as restated	\$ 44,560,072	\$ 23,046,994

S. Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expenditure) until then. The City has two items that qualify for reporting in this category. The deferred outflows of resources were derived from the WRS pension system and the Wisconsin Public Service Commission. The deferred outflows of resources for the WRS pension system are discussed in Note 7. The Wisconsin Public Service Commission authorized amortization of \$78,008 in well rehabilitation costs over five years. The unamortized balance at December 31, 2015 was \$46,805 which is reported in deferred outflows of resources.

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 3

CASH AND INVESTMENTS

At December 31, 2015, the cash and investments included the following:

Deposits with financial institutions	\$ 3,002,803
Wisconsin Local Government Investment Pool	14,993,137
Petty cash	1,343
Total	<u>\$ 17,997,283</u>

Cash and investments as of December 31, 2015 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 7,516,657
Restricted cash and investments	7,819,123
Exhibit A-10:	
Cash and investments	2,661,503
Total cash and investments	<u>\$ 17,997,283</u>

Investments Authorized by Wisconsin State Statutes

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

The City's investment policy limits investments to securities with maturities of less than three years from the date of purchase.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amount	12 months or less	13-24 months
Certificates of deposit	\$ 1,578,047	\$ 1,340,047	\$ 238,000
Local Government Investment Pool	14,993,137	14,993,137	
Totals	\$16,571,184	\$16,333,184	\$ 238,000

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy limits investments to those authorized by Wisconsin State Statutes. As of December 31, 2015, the City's investments were rated as follows:

	Amount	Rating
Wisconsin Local Government Investment Pool	\$ 14,993,137	Not Rated

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the City would not be able to recover the value of its investment of collateral securities that are in possession of another party.

Federal Deposit Insurance Corporation (FDIC) Insurance

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Collateralization of Public Unit Deposits

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the event of the failure of an insured bank.

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. Additionally, deposits in each local and area credit union are insured by the NCUA in the amount of \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts.

The City's investment policy requires collateralization on certificate of deposits which exceed the FDIC and State Deposit Guaranty Fund insurance limits and on repurchase agreements. The collateral is limited to securities of the U.S. Treasury and its agencies.

As of December 31, 2015, all of the City's deposits with financial institutions were covered by federal depository insurance limits and collateral pledged by a local bank.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding uninsured amounts at the balance sheet date.

Wisconsin Local Government Investment Pool

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 (SWIB). 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, 2015, the fair value of the City's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the City.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government investment pool as of December 31, 2015 was: 96.54% in U.S. Government Securities, 0.35% in Bankers' Acceptances and 3.11% in commercial paper and corporate notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 4

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance 1/1/15	Additions	Deletions	Balance 12/31/15
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 2,598,552	\$ 684,676	\$ (134,850)	\$ 3,148,378
Construction in progress	107,365	1,365,776	(19,999)	1,453,142
Total capital asset not being depreciated	<u>2,705,917</u>	<u>2,050,452</u>	<u>(154,849)</u>	<u>4,601,520</u>
Other capital assets				
Land improvements	3,517,340	90,123		3,607,463
Buildings and improvements	9,442,244	37,000	(7,000)	9,472,244
Machinery and equipment	4,295,477	192,551	(179,320)	4,308,708
Vehicles	3,999,382	63,745	(573,503)	3,489,624
Infrastructure	56,951,404	1,241,272	(798,700)	57,393,976
Total other capital assets at historical costs	<u>78,205,847</u>	<u>1,624,691</u>	<u>(1,558,523)</u>	<u>78,272,015</u>
Less accumulated depreciation for:				
Land improvements	280,285	160,081		440,366
Buildings and improvements	3,458,025	269,300	(5,863)	3,721,462
Machinery and equipment	1,494,301	285,512	(93,781)	1,686,032
Vehicles	1,956,149	303,627	(318,947)	1,940,829
Infrastructure	14,253,175	1,935,053	(260,892)	15,927,336
Total accumulated depreciation	<u>21,441,935</u>	<u>2,953,573</u>	<u>(679,483)</u>	<u>23,716,025</u>
Net other capital assets	<u>56,763,912</u>	<u>(1,328,882)</u>	<u>(879,040)</u>	<u>54,555,990</u>
Total net capital assets	<u>\$ 59,469,829</u>	<u>\$ 721,570</u>	<u>\$(1,033,889)</u>	<u>\$ 59,157,510</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 62,933
Public safety	327,251
Transportation, which includes the depreciation of infrastructure	2,355,509
Leisure activities	197,280
Health and human services	6,681
Industrial development	3,919
Total governmental activities depreciation expense	<u>\$ 2,953,573</u>

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 4

CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Removals	Ending Balance
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Intangible plant	\$ 8,978	\$	\$	\$ 8,978
Land and land rights	40,345			40,345
Construction in progress	154,347	13,152	(154,347)	13,152
Total capital assets not being depreciated	203,670	13,152	(154,347)	62,475
Capital assets being depreciated:				
Water:				
Source of supply	774,164		(8,625)	765,539
Pumping	2,090,485	17,130	(40,313)	2,067,302
Water treatment	1,413,693			1,413,693
Transmission and distribution	17,253,819	586,319	(106,737)	17,733,401
General plant	783,936	43,806	(93,833)	733,909
Sewer:				
Collection system	14,296,173	821,956	(101,488)	15,016,641
Treatment and disposal	10,292,565	23,002		10,315,567
General plant	996,673	234,588	(293,226)	938,035
Total capital assets being depreciated	47,901,508	1,726,801	(644,222)	48,984,087
Less: accumulated depreciation for:				
Water:				
Source of supply	191,257	22,031	(8,625)	204,663
Pumping	819,354	67,834	(40,313)	846,875
Water treatment	197,984	46,142	(11,495)	232,631
Transmission and distribution	3,506,142	333,857	(104,199)	3,735,800
General plant	671,213	56,660	(78,702)	649,171
Sewer:				
Collection system	1,479,105	166,786	(101,488)	1,544,403
Treatment and disposal	7,288,756	341,407		7,630,163
General plant	613,859	98,855	(202,228)	510,486
Total accumulated depreciation	14,767,670	1,133,572	(547,050)	15,354,192
Net capital assets being depreciated	33,133,838	593,229	(97,172)	33,629,895
Total net capital assets	\$ 33,337,508	\$ 606,381	\$ (251,519)	\$ 33,692,370

Depreciation expense consisted of the following:

Business-Type Activities:

Water and sewer depreciation

\$ 1,133,572

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 5

LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due within One Year
<u>Governmental Activities</u>					
Bonds and notes payable					
General obligation debt	\$ 17,223,640	\$ 3,962,000	\$ (1,150,120)	\$ 20,035,520	\$ 1,390,291
Tax increment revenue bonds	5,466,989		(513,089)	4,953,900	478,386
Taxable note anticipation notes	1,070,000			1,070,000	1,070,000
Other liabilities:					
Compensated absences	466,834	2,054		468,888	62,582
Total governmental activities					
long-term liabilities	<u>\$ 24,227,463</u>	<u>\$ 3,964,054</u>	<u>\$ (1,663,209)</u>	<u>\$ 26,528,308</u>	<u>\$ 3,001,259</u>
<u>Business-type Activities</u>					
Revenue bonds	\$ 11,576,754	\$ 5,425,000	\$ (485,942)	\$ 16,515,812	\$ 717,783
Revenue bond anticipation notes	4,100,000		(4,100,000)		
General obligation debt	95,000		(95,000)		
Other liabilities:					
Compensated absences	138,972		(53)	138,919	7,338
Total business-type activities					
long-term liabilities	<u>\$ 15,910,726</u>	<u>\$ 5,425,000</u>	<u>\$ (4,680,995)</u>	<u>\$ 16,654,731</u>	<u>\$ 725,121</u>

All general obligation notes and bonds payable are backed by the full faith and credit of the City. In accordance with Wisconsin statutes, notes and bonds in the governmental funds will be retired by future property tax levies or tax increments. 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.

Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2015 was \$31,668,825. Total general obligation debt outstanding at year-end was \$20,035,520.

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/15
<u>Governmental Activities</u>					
General obligation debt:					
General obligation notes	4/15/09	10/1/18	3.0-3.5	\$ 5,435,786	\$ 375,000
General obligation bonds	3/7/12	3/1/23	2.0-3.0	1,725,000	1,725,000
General obligation notes	8/14/12	9/10/19	2.2	175,000	97,133
General obligation notes	3/28/13	10/1/21	1.5-2.25	935,000	755,000
General obligation bonds	3/28/13	10/1/28	2.0-3.0	3,240,000	3,220,000
General obligation notes	10/1/13	10/1/23	2.0-3.25	5,000,000	4,500,000
General obligation notes	2/12/14	10/1/23	2.0-2.75	3,800,000	5,150,000
General obligation notes	4/6/15	4/6/22	1.98	172,000	167,282
General obligation notes	9/15/15	8/15/17	2.0	260,970	256,105
General obligation bonds	12/29/15	3/1/33	1.0-3.8	3,790,000	3,790,000
Total governmental activities – general obligation debt					<u>\$20,035,520</u>

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
2016	\$ 1,390,291	\$ 466,284
2017	1,831,156	470,181
2018	1,723,754	432,611
2019	1,837,726	396,491
2020	1,697,797	358,429
2021-2025	8,109,796	1,079,248
2026-2030	2,695,000	329,163
2031-2033	750,000	42,125
Totals	\$ 20,035,520	\$ 3,574,532

Tax Increment Revenue Bonds

Tax increment revenue bonds are not a general obligation of the City and are payable solely from available tax increments. Available tax increments consist of the annual gross tax increment revenue which is generated by the increment value of the property (as noted in the development agreements underlying the bond issues) in the Tax Incremental Districts which said revenue is in excess value of the property plus any supplemental payment as defined in the development agreements.

Tax increment revenue bonds payable at December 31, 2015 consist of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/15
Tax increment revenue bonds	9/12/13	9/12/26	4.303%	\$ 2,000,000	\$ 1,758,900
Tax increment revenue bonds	2/3/14	9/30/25	2.75%	3,700,000	3,195,000
Total governmental activities – tax increment revenue bonds					\$ 4,953,900

Debt service requirements to maturity are as follows:

Years	Governmental Activities Tax Increment Revenue Debt		
	Principal	Interest	Total
2016	\$ 478,386	\$ 166,225	\$ 644,611
2017	483,910	150,942	634,852
2018	489,672	134,858	624,530
2019	495,683	119,827	615,510
2020	501,951	103,625	605,576
2021-2025	2,308,645	267,812	2,576,457
2026	195,653	8,419	204,072
Totals	\$ 4,953,900	\$ 951,708	\$ 5,905,608

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Anticipation Debt

Governmental activities long-term debt includes \$1,070,000 in taxable note anticipation notes dated October 1, 2013 which mature October 1, 2016. The notes carry an interest rate of 2.75%. The anticipation notes were issued for the purpose of financing the acquisition of land in Tax Incremental District No. 6. The anticipation notes are special obligations of the City and do not constitute general obligation indebtedness of the City nor a charge against its general credit or taxing power.

In December 2015, the City received long-term loan financing and paid the \$1,070,000 of taxable note anticipation notes in January 2016. The unspent loan proceeds as of December 31, 2015 are presented with restricted cash and investments in the governmental activities statement of net position and governmental funds balance sheet.

Water and Sewer Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the utility.

Revenue debt payable at December 31, 2015 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/15
Clean water revenue bonds	12/10/08	5/1/28	2.339%	2,264,019	\$ 1,747,223
Clean water revenue bonds	11/1/10	5/1/30	2.428	3,964,010	3,143,589
Revenue bonds	3/7/12	5/1/32	2.0-4.0	6,750,000	6,200,000
Revenue bonds	6/24/15	5/1/35	2.0-4.0	5,425,000	5,425,000
Total					\$ 16,515,812

Debt service requirements to maturity are as follows:

Years	Business-type Activities		
	Revenue Debt		
	Principal	Interest	Total
2016	\$ 717,783	\$ 507,816	\$ 1,225,599
2017	704,788	492,428	1,197,216
2018	741,962	475,644	1,217,606
2019	754,305	457,212	1,211,517
2020	791,825	437,027	1,228,852
2021-2025	4,373,382	1,837,601	6,210,983
2026-2030	5,276,767	1,106,262	6,383,029
2031-2035	3,155,000	232,300	3,387,300
Totals	\$ 16,515,812	\$ 5,546,290	\$ 22,062,102

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer System Mortgage Revenue Bonds

Under the terms of the bond resolutions, local officials must comply with certain requirements specified therein as discussed below:

Section 4 provides that income and revenues of the water and sewer utility shall be set aside into separate and special funds as follows:

Account	Amount	Purpose
Operation and Maintenance Fund		Paying current expenses in the operation and maintenance of system.
Special Redemption Fund	Amount sufficient to pay principal and interest on all revenue bonds and notes and to meet the reserve requirement.	Paying current interest and principal on bonds and maintaining minimum reserve requirement.
Depreciation Fund	Amount determined by the Governing Body to be sufficient to provide a proper and adequate depreciation account for the system.	New construction, repairs, replacements, extensions, or additions to the system

Section 6 requires that the "net revenues" of the system for each year be not less than 1.25 times the sum of the annual debt service requirement and the annual debt service on all other revenue bonds and notes. For the year ended December 31, 2015, the "net revenues" of the system were \$2,579,905 or 2.11 times the annual debt service requirement.

Other Debt Information

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

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 6

LONG-TERM ADVANCES

The following is a schedule of interfund advances at December 31, 2015:

Receivable Fund	Payable Fund	Amount
Debt service	Airport	\$ 115,349
General	TIF #7	832,942
Water and sewer utility	TIF #6	65,552
Water and sewer utility	TIF #7	855,447
	Total	\$ 1,869,290

On December 31, 2015 the airport was obligated to the debt service fund for \$115,349 on long-term advances for improvements which matures as follows:

Year	Principal	Interest	Total
2016	\$ 12,324	\$ 4,776	\$ 17,100
2017	12,871	4,229	17,100
2018	13,442	3,658	17,100
2019	14,039	3,061	17,100
2020	14,662	2,438	17,100
2021-2023	48,011	3,289	51,300
Total	\$ 115,349	\$ 21,451	\$ 136,800

The final payment on the \$115,348 advance is due December 1, 2023 with monthly payments of \$1,425 at 4.35% interest until maturity.

The City has also advanced funds to the TIF districts to pay for project costs incurred over and above amounts that had been originally borrowed to pay for these project costs. No repayment schedule has been established for these advances. The repayment of these advances is subject to the tax incremental financing districts generating sufficient increments to pay the debt service for funds borrowed and advanced.

NOTE 7

DEFINED BENEFIT PENSION PLAN

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 (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

The WRS also provides death and disability benefits for employees.

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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

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, including teachers, and executives and elected officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$320,059 in contributions from the employer.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contribution rates as of December 31, 2015 are:

	2015	
	Employee	Employer
General (including teachers)	6.80%	6.80%
Executive & elected officials	7.70%	7.70%
Protective with social security	6.80%	9.50%
Protective without social security	6.80%	13.10%

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

At December 31, 2015, the City reported an asset of \$819,799 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the City's proportion was 0.03337575%, which was a decrease of 0.00038402% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$323,395.

Pension amounts have been allocated to the proprietary funds and business-type activities. Allocations were based on the proportionate share of current year contributions to the pension plan made by the proprietary funds and business-type activities relative to the total contributions made by the City.

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 118,845
Net differences between projected and actual earnings on pension plan investments	396,987
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,406
Employer contributions subsequent to the measurement date	313,084
Total	\$ 836,322

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$313,084 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an increase or reduction of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflows of Resources
2016	\$ 102,837
2017	102,837
2018	102,837
2019	102,837
2020	102,837
Thereafter	9,053
Total	\$ 523,238

Actuarial assumptions. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
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% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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:

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23%
Fixed Income	1.7	36%
Inflation Sensitive Assets	2.3	20%
Real Estate	4.2	7%
Private Equity/Debt	6.9	7%
Multi-Asset	3.9	6%
Cash	0.9%	-20%

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

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the City of Platteville's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) 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)	\$2,312,796	(\$819,799)	(\$3,293,797)

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://legis.wisconsin.gov/lab/> and reference report number 15-11.

NOTE 8

CONTINGENT LIABILITIES

The City has identified the following items as potential liabilities not recorded on the financial statements:

1. The City participates in a number of federal and state assistance programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.
2. From time to time, the City is party to various claims and legal proceedings. Although the outcome of such matters cannot be forecast 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.

NOTE 9

COMPENSATED ABSENCES

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Upon termination or retirement, a City employee is paid any vested accrued vacation or sick leave benefits. As of December 31, 2015, the compensated absences consisted of:

Sick leave	\$ 537,887
Vacation	69,920
Total	\$ 607,807

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 10

TAX INCREMENTAL DISTRICTS

Transactions of the tax incremental district to December 31, 2015 are summarized below:

	<u>TIF #4</u>	<u>TIF #5</u>	<u>TIF #6</u>	<u>TIF #7</u>
Project costs to 12/31/15	\$ 4,038,502	\$ 10,146,681	\$ 7,441,424	\$ 6,098,943
Accumulated credits to project costs:				
Tax increments collected	2,220,674	6,897,815	1,409,336	554,274
Developer agreement payments			112,247	129,251
EDA grant	1,204,354		382,667	178,808
Community development block grant				760,276
SAG grant				58,870
Tax exempt computer aid	23,191	76,010	870	33,217
Interest income			215,010	87,294
Miscellaneous income	3,303	24,198	150	110,360
Total accumulated credits	<u>3,451,522</u>	<u>6,998,023</u>	<u>2,120,280</u>	<u>1,912,350</u>
Excess of project costs over accumulated credits to 12/31/15	<u>\$ 586,980</u>	<u>\$ 3,148,658</u>	<u>\$ 5,321,144</u>	<u>\$ 4,186,593</u>
Notes payable				
outstanding 12/31/15	\$ 725,000	\$ 3,195,000	\$ 5,323,899	\$ 4,870,000
Fund balance (positive) 12/31/15	<u>(138,020)</u>	<u>(46,342)</u>	<u>(2,755)</u>	<u>(683,407)</u>
Project costs to be recovered subsequent to 12/31/15	<u>\$ 586,980</u>	<u>\$ 3,148,658</u>	<u>\$ 5,321,144</u>	<u>\$ 4,186,593</u>

Tax Incremental Financing Districts were created under the provisions of Wisconsin Statute Section 66.46. The purpose of that section is to allow a municipality to recover development and improvements costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the district. The tax on the increased value is called a tax increment.

Project costs may be incurred up to five years before the District's mandatory termination date. The statutes allow the municipality to collect tax increments until the net project cost has been fully recovered, or for a maximum of years. Project cost uncollected at the dissolution date are absorbed by the municipality.

	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Final Dissolution Date</u>
District #4	11/12/96	11/12/14	11/12/19
District #5	6/28/05	6/28/20	6/28/25
District #6	3/28/06	3/28/21	3/28/26
District #7	3/28/06	3/28/28	3/28/33

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 11

GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2015 includes the following:

GOVERNMENTAL ACTIVITIES

Net investment in capital assets	
Land and construction work in progress	\$ 4,601,520
Other capital assets, net of accumulated depreciation	54,555,990
Less: long-term capital debt outstanding	<u>(21,780,000)</u>
Total net investment in capital assets	<u>37,377,510</u>
Restricted for:	
Redevelopment authority	787,441
Housing conservation	85,945
Donor specified	228,428
Impact fees	97,730
Community development grant restricted	1,725,507
Land purchase account	50,000
Developer grant	100,000
Library endowment	5,427
Perpetual care	543,739
EMS service	2,206
Employee pension plan	680,652
TIF expenditures	<u>2,437,599</u>
Total restricted	<u>6,744,674</u>
Unrestricted	<u>35,736</u>
Total governmental activities net position	<u><u>\$ 44,157,920</u></u>

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2015 includes the following:

Nonspendable:	
Advances to other funds	\$ 948,291
Delinquent taxes	<u>4,806</u>
Total nonspendable	<u><u>\$ 953,097</u></u>

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 11 GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONTINUED)

GOVERNMENTAL FUND BALANCES (Continued)

Restricted:	
General Fund:	
Donor restricted:	
Ice rink	\$ 225
Parks Beining Trust:	
Parks	28,700
Museum	44,303
Art Gallery	44,303
New park	7,295
M. Harrison Trust	650
Swim team	18,781
Senior center bus	1,960
Legion Park Trust	20,548
Tree	300
Automated external defibrillator	1,221
Skateboard park	6
Recreation scholarships	2,563
Sports Complex	2,944
Family theatre	500
Fireworks	1,294
Police	9,806
Cyril Clayton Trust	4,447
Cemetery	5,691
Senior Center	6,538
Historic Preservation Community	984
Roundtree Eva Beining Trust	8,599
Animal care	1,661
Auditorium and parks	15,109
Land purchase account	50,000
Developer grant	100,000
Park impact fees	97,730
EMS township payments	2,206
Non-Major Funds:	
Airport	77,441
Redevelopment authority	266,838
Perpetual care	543,739
Housing conservation	14,132
Library	5,427
Taxi/Bus	12,129
Debt Service	1,047,523
TIF District No. 4	138,020
TIF District No. 6	2,755
TIF District No. 5	46,342
Major Funds:	
TIF District No. 7	2,250,482
Community development block grant	79,495
Total restricted	<u>\$ 4,962,687</u>

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 11 GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONTINUED)

GOVERNMENTAL FUND BALANCES (Continued)

Assigned:	
Major Funds:	
General Fund:	
Police explorers	\$ 2,683
Museum funds	112,032
Ambulance outlay	215,758
Museum billboard advertising	1,266
Arts gallery	5,983
Fire department	12,994
Senior center grant expenses	9,978
Library: books - resource library	2,257
Subsequent year's tax levy	100,000
Capital outlay	450,000
Capital Projects:	124,667
Total assigned	<u>\$ 1,037,618</u>

NOTE 12 DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable 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 December 31, 2015 the various components of deferred inflows of resources reported in the governmental funds were as follows:

Property tax receivable	\$ 4,117,645
Tax increment receivable	1,867,851
Tax Equivalent	397,742
Loans receivable	783,617
Mortgages receivable	1,717,825
Total deferred inflow of resources for government funds	<u>\$ 8,884,680</u>

The mortgages receivable of \$1,717,825 represent loans to local businesses originally financed from economic development grants received by the city from the State of Wisconsin. Repayment of principal and interest on the mortgages is recorded as revenue in the community development block grant and housing conservation program special revenue funds and is used to finance additional development loans.

The loans receivable of \$783,617 represents various economic development loans that are being paid to the City, including interest, on an installment basis. Repayment of principal and interest on the loans is recorded as revenue when received in the funds statements.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 13

RESTRICTED ASSETS

DNR Replacement Account

The Wisconsin Department of Natural Resources required as a condition of the sewer grant that a replacement fund be established and funded on an annual basis. The balance in this account at December 31, 2015 was \$1,642,114.

Tax Incremental Financing Borrowed Funds

Restricted cash and investments in the governmental activities and governmental fund statements represents funds that were borrowed by Tax Incremental Financing District #7 and the Debt Service Fund which have yet to be expended.

NOTE 14

INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
General	Water and sewer	397,742
General	TIF No. 4	313,386
General	Taxi/Bus	35,422
General	Debt service	31,295
	Total	\$ 777,845
Enterprise Funds:		
Water and sewer	General Fund	\$ 6,764

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

The following is a schedule of interfund transfers:

Fund Transfer To	Fund Transfer From	Amount
Governmental Funds:		
Capital projects	General	\$ 1,116,508
General	Graham Trust	39,556
Capital projects	Littlefield	12,544
Capital projects	TIF #5	105,000
General	Freudenreich Animal Care	2,645
Airport	Capital projects	40,000
	Total	\$ 1,316,253
Proprietary Funds		
General	Water utility	\$ 397,742

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) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move fund balances whose designated purpose has been removed.

A \$105,000 transfer was made from TIF #5 to the capital projects fund to reimburse costs incurred for an outdoor trail occurring within the TIF district.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 15

COMMITMENTS/ SUBSEQUENT EVENTS

The following items were approved and will be purchased or completed subsequent to December 31, 2015:

- A developer agreement for a Library Block Development project. The agreement includes a tax incremental financing loan of \$2,000,000 from the City to the developer. In December 2015, the City received loan proceeds and made the \$2,000,000 payment to the developer in January 2016. As of December 31, 2015, the loan proceeds are shown as restricted cash and a component of restricted fund balance in TIF No. 7.
- A \$1,332,447 industry park infrastructure improvement contract was in process as of December 31, 2015. Approximately \$207,000 of the general contractor costs remained to be incurred in 2016.
- The City purchased a fire truck for \$504,807 and is financing the purchase with a loan. Repayment terms of the loan are not yet available.
- Contract for Furnace and Richard Street reconstruction for \$629,313.
- Contract for Cedar Street reconstruction for \$603,572.
- Contract for Bonson and Short Street reconstruction for \$583,488.

NOTE 16

CHANGE IN ACCOUNTING ESTIMATE

During 2015, the City reduced the estimated salvage value for all governmental fixed assets. Prior to 2015, the City used 10% of each asset's original cost or estimated cost as the salvage value. Beginning in 2015, the salvage value for all governmental fixed assets was reduced to \$0. This change in estimate has been implemented prospectively. Depreciation expense for 2015 was recalculated based on the remaining useful lives and book value of the individual assets.

NOTE 17

COMPONENT UNIT

A. Cash and Investments

At year-end, the carrying amount of the housing authority's deposit was \$3,964 and the bank balance was \$6,248. All the bank balance was covered by federal depository insurance.

B. Changes in Fixed Assets

A summary of changes in the housing authority's fixed assets is as follows:

	Balance 1/1/15	Additions	Retirements	Balance 12/31/15
Cost:				
Land, structures, equipment	\$ 7,820	\$	\$	\$ 7,820
Accumulated depreciation	\$ 7,776	\$ 44	\$	\$ 7,820

C. Line of Credit

The housing authority has a \$10,000 line of credit with a local bank. No draws on line of credit were made during the year.

NOTE 18

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has approved GASB Statement No. 72, *Fair Value Measure and Application*, Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and Statement No. 79, *Certain External Investment Pools and Pool Participants*. When they become effective, application of these standards may restate portions of these financial statements.

Required Supplementary Information

Exhibit B-1
Required Supplementary Information

City of Platteville, Wisconsin
Budgetary Comparison Schedule for the General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variances-	
				Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Taxes	\$ 2,406,272	\$ 2,406,272	\$ 2,482,197	\$ 75,925	\$ 75,925
Special assessments	12,700	12,700	17,473	4,773	4,773
Intergovernmental	3,833,378	3,833,378	3,867,577	34,199	34,199
Licenses and permits	255,395	255,395	245,854	(9,541)	(9,541)
Fines and forfeitures	163,500	163,500	142,047	(21,453)	(21,453)
Public charges for services	920,840	920,840	952,003	31,163	31,163
Interest income	14,075	14,075	21,958	7,883	7,883
Loan repayments			5,235	5,235	5,235
Miscellaneous	38,138	38,138	51,206	13,068	13,068
Total revenues	7,644,298	7,644,298	7,785,550	141,252	141,252
EXPENDITURES					
General government	1,066,510	1,066,510	1,006,736	59,774	59,774
Public safety	3,633,466	3,633,466	3,238,998	394,468	394,468
Public Works	1,558,373	1,558,373	1,514,002	44,371	44,371
Health and social services	104,472	104,472	95,315	9,157	9,157
Leisure activities	1,714,751	1,714,751	1,586,049	128,702	128,702
Conservation and development	293,755	293,755	287,379	6,376	6,376
Total expenditures	8,371,327	8,371,327	7,728,479	642,848	642,848
Excess (deficiency) of revenues over over expenditures	(727,029)	(727,029)	57,071	784,100	784,100
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	300	300	11,122	10,822	10,822
Insurance proceeds			32,970	32,970	32,970
Transfer to other funds	(1,073,408)	(1,073,408)	(1,116,508)	(43,100)	(43,100)
Transfer from other funds	6,000	6,000	42,200	36,200	36,200
Transfer from utility-tax equivalent	415,000	415,000	393,454	(21,546)	(21,546)
Net change in fund balances	(1,379,137)	(1,379,137)	(579,691)	799,446	799,446
Fund balance-beginning of year	4,852,077	4,852,077	4,852,077		
Fund balance-end of year	\$ 3,472,940	\$ 3,472,940	\$ 4,272,386	\$ 799,446	\$ 799,446

City of Platteville, Wisconsin
Notes to Required Supplementary Information
December 31, 2015

NOTE 1

BUDGET SCHEDULE

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 1(C).

The City budget is adopted in accordance with state law. Budget amounts in the financial statements include appropriations authorized in the original budget resolution, assigned carryovers from prior years, and subsequent revisions authorized by the City Council. Such revisions are required by a statutory provision which states that no expenditure can be made from an expired appropriation. The statutes also require publication of these budget revisions. Changes to the overall budget must be approved by a two-thirds vote of the Common Council.

Control for the TIF district funds (capital projects funds) are maintained by comparison to the project plan. Budgetary comparisons are not required for proprietary funds.

Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

Exhibit B-2
City of Platteville, Wisconsin
Wisconsin Retirement System Schedules
December 31, 2015

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years*

	2015
City's proportion of the net pension liability (asset)	(0.03337575%)
City's proportionate share of the net pension liability (asset)	(\$819,799)
City's covered-employee payroll	\$4,080,595
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(20.09%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 12 months prior to the financial reporting period.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years**

	2015
Contractually required contributions	\$313,084
Contributions in relation to the contractually required contributions	(\$313,084)
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$4,139,057
Contributions as a percentage of covered-employee payroll	7.56%

**The contribution and other amounts presented above for each calendar year are based on information that occurred during that year.

The City implemented Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 9 preceding years.

Notes to Wisconsin Retirement System Schedules
for the Year Ended December 31, 2015

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. There were no changes in the assumptions.

Supplementary Information

Exhibit C-1
City of Platteville, Wisconsin
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Special Revenue Funds							
	Airport	Redevelopment Authority	Housing Conservation Program	Library (Littlefield)	Zeigert Trust	Boll Cemetery	Taxi/Bus	Debt Service
ASSETS								
Cash and investments	\$ 206,702	\$ 265,600	\$ 14,132	\$ 5,427	\$ 152,496	\$ 129,912		\$
Restricted cash and investments								1,078,819
Receivables:								
Taxes								
Other accounts	4,291	1,255						
Other governments							93,930	
Mortgages			71,813					
Loans		520,603						
Advances to other funds								115,349
Total assets	\$ 210,993	\$ 787,458	\$ 85,945	\$ 5,427	\$ 152,496	\$ 129,912	\$ 93,930	\$ 1,194,168
LIABILITIES								
Accounts payable	\$ 8,750	\$ 17						\$ 46,379
Due to other governments	1,353							
Due to other funds							35,422	31,296
Advances from other funds	115,349							
Unearned revenue	8,100							
Total liabilities	133,552	17					81,801	31,296
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue		520,603	71,813					
FUND BALANCES								
Nonspendable								115,349
Restricted	77,441	266,838	14,132	5,427	152,496	129,912	12,129	1,047,523
Total fund balances	77,441	266,838	14,132	5,427	152,496	129,912	12,129	1,162,872
Total liabilities, deferred inflows of resources, and fund balances	\$ 210,993	\$ 787,458	\$ 85,945	\$ 5,427	\$ 152,496	\$ 129,912	\$ 93,930	\$ 1,194,168

Capital Projects Funds			Permanent Funds			Total
TIF No. 4	TIF No. 6	TIF No. 5	Freudenreich Animal Care	Cemetery Perpetual Care	Graham Trust	Non-Major Governmental Funds
\$	\$ 68,306	\$ 50,162	\$	\$ 261,331	\$	\$ 1,154,068
						1,078,819
183,078	491,305	980,904				1,655,287
542,159						5,546
						636,089
						71,813
						520,603
						115,349
<u>\$ 725,237</u>	<u>\$ 559,611</u>	<u>\$ 1,031,066</u>	<u>\$</u>	<u>\$ 261,331</u>	<u>\$</u>	<u>\$ 5,237,574</u>
\$ 90,753		\$ 3,820	\$	\$	\$	\$ 149,719
313,386						1,353
	65,552					380,104
						180,901
						8,100
<u>404,139</u>	<u>65,552</u>	<u>3,820</u>				<u>720,177</u>
<u>183,078</u>	<u>491,304</u>	<u>980,904</u>				<u>2,247,702</u>
						115,349
<u>138,020</u>	<u>2,755</u>	<u>46,342</u>		<u>261,331</u>		<u>2,154,346</u>
<u>138,020</u>	<u>2,755</u>	<u>46,342</u>		<u>261,331</u>		<u>2,269,695</u>
<u>\$ 725,237</u>	<u>\$ 559,611</u>	<u>\$ 1,031,066</u>	<u>\$</u>	<u>\$ 261,331</u>	<u>\$</u>	<u>\$ 5,237,574</u>

Exhibit C-2
City of Platteville, Wisconsin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds							Debt Service
	Airport	Redevelopment Authority	Housing Conservation Program	Library (Littlefield)	Zeigert Trust	Boll Cemetery	Taxi/Bus	
REVENUES								
Taxes	\$	\$	\$	\$	\$	\$	\$	\$ 816,952
Intergovernmental							40,783	
Public charges for services	417,748						369,225	
Interest Income	618		55		198	168	475	189,434
Fines and forfeitures		2,844						18
Loan repayments		107,996						
Miscellaneous	2,421						768	5,300
Total revenues	420,787	110,840	55		198	168	411,251	1,011,704
EXPENDITURES								
Current:								
General government								
Transportation	277,221						399,122	
Leisure activities				373				
Industrial development								
Capital outlay		181,066						
Debt service:								
Principal retirement		40,120						760,000
Interest and fiscal charges		9,473						263,181
Debt issuance costs								17,327
Total expenditures	277,221	230,659		373			399,122	1,040,508
Excess (deficiency) of revenues over expenditures	143,566	(119,819)	55	(373)	198	168	12,129	(28,804)
OTHER FINANCING SOURCES (USES)								
Proceeds from long-term debt		172,000						1,095,000
Transfer from other funds	40,000							
Transfer to other funds				(12,544)				
Net change in fund balances	183,566	52,181	55	(12,917)	198	168	12,129	1,066,196
Fund balance-beginning of year	(106,125)	214,657	14,077	18,344	152,298	129,744		96,676
Fund balance-End of year	\$ 77,441	\$ 266,838	\$ 14,132	\$ 5,427	\$ 152,496	\$ 129,912	\$ 12,129	\$ 1,162,872

Capital Projects Funds			Permanent Funds			Total
TIF No. 4	TIF No. 6	TIF No. 5	Freudenreich Animal Care	Cemetery Perpetual Care	Graham Trust	Nonmajor Governmental Funds
\$ 182,096	\$ 629,176	\$ 925,549	\$	\$	\$	\$ 2,594,556
551,419	74	8,387				929,105
				2,854		610,511
1,297						2,354
						2,844
						107,996
						8,489
734,812	629,250	933,936		2,854		4,255,855
3,787						3,787
						676,343
						373
61	50,332	226				50,619
1,243,479	298,995	77,493				1,801,033
150,000	293,089	390,000				1,633,209
18,000	178,188	98,716				567,558
						17,327
1,415,327	820,604	566,435				4,750,249
(680,515)	(191,354)	367,501		2,854		(494,394)
						1,267,000
						40,000
		(105,000)	(2,645)		(39,556)	(159,745)
(680,515)	(191,354)	262,501	(2,645)	2,854	(39,556)	652,861
818,535	194,109	(216,159)	2,645	258,477	39,556	1,616,834
\$ 138,020	\$ 2,755	\$ 46,342	\$	\$ 261,331	\$	\$ 2,269,695

Schedule 1

City of Platteville, Wisconsin Schedule of Insurance
December 31, 2015

Company	Type	Coverage	Term
Employers	Workers Compensation	\$500,000/Accident \$500,000/Disease/Employee \$500,000 Disease/Policy Limit	1/1/15-12/31/15
Employers	Inland Marine	\$1,091,871 Contractors Eqpmt \$240,000 Fine Arts \$75,000 Miscellaneous Property	1/1/15-12/31/15
Employers	Linebacker	\$1,000,000 Each Loss \$1,000,000 Aggregate \$3,000 Deductible	1/1/15-12/31/15
Employers	Umbrella Liability	\$8,000,000 Occurrence \$8,000,000 Aggregate \$0 Retained Limit	1/1/15-12/31/15
Employers	General Liability	\$1,000,000 Each Occurrence \$300,000 Damage to Premises Rented to You \$1,000,000 Personal/Advertising Injury \$2,000,000 General Aggregate \$2,000,000 Products/Completed Operations Aggregate	1/1/15-12/31/15
Employers	Automobile	\$1,000,000 Liability \$10,000 Medical Payment \$500,000 Uninsured Motorists \$500,000 Underinsured Motorists \$1000 Ded. Comprehensive \$1000 Ded. Collision Hired Autos; Non-Owned Auto Liability	1/1/15-12/31/15
Employers	Property	\$38,451,588 Blanket Building \$8,262,151 Blanket Business Personal Property & Property in the Open \$55,000 Blanket Personal Property of Others	1/1/15-12/31/15
Employers	Garage	\$100,000 Each Accident, \$250 Deductible Each Claim	1/1/15-12/31/15
Employers	Commercial Crime	\$100,000 Employee Theft \$25,000 Theft of Money Securities Inside; \$25,000 Outside \$100,000 Computer/Funds Transfer Fraud	1/1/15-12/31/15
Ohio Casualty	Fidelity Bond	\$10,000 Chief of Police \$10,000 City Clerk \$10,000 City Assessor \$250,000 Finance Director	6/1/15-6/1/17
Employers	Employee Benefit Liability	\$1,000,000 Each Employee \$2,000,000 Aggregate \$1,000 Ded. Each Employee	1/1/15-12/31/15
Employers	Law Enforcement Liability	\$1,000,000 Occurrence \$1,000,000 Aggregate \$2,500 Ded. Per Loss	1/1/15-12/31/15
Employers	Data Compromise	\$100,000 Response Expense \$100,000 Defense & Liability \$25,000 Identity Recovery	1/1/15-12/31/15

Schedule 2
 Platteville Water and Sewer Utility
 Other Information
 December 31, 2015

1. The number of customers at the end of the year and usage were as follows:

	2015	2014
Residential	3,009	3,018
Commercial	337	342
Multifamily residential	75	75
Public authority	80	81
Industrial	7	7
Interdepartmental	1	1
Total	3,509	3,524

2. Volume of water used as a basis for computing the sewer service charge was as follows:

Gallons	
2015	2014
245,065,000	242,145,000