

CITY OF PLATTEVILLE, WISCONSIN

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended December 31, 2016

Johnson Block & Company, Inc.
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CITY OF PLATTEVILLE, WISCONSIN
DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Platteville, Wisconsin

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

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, and the budgetary comparison information and Wisconsin Retirement System schedules on pages 61 through 63, 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 2015 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 May 5, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Other Information (Continued)

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.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
June 14, 2017
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, 2016. 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, 2016. 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>
2016	\$67,032,975	(\$ 732,756)
2015	\$67,765,731	\$ 158,665

**see net position-pg 15*

- As of December 31, 2016, the City of Platteville's governmental activities reported total current assets of \$11,090,976 (page 14, Exhibit A-1). This compares to the prior year as follows:

<u>Year</u>	<u>Current Assets</u>	<u>\$ Change (+/-)</u>
2016	\$11,090,976	(\$ 548,511)
2015	\$11,639,487	\$ 81,107

About 54.1 percent of this total, or \$6,002,061 represents cash and investments.

- The city’s general fund balance decreased by \$190,850 from 2015 to 2016. In the past 2 years, changes have been as follows:

<u>Year</u>	<u>General Fund Bal.</u>	<u>% Change (+/-)</u>
2016	\$4,081,536	(4.5%)
2015	\$4,272,386	(11.9%)

**Exhibit A-3, Page 17*

- In 2016, the city’s long-term obligations decreased by \$1,767,048, as compared to an increase of \$3,044,850 during 2015 (page 44). General obligation bonds totaling \$2,520,000 were issued in 2016.

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 64.

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, TIF No. 7, and the Debt Service Fund.

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 28-60 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 and Wisconsin Retirement System Schedules are on pages 61-63. The budgetary comparison schedules demonstrate compliance with the budget and complements the statement included in the basic governmental fund financial statements. The Wisconsin Retirement System schedules 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 64-65 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 \$67,765,731 at the close of 2015, which decreased to \$67,032,975 by the end of 2016.

TABLE 1: CITY OF PLATTEVILLE'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current/other assets	\$ 13,830,582	\$ 17,900,460	\$ 6,915,779	\$ 6,969,048	\$ 20,746,361	\$ 24,869,508
Capital Assets	59,598,031	59,157,510	34,154,646	33,692,370	93,752,677	92,849,880
Total Assets	\$ 73,428,613	\$ 77,057,970	\$ 41,070,425	\$ 40,661,418	\$114,499,038	\$117,719,388
Deferred outflows of resources	\$ 2,372,280	\$ 694,370	\$ 624,719	\$ 188,757	\$ 2,996,999	\$ 883,127
Current Liabilities	\$ 3,313,981	\$ 4,058,428	\$ 895,544	\$ 984,554	\$ 4,209,525	\$ 5,042,982
Other Liabilities	23,454,544	23,550,496	15,651,156	16,257,810	39,105,700	39,808,306
Total Liabilities	\$ 26,768,525	\$ 27,608,924	\$ 16,546,700	\$ 17,242,364	\$ 43,315,225	\$ 44,851,288
Deferred inflows of resources	\$ 6,923,563	\$ 5,985,496	\$ 224,274		\$ 7,147,837	\$ 5,985,496
Net Position:						
Net investment						
In capital assets	\$ 38,826,135	\$ 37,377,510	\$ 18,356,617	\$ 17,176,558	\$ 57,182,752	\$ 54,554,068
Restricted	2,925,308	6,744,674	4,631,578	4,879,391	7,556,886	11,624,065
Unrestricted	357,362	35,736	1,935,975	1,551,862	2,293,37	1,587,598
Total Net Position	\$ 42,108,805	\$ 44,157,920	\$ 24,924,170	\$ 23,607,811	\$ 67,032,975	\$ 67,765,731

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 85 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 11 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$2,293,337) 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	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Service	\$ 1,487,169	\$ 1,763,581	\$ 4,666,457	\$ 4,554,663	\$ 6,153,626	\$ 6,318,244
Operating grants and contributions	2,251,817	1,949,774			2,251,817	1,949,774
Capital grants and contributions	580,810	1,539,983		859	580,810	1,540,842
Property taxes	5,825,298	5,740,580			5,825,298	5,740,580
Other taxes	220,549	222,171			220,549	222,171
Intergovernmental rev’s not restricted to specific programs	2,588,339	2,594,260			2,588,339	2,594,260
Investment income	39,133	30,196	24,586	13,253	63,719	43,449
Other	(335,838)	(904,071)	18,753	8,531	(317,085)	(895,540)
Total revenues	12,657,277	12,936,474	4,709,796	4,577,306	17,367,073	17,513,780
Expenses						
General Gov’t	1,190,535	1,107,524			1,190,535	1,107,524
Public safety	3,407,446	3,631,010			3,407,446	3,631,010
Public works	5,305,381	5,027,159			5,305,381	5,027,159
Hlth & Hum Serv.	109,016	101,497			109,016	101,497
Leisure Activities	1,912,514	1,780,965			1,912,514	1,780,965
Conservation and Development	1,953,480	1,424,503			1,953,480	1,424,503
Interest and Fiscal Charges	652,761	663,710			652,761	663,710
Water and Sewer			3,568,696	3,618,747	3,568,696	3,618,747
Total expenses	14,531,133	13,736,368	3,568,696	3,618,747	18,099,829	17,355,115
Incr.(Decr.) in net position before Transfers	(1,873,856)	(799,894)	1,141,100	958,559	(732,756)	158,665
Transfers	(175,259)	397,742	175,259	(397,742)		
Incr.(Decr.) in net position	(2,049,115)	(402,152)	1,316,359	560,817	(732,756)	158,665
Net position – beginning	44,157,920	44,560,072	23,607,811	23,046,994	67,765,731	67,607,066
Net position – end of year	\$ 42,108,805	\$ 44,157,920	\$ 24,924,170	\$ 23,607,811	\$ 67,032,975	\$ 67,765,731

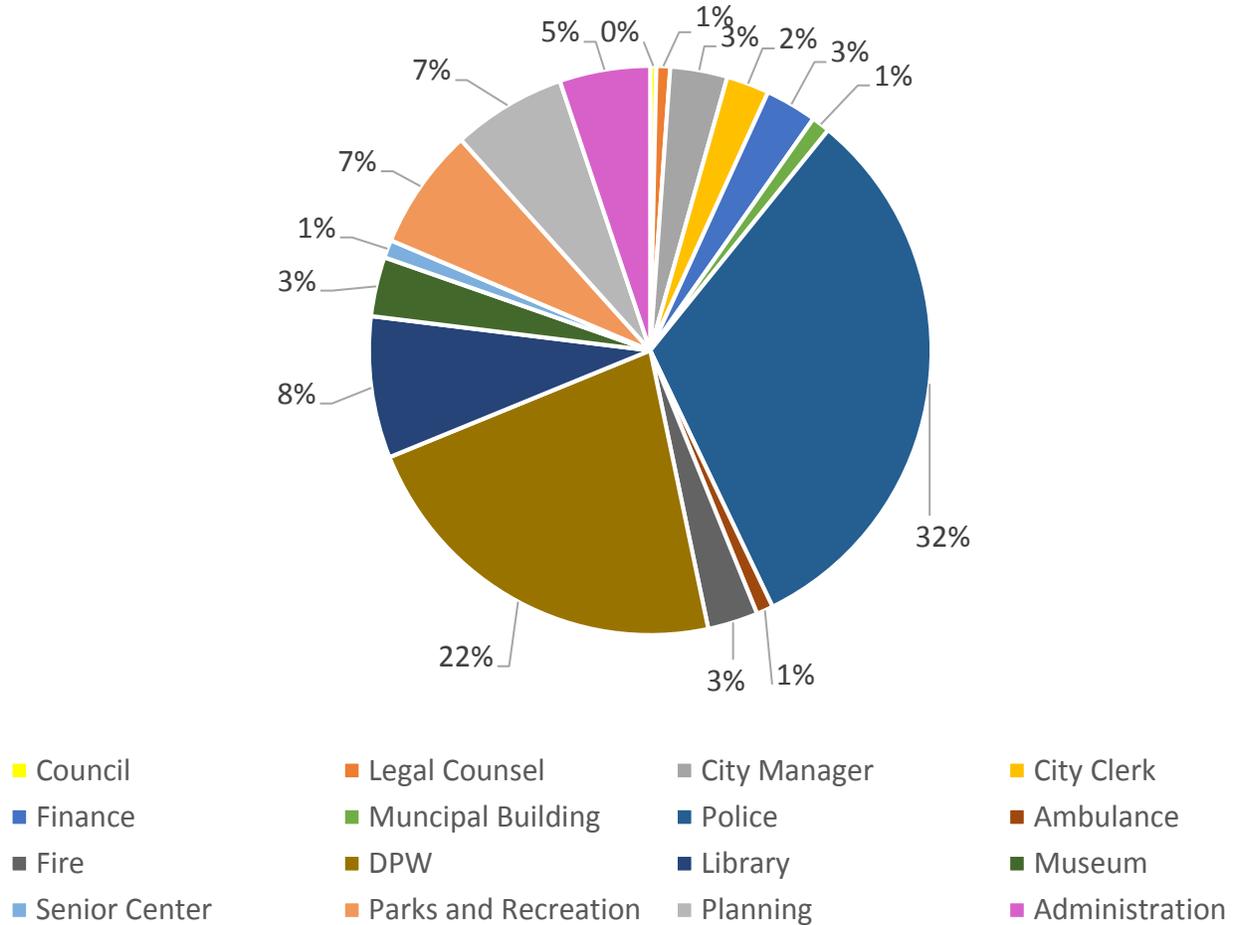
Source: Exhibit A-2, Page 16

Public safety activities accounted for 23 percent of the total expenses within the governmental activities of the City of Platteville, as compared to 26 percent in the prior year. This includes police, fire, and ambulance services. Expenses in this area decreased by approximately \$223,564 from 2015.

Conservation and development expenses increased by approximately \$528,977 or 37% from 2015. Health and Human Services expenses increased by \$7,519, or 7% from 2015.

Public works expenditures increased by approximately \$278,222, or 6% from 2015. General Government increased by approximately \$83,011, or 7% from 2015.

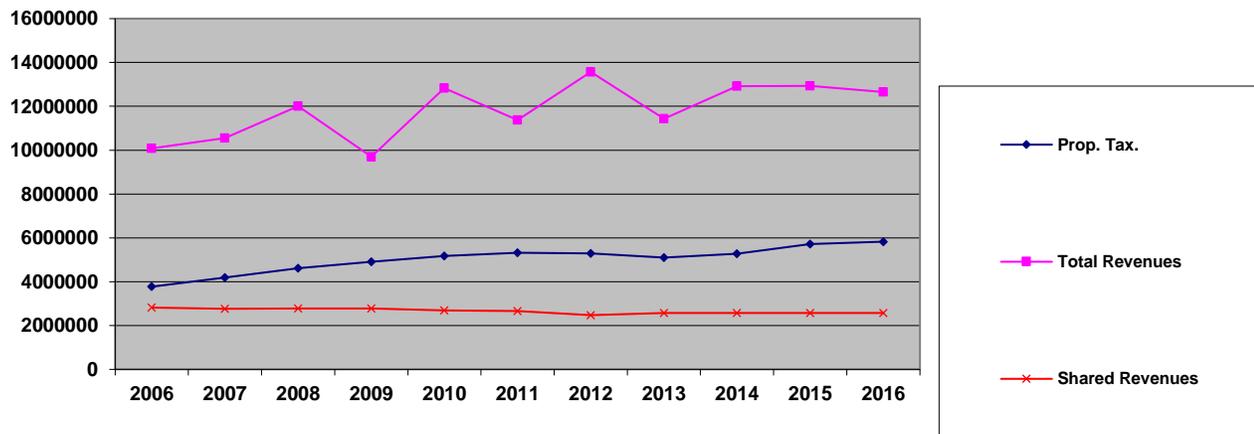
Figure 1: Municipal Expenditures by Major Department as a Percentage Share of Total 2016 Budget



Source: City of Platteville 2016 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 44.1% of total revenues in 2015, and 46.0% in 2016.

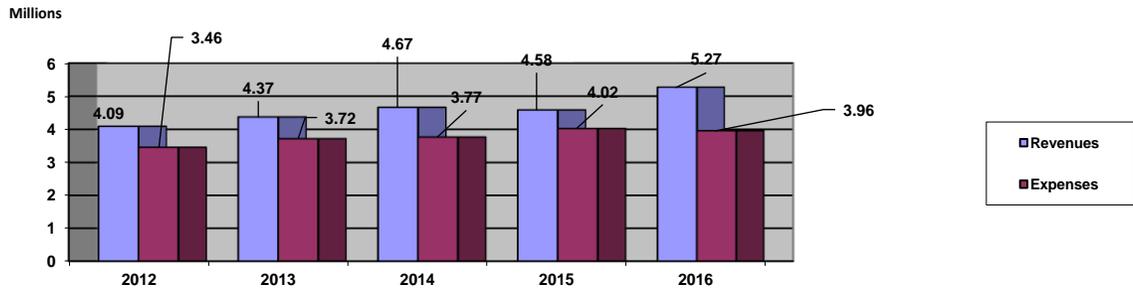
Figure 2: Property Tax Revenue As Compared to Total Revenue



Business-type activities (Proprietary Funds).

In 2016, net position in the proprietary funds increased by \$1,316,359. This compares to an \$560,817 increase in 2015. Major water and sewer line replacements and improvements and upgrades to the utility’s facilities increased 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. A sewer rate increase took effect on August 15, 2016. The last time the PSC allowed a water rate increase was on January 15, 2013.

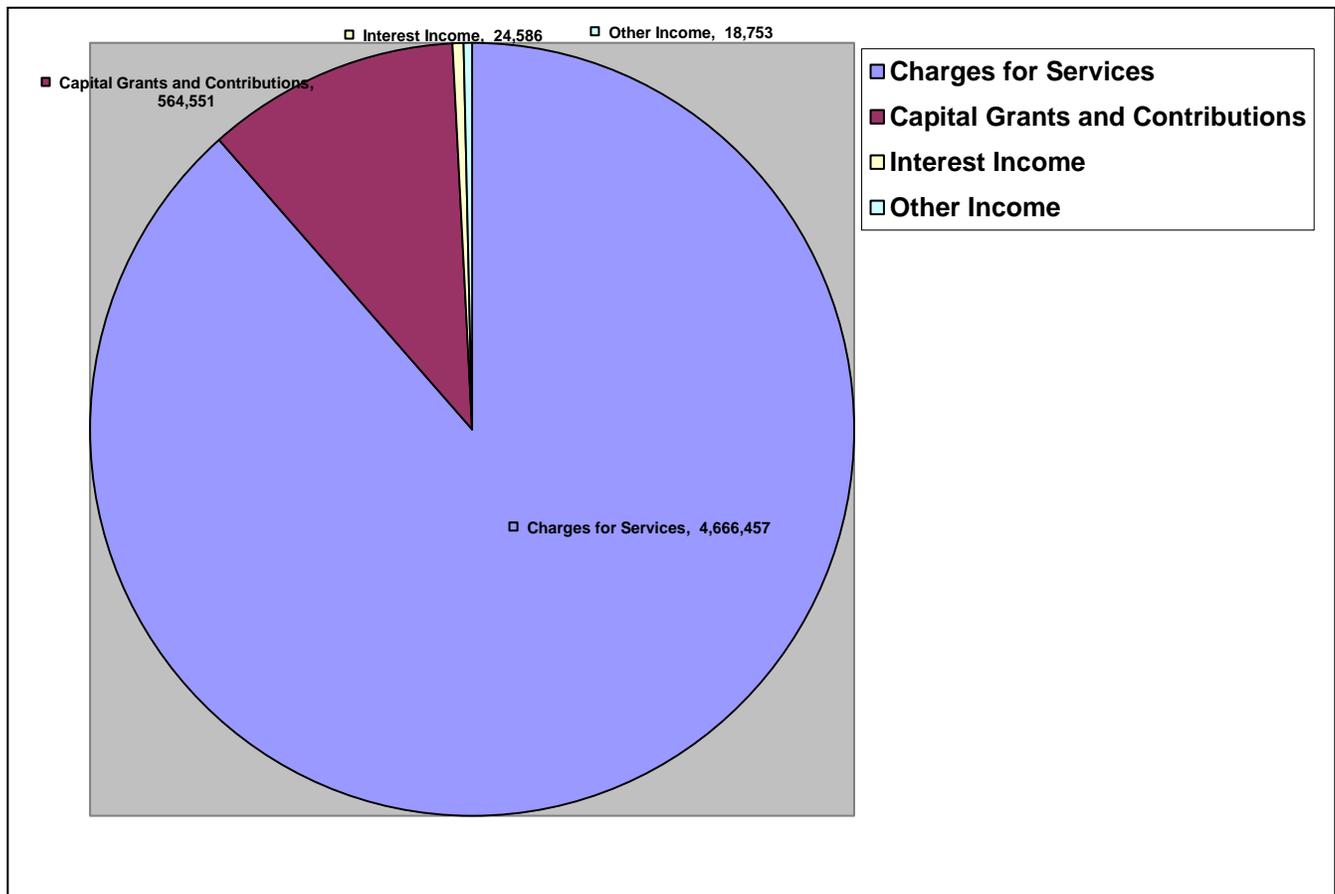
Figure 3: Comparison of Utility Revenues to Expenses, By Year



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>
2016	\$4,126,896	(\$3,302,754)
2015	\$7,429,650	\$1,722,175

**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 decrease in fund balance as of December 31, 2016 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 loan proceeds, the City paid off \$1,070,000 of taxable note anticipation notes and paid a tax incremental incentive of \$2,000,000 to a developer.

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

<u>Year</u>	<u>General Fund Balance*</u>	<u>\$ Change (+/-)</u>
2016	\$4,081,536	(\$ 190,850)
2015	\$4,272,386	(\$ 579,691)

**As of the end of the year.*

The balance in the general fund accounts for 99% 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, 2016, is \$275,814. This is an increase of \$151,147 from 2015 (*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 2016 amounted to \$24,924,170, up \$1,316,359 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 \$228,100. Actual expenditures were under budget by \$557,350.

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>
2016	\$93,752,677	\$ 902,797
2015	\$92,849,880	+\$ 42,543

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	
	2016	2015	2016	2015	2016	2015
Land**	\$ 3,502,492	\$ 3,148,378			\$ 3,502,492	\$ 3,148,378
Land improvements	3,621,841	3,607,463			3,621,841	3,607,463
Buildings and improvements	9,550,768	9,472,244			9,550,768	9,472,244
Machinery and Equipment	4,481,468	4,308,708			4,481,468	4,308,708
Vehicles	4,111,402	3,489,624			4,111,402	3,489,624
Infrastructure	60,526,245	57,393,976			60,526,245	57,393,976
Intangible Plant			8,978	8,978	8,978	8,978
Land & Land Rights			40,345	40,345	40,345	40,345
Const. in Progress	30,600	1,453,142	28,251	13,152	58,851	1,466,294
Water:						
Source of supply			765,539	765,539	765,539	765,539
Pumping			2,067,302	2,067,302	2,067,302	2,067,302
Water treatment			1,413,693	1,413,693	1,413,693	1,413,693
Transmis. & Distr.			18,468,996	17,733,401	18,468,996	17,733,401
General plant			769,004	733,909	769,004	733,909
Sewer:						
Collection system			15,501,959	15,016,641	15,501,959	15,016,641
Treatment and disp.			10,441,802	10,315,567	10,441,802	10,315,567
General plant			966,477	938,035	966,477	938,035
Total capital assets	85,824,816	82,873,535	50,472,346	49,046,562	136,297,162	131,920,097
Less accumulated depreciation	(26,226,785)	(23,716,025)	(16,317,700)	(15,354,192)	(42,544,485)	(39,070,217)
Capital assets net of depreciation	\$ 59,598,031	\$ 59,157,510	\$ 34,154,646	\$ 33,692,370	\$ 93,752,677	\$ 93,849,880

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

**Note that land is not depreciated.

The total increase in the City of Platteville's governmental-type activities capital assets totals \$440,521 net of depreciation, or a < 1% increase.

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 \$735,596 of additions, while sewer collection system accounted for \$485,318.

Long-term debt. At the end of 2016, the City of Platteville had total bonded debt outstanding of \$21,162,648 entirely backed by the full faith and credit of the government (general obligation bonds).

The City of Platteville issued debt in 2016, in the amount of \$2,520,000. This debt was issued to finance the purchase of a fire truck and street projects.

TABLE 4: CITY OF PLATTEVILLE OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
G.O. debt	\$ 21,162,648	\$ 20,035,520	\$	\$	\$21,162,648	\$20,035,520
Revenue Bonds –						
Utility			15,798,029	16,515,812	15,798,029	16,515,812
Tax Increment	3,874,808	4,953,900			3,874,808	4,953,900
Anticipation notes						
Taxable note		1,070,000				1,070,000
Other Long-term						
Liabilities	429,010	468,888	151,496	138,919	580,506	607,807
Total	\$ 25,466,466	\$ 26,528,308	\$15,949,525	\$16,654,731	\$41,415,991	\$43,183,039

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 12/31/16 for the City of Platteville was \$32,595,265, which significantly exceeds the City of Platteville's current outstanding general obligation debt. As of December 31, 2016, the City of Platteville's outstanding general obligation debt equaled 64.9 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 2016, for Grant County, which includes the City of Platteville, was 3.4 percent. This compares to a rate of 4.1 percent for the State of Wisconsin. (Source: Bureau of Labor Statistics)
- The rate of inflation for 2016 was 2.1 percent before seasonal adjustment. The equalized tax rate for taxes collected for 2017 operations (2016 tax bill) increased from 7.17 to 7.23 per thousand of equalized valuation. The taxes to be collected increased by 5% percent.

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 Administration 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, 2016
(With summarized financial information as of December 31, 2015)

	Governmental Activities	Business-Type Activities	Total Governmental and Business-Type activities		Component Unit Housing Authority	
			2016	2015	2016	2015
ASSETS						
Current assets:						
Cash and investments	\$ 6,002,061	\$ 1,007,442	\$ 7,009,503	\$ 7,516,657	\$ 19,335	\$ 2,597
Receivables						
Taxes	3,991,150		3,991,150	4,246,941		
Customer		704,058	704,058	685,276		
Due from other governmental units	1,118,599		1,118,599	1,174,403		
Other	505,216	2,453	507,669	68,551	5,492	5,729
Special assessments	13,613		13,613	13,066		
Prepaid expenses					268	115
Internal balances	(539,663)	539,663				
Materials and supplies		30,585	30,585	24,250		
Total current assets	11,090,976	2,284,201	13,375,177	13,729,144	25,095	8,441
Noncurrent assets:						
Restricted assets:						
Net pension asset				819,799		
Cash and investments	158,104	4,631,578	4,789,682	7,819,123	43,299	1,367
Other assets:						
Mortgages receivable	1,720,313		1,720,313	1,717,825		
Loans receivable	861,189		861,189	783,617		
Capital assets:	85,824,816	50,472,346	136,297,162	131,920,097	7,820	7,820
Less: Accumulated depreciation	26,226,785	16,317,700	42,544,485	39,070,217	7,820	7,820
Net book value of capital assets	59,598,031	34,154,646	93,752,677	92,849,880		
Total noncurrent assets	62,337,637	38,786,224	101,123,861	103,990,244	43,299	1,367
Total assets	73,428,613	41,070,425	114,499,038	117,719,388	68,394	9,808
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflows	2,372,280	593,516	2,965,796	836,322		
Unamortized well rehabilitation costs		31,203	31,203	46,805		
Total deferred outflows of resources	2,372,280	624,719	2,996,999	883,127		
Total assets and deferred outflows of resources	\$ 75,800,893	\$ 41,695,144	\$ 117,496,037	\$ 118,602,515	\$ 68,394	\$ 9,808

Exhibit A-1 (Continued)
City of Platteville, Wisconsin
Statement of Net Position
December 31, 2016
(With summarized financial information as of December 31, 2015)

	Governmental Activities	Business-Type Activities	Total Governmental and Business-Type activities		Component Unit Housing Authority	
			2016	2015	2016	2015
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 540,253	\$ 70,672	\$ 610,925	\$ 903,209	\$ 437	\$ 395
Accrued wages	163,603	28,257	191,860	165,529	1,609	1,908
Accrued interest	149,857	82,202	232,059	236,443		
Unearned revenue	1,645		1,645	11,101		
Current portion of:						
Long-term debt	2,397,484	704,788	3,102,272	3,656,460		
Compensated absences	60,889	9,625	70,514	69,920		
Deposits	250		250	320		
Total current liabilities	3,313,981	895,544	4,209,525	5,042,982	2,046	2,303
Noncurrent liabilities:						
General obligation debt	21,162,648		21,162,648	20,035,520		
Taxable note anticipation notes				1,070,000		
Tax increment revenue bonds	3,874,808		3,874,808	4,953,900		
Water and Sewer revenue bonds		15,798,029	15,798,029	16,515,812		
Unamortized bond premium	20,389	309,448	329,837	351,647		
Net pension liability	426,062	106,596	532,658			
Compensated absences	429,010	151,496	580,506	607,807		
Less current portion of long-term debt	(2,458,373)	(714,413)	(3,172,786)	(3,726,380)		
Total noncurrent liabilities	23,454,544	15,651,156	39,105,700	39,808,306		
Total liabilities	26,768,525	16,546,700	43,315,225	44,851,288	2,046	2,303
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows	896,422	224,274	1,120,696			
Deferred revenue	6,027,141		6,027,141	5,985,496	42,149	
Total deferred inflows of resources	6,923,563	224,274	7,147,837	5,985,496	42,149	
NET POSITION						
Net investment in capital assets	38,826,135	18,356,617	57,182,752	54,554,068		
Restricted	2,925,308	4,631,578	7,556,886	11,624,065	5,332	1,367
Unrestricted	357,362	1,935,975	2,293,337	1,587,598	18,867	6,138
Total net position	42,108,805	24,924,170	67,032,975	67,765,731	24,199	7,505
Total liabilities, deferred inflows of resources, and net position	\$ 75,800,893	\$ 41,695,144	\$ 117,496,037	\$ 118,602,515	\$ 68,394	\$ 9,808

Exhibit A-2
City of Platteville, Wisconsin
Statement of Activities
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			Component Unit Housing Authority		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Totals		2016	2015
							2016	2015		
Primary Government:										
Governmental activities:										
General government	\$ 1,190,535	\$ 242,834	\$ 4,565	\$	\$ (943,136)	\$	\$ (943,136)	\$	(840,684)	
Public safety	3,407,446	254,340	265,728		(2,887,378)		(2,887,378)		(2,740,978)	
Public works	5,305,381	664,716	1,698,837	295,519	(2,646,309)		(2,646,309)		(2,009,053)	
Health and human services	109,016	60,498	1,710		(46,808)		(46,808)		(63,531)	
Leisure activities	1,912,514	216,299	280,977	285,291	(1,129,947)		(1,129,947)		(979,972)	
Conservation and development	1,953,480	48,482			(1,904,998)		(1,904,998)		(1,185,102)	
Interest and fiscal charges	652,761				(652,761)		(652,761)		(663,710)	
Total governmental activities	14,531,133	1,487,169	2,251,817	580,810	(10,211,337)		(10,211,337)		(8,483,030)	
Business-type activities:										
Water and sewer	3,568,696	4,666,457				1,097,761	1,097,761		936,775	
Total business-type activities	3,568,696	4,666,457				1,097,761	1,097,761		936,775	
Total primary government	\$ 18,099,829	\$ 6,153,626	\$ 2,251,817	\$ 580,810	(10,211,337)	1,097,761	(9,113,576)		(7,546,255)	
Component Unit:										
Housing Authority	467,588		476,809						9,221	(6,991)
Total component unit	467,588		476,809						9,221	(6,991)
General revenues:										
Property taxes										
General purposes					2,688,340		2,688,340		3,140,353	
Debt service					1,269,107		1,269,107		816,952	
Tax Increments					1,867,851		1,867,851		1,783,275	
Other taxes					220,549		220,549		222,171	
Federal and State aid not restricted for specific purposes										
General					2,588,339		2,588,339		2,594,260	
Interest and investment earnings					39,133	24,586	63,719		43,449	34
Loss on sale/disposal of fixed assets					(352,733)		(352,733)		(933,496)	
Miscellaneous					16,895	18,753	35,648		37,956	7,439
Transfers					(175,259)	175,259				1,389
Total general revenues					8,162,222	218,598	8,380,820		7,704,920	7,473
Changes in net position					(2,049,115)	1,316,359	(732,756)		158,665	16,694
Net position - beginning					44,157,920	23,607,811	67,765,731		67,607,066	7,505
Net position-end of year					\$ 42,108,805	\$ 24,924,170	\$ 67,032,975		\$ 67,765,731	\$ 24,199
									\$	7,505

Exhibit A-3
City of Platteville, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2016

(With summarized financial information as of December 31, 2015)

	General	Capital Projects	Community Development Block Grant	TIF No. 7	Debt Service
ASSETS					
Cash and investments	\$ 4,929,026		\$ 61,178		\$
Restricted cash and investments		117,421		40,683	
Receivables:					
Taxes	2,276,471			103,988	
Customer					
Other accounts	67,407	435,410			
Other governments	72,552	366,346		550,208	
Special assessments	13,613				
Mortgages			1,648,500		
Loans	256,955				
Due from other funds	896,522				
Advances to other funds	950,817				103,025
Total assets	\$ 9,463,363	\$ 919,177	\$ 1,709,678	\$ 694,879	\$ 103,025
LIABILITIES					
Accounts payable	\$ 251,310	\$ 239,339		\$ 1,879	
Accrued payroll	163,603				
Due to other funds	7,955	404,024	23,967		47,393
Advances from other funds				1,754,889	
Unearned revenue					
Deposits	250				
Total liabilities	423,118	643,363	23,967	1,756,768	47,393
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues	4,958,709		1,648,500	103,988	
FUND BALANCES					
Nonspendable	959,425				55,632
Restricted	293,263	117,421	37,211		
Assigned	273,370	158,393			
Unassigned (Deficit)	2,555,478			(1,165,877)	
Total fund balance	4,081,536	275,814	37,211	(1,165,877)	55,632
Total liabilities, deferred outflow of resources and fund balance	\$ 9,463,363	\$ 919,177	\$ 1,709,678	\$ 694,879	\$ 103,025

Other Governmental Funds	Total Governmental Funds	
	2016	2015
\$ 1,011,857	\$ 6,002,061	\$ 6,656,912
	158,104	3,078,879
1,610,691	3,991,150	4,246,941
		15,244
2,399	505,216	62,942
129,493	1,118,599	1,174,403
	13,613	13,066
71,813	1,720,313	1,717,825
604,234	861,189	783,617
	896,522	777,845
	1,053,842	948,291
<u>\$ 3,430,487</u>	<u>\$ 16,320,609</u>	<u>\$ 19,475,965</u>
\$ 47,725	\$ 540,253	\$ 750,213
	163,603	143,843
31,846	515,185	386,868
219,953	1,974,842	1,869,290
1,645	1,645	11,101
	250	320
<u>301,169</u>	<u>3,195,778</u>	<u>3,161,635</u>
2,286,738	8,997,935	8,884,680
	1,015,057	953,097
959,508	1,407,403	4,962,687
	431,763	1,037,618
(116,928)	1,272,673	476,248
<u>842,580</u>	<u>4,126,896</u>	<u>7,429,650</u>
<u>\$ 3,430,487</u>	<u>\$ 16,320,609</u>	<u>\$ 19,475,965</u>

Exhibit A-4
City of Platteville, Wisconsin
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2016
(With summarized financial information as of December 31, 2015)

	2016	2015
Total fund balances-governmental funds:	\$ 4,126,896	\$ 7,429,650
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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:</p>		
Governmental capital asset	85,824,816	82,873,535
Governmental accumulated depreciation	<u>(26,226,785)</u>	<u>(23,716,025)</u>
	59,598,031	59,157,510
<p>The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements</p>		
		680,652
<p>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.</p>		
Deferred outflows of resources	2,372,280	694,370
Deferred inflows of resources	(896,422)	
<p>Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>		
Long-term notes and loans	2,581,502	2,501,443
Subsequent year tax equivalent from utility	389,292	397,742
<p>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:</p>		
Bonds and notes payable	(21,162,648)	(20,035,520)
Taxable note anticipation notes		(1,070,000)
Tax increment revenue bonds	(3,874,808)	(4,953,900)
Bond premium	(20,389)	(23,447)
Accrued interest	(149,857)	(151,692)
Net pension liability	(426,062)	
Compensated absences	<u>(429,010)</u>	<u>(468,888)</u>
Net position of governmental activities	<u>\$ 42,108,805</u>	<u>\$ 44,157,920</u>

Exhibit A-5
City of Platteville, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

	General	Capital Projects	Community Development Block Grant	TIF No. 7	Debt Service
REVENUES					
Taxes	\$ 2,678,642	\$ 184,678	\$	\$ 212,564	\$ 1,269,107
Special assessments	23,876				
Intergovernmental	3,794,346	331,291		151,844	
Licenses and permits	238,532				
Fines and forfeitures	125,151				
Public charges for services	614,217				
Interest income	29,445	743	400		824
Loan repayments	11,518		3,511		
Miscellaneous	75,319	432,065			4,776
Total revenues	7,591,046	948,777	3,911	364,408	1,274,707
EXPENDITURES					
Current:					
General government	1,100,664				
Public safety	2,963,263				
Public works	1,533,343				
Health and social services	103,037				
Leisure activities	1,642,474				
Conservation and development	376,160		46,195	2,062,508	
Capital outlay		2,982,610		732,082	
Debt service:					
Principal retirement				100,000	2,105,000
Interest and fiscal charges				109,361	245,543
Debt issuance costs				14,741	31,404
Total expenditures	7,718,941	2,982,610	46,195	3,018,692	2,381,947
Excess (deficiency) of revenues over over expenditures	(127,895)	(2,033,833)	(42,284)	(2,654,284)	(1,107,240)
OTHER FINANCING SOURCES (USES)					
Long-term debt proceeds		1,715,000		805,000	
Proceeds from sale of capital assets	9,283				
Insurance proceeds					
Transfer to other funds	(469,980)				
Transfer from other funds		469,980			
Transfer from utility-tax equivalent	397,742				
Total other financing sources (uses)	(62,955)	2,184,980		805,000	
Net change in fund balances	(190,850)	151,147	(42,284)	(1,849,284)	(1,107,240)
Fund balance-beginning of year	4,272,386	124,667	79,495	683,407	1,162,872
Fund balance-end of year	<u>\$ 4,081,536</u>	<u>\$ 275,814</u>	<u>\$ 37,211</u>	<u>\$ (1,165,877)</u>	<u>\$ 55,632</u>

Other Governmental Funds	Total Governmental Funds	
	2016	2015
\$ 1,700,855	\$ 6,045,846	\$ 5,962,752
	23,876	17,473
649,993	4,927,474	5,558,790
	238,532	245,854
853	126,004	144,891
469,889	1,084,106	1,588,574
2,945	34,357	24,896
74,717	89,746	124,849
	512,160	253,037
<hr/> 2,899,252	<hr/> 13,082,101	<hr/> 13,921,116
6,262	1,106,926	1,010,523
	2,963,263	3,238,998
932,140	2,465,483	2,190,345
	103,037	95,315
	1,642,474	1,582,395
51,848	2,536,711	660,703
591,674	4,306,366	5,475,593
1,336,964	3,541,964	1,663,209
270,607	625,511	621,433
	46,145	59,973
<hr/> 3,189,495	<hr/> 19,337,880	<hr/> 16,598,487
(290,243)	(6,255,779)	(2,677,371)
	2,520,000	3,962,000
26,000	35,283	11,122
		32,970
	(469,980)	(1,316,253)
	469,980	1,316,253
	397,742	393,454
<hr/> 26,000	<hr/> 2,953,025	<hr/> 4,399,546
(264,243)	(3,302,754)	1,722,175
1,106,823	7,429,650	5,707,475
<hr/> \$ 842,580	<hr/> \$ 4,126,896	<hr/> \$ 7,429,650

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, 2016
(With summarized financial information for the year ended December 31, 2015)

	2016	2015
Net change in fund balances-total governmental funds	\$ (3,302,754)	\$ 1,722,175
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	3,757,668	3,562,548
Depreciation expenses reported in the statement of activities	<u>(2,839,561)</u>	<u>(2,953,573)</u>
Amount by which capital outlays are greater (less) than depreciation in the current period.	918,107	608,975
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/decrease net position:	(477,586)	(921,293)
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:	39,878	(2,054)
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:	3,541,964	1,663,209
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	(2,520,000)	(3,962,000)
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	(69,041)	(107,442)
Economic development loans written off are reflected as a reduction of deferred revenue in governmental funds but are reported as an expense in the statement of net position.	(24,064)	
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.	173,165	577,040

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, 2016
(With summarized financial information for the year ended December 31, 2015)

	2016	2015
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
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.		
2015 utility tax equivalent recognized as revenue in 2016 in the governmental funds	(397,742)	(393,454)
2016 utility tax equivalent recognized as a transfer in for the statement of activities	389,292	397,742
	(8,450)	4,288
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	625,512	620,227
The amount of interest accrued during the current period	(623,677)	(612,555)
Interest paid is greater (less) than interest expensed by	1,835	7,672
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 liability 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 liability between years, with adjustments.	(325,227)	4,220
Change in net position-governmental activities	\$ (2,049,115)	\$ (402,152)

Exhibit A-7
City of Platteville, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2016

(With summarized financial information as of December 31, 2015)

	Water and Sewer Utility	
	2016	2015
ASSETS		
Current assets:		
Cash	\$ 1,007,242	\$ 859,420
Petty cash	200	325
Customer accounts receivable	704,058	670,032
Other accounts receivable	2,453	5,609
Due from other funds	7,955	6,764
Inventories	30,585	24,250
Total current assets	1,752,493	1,566,400
Non-current assets:		
Restricted assets:		
Net pension asset		139,147
Cash and Investments:		
Replacement fund	2,020,965	1,642,114
Depreciation fund	1,569,160	2,060,993
Debt reserve fund	1,041,453	1,037,137
Total restricted assets	4,631,578	4,879,391
Capital assets:		
Property and plant	50,472,346	49,046,562
Less: accumulated provision for depreciation	16,317,700	15,354,192
Net property and plant	34,154,646	33,692,370
Other assets:		
Advances due from other funds	921,000	920,999
Total non-current assets	39,707,224	39,492,760
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	593,516	141,952
Unamortized well rehabilitation costs	31,203	46,805
Total deferred outflows of resources	624,719	188,757
Total assets and deferred outflows of resources	\$ 42,084,436	\$ 41,247,917

Exhibit A-7 (Continued)
City of Platteville, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2016

(With summarized financial information as of December 31, 2015)

	Water and Sewer Utility	
	2016	2015
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 70,672	\$ 152,996
Accrued payroll	28,257	21,686
Accrued interest	82,202	84,751
Current portion of:		
Revenue bonds	704,788	717,783
Compensated absences	9,625	7,338
Due to other funds	389,292	397,742
Total current liabilities	1,284,836	1,382,296
 Non-current liabilities		
General obligation notes		
Revenue bonds	15,798,029	16,515,812
Unamortized bond premium	309,448	328,200
Net pension liability	106,596	
Compensated absences	151,496	138,919
Less current portion of long-term debt	(714,413)	(725,121)
Total non-current liabilities	15,651,156	16,257,810
 DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	224,274	
 NET POSITION		
Net investment in capital assets	18,356,617	17,176,558
Restricted	4,631,578	4,879,391
Unrestricted	1,935,975	1,551,862
Total net position	24,924,170	23,607,811
Total liabilities, deferred inflows of resources, and net position	\$ 42,084,436	\$ 41,247,917

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, 2016
(With summarized financial information for the year ended December 31, 2015)

	Water	Sewer	Total	
			2016	2015
OPERATING REVENUES				
Metered sales	\$ 1,291,195	\$	\$ 1,291,195	\$ 1,285,675
Private fire protection	86,638		86,638	87,239
Public fire protection	616,810		616,810	615,231
Public authorities	244,085		244,085	249,285
Measured sewer service		2,236,740	2,236,740	2,137,623
Forfeited discounts	8,168	7,988	16,156	16,336
Miscellaneous	165,473	9,360	174,833	163,274
Total operating revenues	2,412,369	2,254,088	4,666,457	4,554,663
OPERATING EXPENDITURES				
Pumping expenses	190,754		190,754	212,816
Treatment expenses	97,101	399,800	496,901	485,665
Transmission and distribution	214,402		214,402	201,168
Customer accounts expense	38,007	10,317	48,324	68,150
Administrative and general	297,694	465,060	762,754	703,462
Rent	1,080	6,342	7,422	6,907
Transportation expenses	323	24,598	24,921	20,663
Maintenance of sewage system		141,181	141,181	227,994
Depreciation	497,433	614,933	1,112,366	1,133,572
Taxes	13,572	50,831	64,403	61,186
Total operating expenses	1,350,366	1,713,062	3,063,428	3,121,583
Operating income	\$ 1,062,003	\$ 541,026	1,603,029	1,433,080
NONOPERATING REVENUES (EXPENSES)				
*Interest and dividends on investments			24,586	13,253
*Interest expense			(505,268)	(497,164)
*Amortization of debt premium			18,753	16,162
*Loss on sale of fixed assets				(7,631)
*Transfer of tax equivalent			(389,292)	(397,742)
Total nonoperating revenues (expenses)			(851,221)	(873,122)
Income before contributions			751,808	559,958
*Capital contributions			564,551	859
Change in net position			1,316,359	560,817
Net position - beginning			23,607,811	23,046,994
Net position-end of year			\$ 24,924,170	\$ 23,607,811
* Not allocated				

Exhibit A-9
City of Platteville, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

	2016	2015
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES		
Received from customers	\$ 4,635,587	\$ 4,554,325
Payments to employees	(621,959)	(633,516)
Payment for employee benefits	(373,342)	(361,223)
Payment to suppliers	(1,000,859)	(920,390)
	2,639,427	2,639,196
CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES		
Paid to municipality for tax equivalent	(389,292)	(397,742)
	(389,292)	(397,742)
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,010,092)	(1,487,107)
Contributed capital		859
Sale of capital assets		2,537
Cost of removals		(11,495)
Proceeds from bonds, including premiums		5,535,097
Debt retired	(717,783)	(4,680,943)
Interest paid	(507,815)	(479,984)
	(2,235,690)	(1,121,036)
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES		
Purchase of investments	(500,000)	(500,000)
Receipt of investments maturing	500,000	500,000
Investment income	24,586	13,253
	24,586	13,253
Net cash flows from investing activities	24,586	13,253
Net change in cash and cash equivalents	39,031	1,133,671
Cash and cash equivalents - beginning of year	5,099,989	3,966,318
Cash and cash equivalents - end of year	\$ 5,139,020	\$ 5,099,989
Reconciliation of cash and cash equivalents to statement of net position accounts		
Cash	\$ 1,007,242	\$ 859,420
Petty cash	200	325
Restricted cash and investments	4,631,578	4,740,244
Less: long-term investments	(500,000)	(500,000)
	\$ 5,139,020	\$ 5,099,989

Exhibit A-9 (Continued)
City of Platteville, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

	2016	2015
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,603,029	\$ 1,433,080
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,112,366	1,133,572
Pension expense	18,453	(863)
Amortization of major repairs	15,602	15,602
Changes in assets and liabilities:		
(Increase) decrease in customer accounts receivable	(34,026)	(8,108)
(Increase) decrease in other accounts receivable	3,156	7,770
(Increase) decrease in due from other funds	(1,192)	255,165
(Increase) decrease in inventories	(6,335)	4,838
Increase (decrease) in accounts payable	(82,324)	10,012
Increase (decrease) in accrued payroll	6,571	3,225
Increase (decrease) in due other funds	(8,450)	(215,044)
Increase (decrease) in compensated absences	12,577	(53)
	\$ 2,639,427	\$ 2,639,196
 SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING CAPITAL AND FINANCING ACTIVITIES		
Capital additions financed by TIF Districts	\$ 564,551	

Exhibit A-10
City of Platteville, Wisconsin
Statement of Net Position
Fiduciary Funds
December 31, 2016

(With summarized financial information as of December 31, 2015)

	Tax Collection Fund	Total	
		2016	2015
ASSETS			
Cash and investments	\$ 3,057,208	\$ 3,057,208	\$ 2,661,503
Taxes receivable	5,694,590	5,694,590	6,204,490
Total assets	\$ 8,751,798	\$ 8,751,798	\$ 8,865,993
LIABILITIES			
Due to other taxing units	\$ 8,751,798	\$ 8,751,798	\$ 8,865,993
Total liabilities	\$ 8,751,798	\$ 8,751,798	\$ 8,865,993

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Platteville, Wisconsin
December 31, 2016
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City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

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.

Separate audited financial statements of the Platteville Housing Authority may be obtained at City Hall of the City of Platteville.

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, 2016

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.

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

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

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

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.

-Cemetery perpetual care

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, 2016

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, 2016

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, 2016

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 - 2016 tax roll:

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

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, 2016

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 reported at acquisition value.

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, 2016

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, 2016 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 \$25,107,929, 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, 2016

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, 2016

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, 2015, 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. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net 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 period 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, 2016 was \$31,203 which is reported in deferred outflows of resources.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The City has two items that qualify for reporting in this category. Deferred inflows of resources related to the WRS pension system are discussed in Note 7 and the remaining deferred inflows of resources are discussed in Note 12.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

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.

NOTE 3 CASH AND INVESTMENTS

At December 31, 2016, the cash and investments included the following:

Deposits with financial institutions	\$ 5,499,206
Wisconsin Local Government Investment Pool	9,355,969
Petty cash	<u>1,218</u>
Total	<u><u>\$ 14,856,393</u></u>

Cash and investments as of December 31, 2016 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 7,009,503
Restricted cash and investments	4,789,682
Exhibit A-10:	
Cash and investments	<u>3,057,208</u>
Total cash and investments	<u><u>\$ 14,856,393</u></u>

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

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, village, 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.

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	\$ 1,447,975	\$ 130,072
Local Government Investment Pool	9,355,969	9,355,969	
Totals	\$ 10,934,016	\$ 10,803,944	\$ 130,072

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, 2016, the City's investments were rated as follows:

	Amount	Rating
Wisconsin Local Government Investment Pool	\$ 9,355,969	Not Rated

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

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.

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, 2016, \$1,845,982 of the City's deposits were insured by the FDIC or NCUA, \$2,031,643 were insured by collateral pledged at a local financial institution, and \$25 were in excess of federal depository insurance limits, national credit union insurance limits, and pledged collateral. The Wisconsin State Guaranty Fund would provide coverage for this amount, providing funds are available at the time of any potential loss.

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.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

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. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2016, the fair value of the City's share of the LGIP's assets was substantially equal to the amount 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, 2016 was: 95.50% in U.S. Government Securities, 0.93% in Bankers' Acceptances and 3.57% 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, 2016

NOTE 4

CAPITAL ASSETS

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

	Balance 1/1/16	Additions	Deletions	Balance 12/31/16
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 3,148,378	\$ 354,114		\$ 3,502,492
Construction in progress	1,453,142	30,600	(1,453,142)	30,600
Total capital asset not being depreciated	<u>4,601,520</u>	<u>384,714</u>	<u>(1,453,142)</u>	<u>3,533,092</u>
Other capital assets				
Land improvements	3,607,463	14,378		3,621,841
Buildings and improvements	9,472,244	78,524		9,550,768
Machinery and equipment	4,308,708	390,795	(218,035)	4,481,468
Vehicles	3,489,624	670,562	(48,784)	4,111,402
Infrastructure	57,393,976	3,671,837	(539,568)	60,526,245
Total other capital assets at historical costs	<u>78,272,015</u>	<u>4,826,096</u>	<u>(806,387)</u>	<u>82,291,724</u>
Less accumulated depreciation for:				
Land improvements	440,366	163,496		603,862
Buildings and improvements	3,721,462	249,833		3,971,295
Machinery and equipment	1,686,032	247,254	(101,464)	1,831,822
Vehicles	1,940,829	228,544	(44,713)	2,124,660
Infrastructure	15,927,336	1,950,434	(182,624)	17,695,146
Total accumulated depreciation	<u>23,716,025</u>	<u>2,839,561</u>	<u>(328,801)</u>	<u>26,226,785</u>
Net other capital assets	<u>54,555,990</u>	<u>1,986,535</u>	<u>(477,586)</u>	<u>56,064,939</u>
Total net capital assets	<u>\$ 59,157,510</u>	<u>\$ 2,371,249</u>	<u>\$(1,930,728)</u>	<u>\$ 59,598,031</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 58,336
Public safety	260,330
Transportation, which includes the depreciation of infrastructure	2,319,849
Leisure activities	191,604
Health and human services	5,523
Industrial development	3,919
Total governmental activities depreciation expense	<u>\$ 2,839,561</u>

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 4

CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Salvage	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	13,152	28,251		(13,152)	28,251
Total capital assets not being depreciated	62,475	28,251		(13,152)	77,574
Capital assets being depreciated:					
Water:					
Source of supply	765,539				765,539
Pumping	2,067,302				2,067,302
Water treatment	1,413,693				1,413,693
Transmission and distribution	17,733,401	838,782		(103,187)	18,468,996
General plant	733,909	35,095			769,004
Sewer:					
Collection system	15,016,641	542,090		(56,772)	15,501,959
Treatment and disposal	10,315,567	126,235			10,441,802
General plant	938,035	28,442			966,477
Total capital assets being depreciated	48,984,087	1,570,644		(159,959)	50,394,772
Less: accumulated depreciation for:					
Water:					
Source of supply	204,663	21,906			226,569
Pumping	846,875	67,324			914,199
Water treatment	232,631	46,142			278,773
Transmission and distribution	3,735,800	342,848		(103,187)	3,975,461
General plant	649,171	55,894	8,350		713,415
Sewer:					
Collection system	1,544,403	177,393		(56,772)	1,665,024
Treatment and disposal	7,630,163	300,398			7,930,561
General plant	510,486	100,461	2,751		613,698
Total accumulated depreciation	15,354,192	1,112,366	11,101	(159,959)	16,317,700
Net capital assets being depreciated	33,629,895	458,278	(11,101)		34,077,072
Total net capital assets	\$ 33,692,370	\$ 486,529	\$ (11,101)	\$ (13,152)	\$ 34,154,646

Depreciation expense consisted of the following:

Business-Type Activities:

Water and sewer depreciation \$1,112,366

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 5

LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due within One Year
<u>Governmental Activities</u>					
Bonds and notes payable					
General obligation debt	\$ 20,035,520	\$ 2,520,000	\$ (1,392,873)	\$ 21,162,648	\$ 1,913,574
Tax increment revenue bonds	4,953,900		(1,079,091)	3,874,808	483,910
Taxable note anticipation notes	1,070,000		(1,070,000)		
Other liabilities:					
Compensated absences	468,888		(39,878)	429,010	60,889
Total governmental activities long-term liabilities	<u>\$ 26,528,308</u>	<u>\$ 2,520,000</u>	<u>\$ (3,581,842)</u>	<u>\$ 25,466,466</u>	<u>\$ 2,458,373</u>
<u>Business-type Activities</u>					
Revenue bonds	\$ 16,515,812		\$ (717,783)	\$ 15,798,029	\$ 704,788
Other liabilities:					
Compensated absences	138,919	12,577		151,496	9,625
Total business-type activities long-term liabilities	<u>\$ 16,654,731</u>	<u>\$ 12,577</u>	<u>\$ (717,783)</u>	<u>\$ 15,949,525</u>	<u>\$ 714,413</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.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit per Wisconsin Statutes as of December 31, 2016 was \$32,595,265. Total general obligation debt outstanding at year-end was \$21,162,648. City policy limits general obligation indebtedness to 3.5% of the equalized value of taxable property within the city's jurisdiction, or \$22,816,686. As of December 31, 2016, outstanding general obligation debt was within the limits established by Wisconsin Statutes and City policy.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2016
<u>Governmental Activities</u>					
General obligation debt:					
General obligation notes	4/15/2009	10/1/2018	3.3-3.5	\$ 5,435,786	\$ 275,000
General obligation bonds	3/7/2012	3/1/2023	2.0-3.0	1,725,000	1,625,000
General obligation notes	8/14/2012	9/10/2019	2.20	175,000	72,023
General obligation notes	3/28/2013	10/1/2021	2.0-2.25	935,000	555,000
General obligation bonds	3/28/2013	10/1/2028	2.25-3.0	3,240,000	3,220,000
General obligation notes	10/1/2013	10/1/2023	2.0-3.25	5,000,000	4,025,000
General obligation notes	2/12/2014	10/1/2023	2.0-2.75	5,000,000	4,675,000
General obligation notes	4/6/2015	4/6/2022	1.98	172,000	160,080
General obligation notes	9/15/2015	8/15/2017	2.00	260,970	245,545
General obligation bonds	12/29/2015	3/1/1933	1.0-3.8	3,790,000	3,790,000
General obligation bonds	6/2/2016	12/1/2025	0.8-1.85	2,520,000	2,520,000
Total governmental activities – general obligation debt					<u>\$ 21,162,648</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
2017	\$ 1,913,574	\$ 523,546
2018	1,858,754	467,573
2019	1,977,726	430,238
2020	1,867,797	390,777
2021	2,177,953	350,014
2022-2026	8,621,844	959,494
2027-2031	2,245,000	244,838
2032-2033	500,000	18,875
Totals	<u>\$ 21,162,648</u>	<u>\$ 3,385,355</u>

In June 2016, the City issued general obligation bonds of \$2,520,000. As of December 31, 2016, there is \$158,104 of unspent bond proceeds. The unspent bond proceeds are presented with restricted cash and investments in the governmental activities statement of net position and governmental funds balance sheet.

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.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Tax increment revenue bonds payable at December 31, 2016 consist of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2016
Tax increment revenue bonds	9/12/2013	9/12/2026	4.303%	\$ 2,000,000	\$ 1,629,808
Tax increment revenue bonds	2/3/2014	9/30/2025	2.75%	3,700,000	2,245,000
Total governmental activities – tax increment revenue bonds					<u>\$ 3,874,808</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities Tax Increment Revenue Debt		
	Principal	Interest	Total
2017	\$ 483,910	\$ 129,492	\$ 613,402
2018	489,672	114,105	603,777
2019	495,683	98,470	594,153
2020	501,951	82,576	584,527
2021	508,490	66,413	574,903
2022-2026	1,395,102	132,749	1,527,851
Totals	<u>\$ 3,874,808</u>	<u>\$ 623,805</u>	<u>\$ 4,498,613</u>

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, 2016 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2016
Clean water revenue bonds	12/10/2008	5/1/2028	2.339%	\$ 2,264,019	\$ 1,630,668
Clean water revenue bonds	11/1/2010	5/1/2030	2.428%	3,964,010	2,967,361
Revenue bonds	3/7/2012	5/1/2032	2.0-4.0	6,750,000	6,000,000
Revenue bonds	6/24/2015	5/1/2035	2.0-4.0	5,425,000	5,200,000
Total					<u>\$ 15,798,029</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt		
	Principal	Interest	Total
2017	\$ 704,788	\$ 492,428	\$ 1,197,216
2018	741,961	475,644	1,217,605
2019	754,305	457,212	1,211,517
2020	791,825	437,027	1,228,852
2021	804,526	415,059	1,219,585
2022-2026	4,534,737	1,711,663	6,246,400
2027-2031	5,355,886	922,440	6,278,326
2032-2035	2,110,001	127,000	2,237,001
Totals	<u>\$ 15,798,029</u>	<u>\$ 5,038,473</u>	<u>\$ 20,836,502</u>

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

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, 2016, the "net revenues" of the system were \$2,739,981 or 2.29 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, 2016

NOTE 6

LONG-TERM ADVANCES

The following is a schedule of interfund advances at December 31, 2016:

Receivable Fund	Payable Fund	Amount
Debt service	Airport	\$ 103,025
General	TIF #7	899,441
General	TIF #6	51,376
Water and sewer utility	TIF #6	65,552
Water and sewer utility	TIF #7	855,448
	<u>Total</u>	<u>\$ 1,974,842</u>

On December 31, 2016 the airport was obligated to the debt service fund for \$103,025 on long-term advances for improvements which matures as follows:

Year	Principal	Interest	Total
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	15,314	1,786	17,100
2022-2023	32,697	1,503	34,200
Total	<u>\$ 103,025</u>	<u>\$ 16,675</u>	<u>\$ 119,700</u>

The final payment on the \$103,025 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.

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

Accounting Changes. The WRS adopted GASB Statement No. 82, Pension Issues, an amendment of GASB No. 67, No. 68, and No. 73 during the year ended December 31, 2015. Statement No. 82 addresses the presentation of payroll-related measures in the Required Supplementary Information, the selection of assumptions used in determining the total pension liability and related measures, and the classification of employer-paid member contributions.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

The WRS also provides death and disability benefits for employees.

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
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

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.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

During the reporting period, the WRS recognized \$311,632 in contributions from the employer.

Contribution rates as of December 31, 2016 are:

	2016	
	Employee	Employer
General (including teachers)	6.60%	6.60%
Executive & elected officials	6.60%	6.60%
Protective with social security	6.60%	9.40%
Protective without social security	6.60%	13.20%

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

At December 31, 2016, the City reported a liability of \$532,658 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the City's proportion was 0.03277933%, which was a decrease of 0.00059642% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$647,447.

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, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 90,110	\$ 1,120,696
Changes of assumptions	372,671	
Net differences between projected and actual earnings on pension plan investments	2,180,853	
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,437	
Employer contributions subsequent to the measurement date	301,725	
Total	\$ 2,965,796	\$ 1,120,696

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$301,725 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 691,641	\$ 271,277
2018	691,641	271,277
2019	691,641	271,277
2020	576,754	271,277
2021	12,394	35,588
Total	\$ 2,664,071	\$ 1,120,696

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

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

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate. Starting with 2015, this item includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.

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

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

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:

Retirement Funds							
Asset Allocation Targets and Expected Returns							
As of December 31, 2015							
Core Fund Asset Class	Current Asset Allocation %		Destination Target Asset Allocation %		Long-Term Expected Nominal Rate of Return %		Long-Term Expected Real Rate of Return %
U.S. Equities	27 %		23 %		7.6 %		4.7 %
International Equities	24.5		22		8.5		5.6
Fixed Income	27.5		37		4.4		1.6
Inflation Sensitive Assets	10		20		4.2		1.4
Real Estate	7		7		6.5		3.6
Private Equity/Debt	7		7		9.4		6.5
Multi-Asset	4		4		6.7		3.8
Total Core Fund	107 %		120 %		7.4 %		4.5 %
 Variable Fund Asset Class							
U.S. Equities	70 %		70 %		7.6 %		4.7 %
International Equities	30		30		8.5		5.6
Total Variable Fund	100 %		100 %		7.9 %		5.0 %
 New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75% Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations							

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 3.57%. 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, 2016

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)	\$3,736,072	\$532,658	(\$1,969,266)

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

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, 2016, the compensated absences consisted of:

Sick leave	\$ 509,992
Vacation	70,514
Total	\$ 580,506

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 10

TAX INCREMENTAL DISTRICTS

Transactions of the tax incremental district to December 31, 2016 are summarized below:

	TIF #4	TIF #5	TIF #6	TIF #7
Project costs to 12/31/16	\$ 4,256,018	\$ 10,225,426	\$ 7,884,918	\$ 9,017,635
Accumulated credits to project costs:				
Tax increments collected	2,403,752	7,878,719	1,900,640	766,838
Developer agreement payments			112,247	129,251
EDA grant	1,350,873		382,667	178,808
Community development block grant				909,276
SAG grant				58,870
Tax exempt computer aid	23,546	84,863	2,468	36,061
Interest income			215,010	90,148
Miscellaneous income	3,303	24,198	150	107,506
Total accumulated credits	3,781,474	7,987,780	2,613,182	2,276,758
Excess of project costs over accumulated credits to 12/31/16	\$ 474,544	\$ 2,237,646	\$ 5,271,736	\$ 6,740,877
Notes payable				
outstanding 12/31/16	\$ 550,000	\$ 2,245,000	\$ 5,154,808	\$ 5,575,000
Fund balance (positive) 12/31/16	(75,456)	(7,354)	116,928	1,165,877
Project costs to be recovered subsequent to 12/31/16	\$ 474,544	\$ 2,237,646	\$ 5,271,736	\$ 6,740,877

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.

	Creation Date	Last Date to Incur Project Costs	Final Dissolution Date
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

In 2017, TIF #5 will begin increment sharing with TIF #7

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 11

GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2016 includes the following:

GOVERNMENTAL ACTIVITIES

Net investment in capital assets	
Land and construction work in progress	\$ 3,533,092
Other capital assets, net of accumulated depreciation	56,064,939
Less: long-term capital debt outstanding	<u>(20,771,896)</u>
Total net investment in capital assets	<u>38,826,135</u>
Restricted for:	
Redevelopment authority	264,053
Housing conservation	84,124
Donor specified	230,452
Impact fees	60,605
Community development grant restricted	1,624,533
Library endowment	5,911
Perpetual care	549,150
EMS service	2,206
Taxi/Bus	21,464
TIF expenditures	<u>82,810</u>
Total restricted	<u>2,925,308</u>
Unrestricted	<u>357,362</u>
Total governmental activities net position	<u><u>\$ 42,108,805</u></u>

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2016 includes the following:

Nonspendable:	
Advances to other funds	\$ 1,006,449
Delinquent taxes	<u>8,608</u>
Total nonspendable	<u><u>\$ 1,015,057</u></u>

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

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

GOVERNMENTAL FUND BALANCES (Continued)

Restricted:

Major Funds:

General Fund:

Donor restricted:

Ice rink	\$	225
Parking spaces		5,760
Parks Beining Trust:		
Parks		27,632
Museum		44,303
Art Gallery		44,303
New park		7,295
M. Harrison Trust		650
Swim team		20,828
Senior center bus		1,705
Legion Park Trust		23,957
Tree		300
Automated external defibrillator		321
Skateboard park		6
Recreation scholarships		4,208
Sports Complex		240
Family theatre		500
Fireworks		4,000
Police		11,900
Cyril Clayton Trust		4,447
Cemetery		5,691
Senior Center		9,124
Historic Preservation Community		984
Roundtree Eva Beining Trust		8,599
Animal care		1,661
Auditorium and parks		1,813
Park impact fees		60,605
EMS township payments		2,206
Total General Fund		293,263
Capital projects		117,421
Community development block grant		37,211
Total Major Funds		447,895

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

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

GOVERNMENTAL FUND BALANCES (Continued)

Restricted (Continued):

Non-Major Funds:

Airport	150,395
Redevelopment authority	137,467
Perpetual care	549,150
Housing conservation	12,311
Library	5,911
Taxi/Bus	21,464
TIF District No. 4	75,456
TIF District No. 5	7,354
Total Non-Major Funds	959,508
Total restricted	\$ 1,407,403

Assigned:

Major Funds:

General Fund:

Police explorers	\$ 1,632
Museum funds	115,075
Ambulance outlay	124,624
Arts gallery	5,983
Fire department	13,688
Senior center grant expenses	2,203
Library: books - resource library	4,430
Clerk: data processing	735
Capital outlay	5,000
Capital Projects:	158,393
Total assigned	\$ 431,763

The following funds had (deficit) unassigned fund balances at December 31, 2016:

Major Funds:

TIF District No. 7 \$ (1,165,877)

Non-Major Funds:

TIF District No. 6 (116,928)

Total (deficit) \$ (1,282,805)

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

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, 2016 the various components of deferred inflows of resources reported in the governmental funds were as follows:

Property tax receivable	\$ 4,312,462
Tax increment receivable	1,714,679
Tax Equivalent	389,292
Loans receivable	861,189
Mortgages receivable	<u>1,720,313</u>
Total deferred inflow of resources for government funds	<u>\$ 8,997,935</u>

The mortgages receivable of \$1,720,313 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 \$861,189 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.

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, 2016 was \$2,020,965.

Tax Incremental Financing and Capital Projects Fund 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 Capital Projects Fund which have yet to be expended.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

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	\$ 389,292
General	Housing conservation	248
General	Community Development Block Grant	23,967
General	Capital projects	404,024
General	Debt service	47,393
General	Taxi/bus	31,598
	Total	\$ 896,522
Enterprise Funds:		
Water and sewer	General Fund	\$ 7,955

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	\$ 469,980
Proprietary Funds		
General	Water utility	\$ 389,292

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.

NOTE 15

COMMITMENTS/ SUBSEQUENT EVENTS

The following items were approved and will be purchased or completed subsequent to December 31, 2016:

1. Replacement of Well #4 for approximately \$600,000.
2. Contract for Elm Street reconstruction for \$467,704.
3. Contract for Ellen and Laura Street reconstruction for \$1,521,102.

The City received a \$310,000 Safe Drinking Water Principal forgiveness loan for the replacement of lead service lines.

City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2016

NOTE 15

COMMITMENTS/ SUBSEQUENT EVENTS (CONTINUED)

On May 9, 2017, the City issued \$1,375,000 of General Obligation Street Improvement Bonds with interest rates of 1.55 – 3.35%. Debt requirements are as follows:

Year	Principal	Interest	Total
2018	\$	\$ 49,688	\$ 49,688
2019		39,750	39,750
2020		39,750	39,750
2021	50,000	39,750	89,750
2022	50,000	38,975	88,975
2023-2027	375,000	176,850	551,850
2028-2032	500,000	110,250	610,250
2023-2036	400,000	33,150	433,150
Totals	<u>\$ 1,375,000</u>	<u>\$ 528,163</u>	<u>\$ 1,903,163</u>

NOTE 16

COMPONENT UNIT

A. Cash and Investments

At year-end, the carrying amount of the housing authority's deposits was \$62,634 and the bank balance was \$64,962. 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 1/1/16	Additions	Retirements	Balance 12/31/16
Cost:				
Land, structures, equipment	\$ 7,820	\$	\$	\$ 7,820
Accumulated depreciation	\$ 7,820	\$	\$	\$ 7,820

C. Line of Credit

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

NOTE 17 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has approved GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. When it becomes effective, application of the standard 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, 2016

	Budgeted Amounts		Actual	Variances-	
				Original	Final
	Original	Final	Actual	Original to Actual	Final to Actual
REVENUES					
Taxes	\$ 2,660,993	\$ 2,660,993	\$ 2,678,642	\$ 17,649	\$ 17,649
Special assessments	14,750	14,750	23,876	9,126	9,126
Intergovernmental	3,769,137	3,769,137	3,794,346	25,209	25,209
Licenses and permits	235,375	235,375	238,532	3,157	3,157
Fines and forfeitures	161,500	161,500	125,151	(36,349)	(36,349)
Public charges for services	473,628	473,628	614,217	140,589	140,589
Interest income	12,910	12,910	29,445	16,535	16,535
Loan repayments	12,565	12,565	11,518	(1,047)	(1,047)
Miscellaneous	22,088	22,088	75,319	53,231	53,231
Total revenues	<u>7,362,946</u>	<u>7,362,946</u>	<u>7,591,046</u>	<u>228,100</u>	<u>228,100</u>
EXPENDITURES					
General government	1,199,248	1,199,248	1,100,664	98,584	98,584
Public safety	3,278,155	3,278,155	2,963,263	314,892	314,892
Public Works	1,599,379	1,599,379	1,533,343	66,036	66,036
Health and social services	113,616	113,616	103,037	10,579	10,579
Leisure activities	1,711,683	1,711,683	1,642,474	69,209	69,209
Conservation and development	374,210	374,210	376,160	(1,950)	(1,950)
Total expenditures	<u>8,276,291</u>	<u>8,276,291</u>	<u>7,718,941</u>	<u>557,350</u>	<u>557,350</u>
Excess (deficiency) of revenues over over expenditures	(913,345)	(913,345)	(127,895)	785,450	785,450
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets			9,283	9,283	9,283
Transfer to other funds	(469,980)	(469,980)	(469,980)		
Transfer from other funds	6,940	6,940		(6,940)	(6,940)
Transfer from utility-tax equivalent	393,454	393,454	397,742	4,288	4,288
Total other financing sources (uses)	<u>(69,586)</u>	<u>(69,586)</u>	<u>(62,955)</u>	<u>6,631</u>	<u>6,631</u>
Net change in fund balances	(982,931)	(982,931)	(190,850)	792,081	792,081
Fund balance-beginning of year	4,272,386	4,272,386	4,272,386		
Fund balance-end of year	<u>\$ 3,289,455</u>	<u>\$ 3,289,455</u>	<u>\$ 4,081,536</u>	<u>\$ 792,081</u>	<u>\$ 792,081</u>

Exhibit B-2
City of Platteville, Wisconsin
Wisconsin Retirement System Schedules
December 31, 2016

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

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2015	0.03277933%	\$ 532,658	\$ 4,139,057	12.87%	98.20%
2014	(0.03337575%)	(819,574)	4,080,595	(20.08%)	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 Calendar Years**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2016	\$ 301,725	\$ (301,725)		\$ 4,094,108	7.37%
2015	313,084	(313,084)		4,139,057	7.56%

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

City of Platteville, Wisconsin
Notes to the Required Supplementary Information
December 31, 2016

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.

NOTE 2

WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 8 preceding years.

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

Changes of assumptions. Rates used in mortality tables were updated based on actual WRS experience and adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). The mortality table was adopted by the Board in connection with the 2012-2014 Experience Study. This assumption is used to measure the probabilities of participants dying before retirement and the probabilities of each benefit payment being made after retirement.

NOTE 3

EXCESS EXPENDITURES OVER APPROPRIATIONS

The following expenditures exceeded budget appropriations in the general fund:

Expenditure	Excess Expenditure
Conservation and development	\$ 1,950

Supplementary Information

Exhibit C-1
City of Platteville, Wisconsin
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Funds						
	Airport	Redevelopment Authority	Housing Conservation Program	Library (Littlefield)	Zeigert Trust	Boll Cemetery	Taxi/Bus
ASSETS							
Cash and investments	\$ 263,373	\$ 136,615	\$ 12,559	\$ 5,911	\$ 152,987	\$ 130,458	\$
Receivables:							
Taxes							
Other accounts	1,547	852					
Other governments							90,532
Mortgages			71,813				
Loans		604,234					
Total assets	<u>\$ 264,920</u>	<u>\$ 741,701</u>	<u>\$ 84,372</u>	<u>\$ 5,911</u>	<u>\$ 152,987</u>	<u>\$ 130,458</u>	<u>\$ 90,532</u>
LIABILITIES							
Accounts payable	\$ 9,855		\$		\$		\$ 37,470
Due to other funds			248				31,598
Advances from other funds	103,025						
Unearned revenue	1,645						
Total liabilities	<u>114,525</u>		<u>248</u>				<u>69,068</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue		604,234	71,813				
FUND BALANCES							
Restricted	150,395	137,467	12,311	5,911	152,987	130,458	21,464
Unassigned (deficit)							
Total fund balances	<u>150,395</u>	<u>137,467</u>	<u>12,311</u>	<u>5,911</u>	<u>152,987</u>	<u>130,458</u>	<u>21,464</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 264,920</u>	<u>\$ 741,701</u>	<u>\$ 84,372</u>	<u>\$ 5,911</u>	<u>\$ 152,987</u>	<u>\$ 130,458</u>	<u>\$ 90,532</u>

Capital Projects Funds			Permanent Fund	Total
TIF No. 4	TIF No. 6	TIF No. 5	Cemetery Perpetual Care	Non-Major Governmental Funds
\$ 36,895	\$	\$ 7,354	\$ 265,705	\$ 1,011,857
162,560	466,321	981,810		1,610,691
38,961				2,399
				129,493
				71,813
				604,234
<u>\$ 238,416</u>	<u>\$ 466,321</u>	<u>\$ 989,164</u>	<u>\$ 265,705</u>	<u>\$ 3,430,487</u>
\$ 400	\$	\$	\$	\$ 47,725
	116,928			31,846
				219,953
				1,645
400	116,928			301,169
162,560	466,321	981,810		2,286,738
75,456		7,354	265,705	959,508
	(116,928)			(116,928)
75,456	(116,928)	7,354	265,705	842,580
<u>\$ 238,416</u>	<u>\$ 466,321</u>	<u>\$ 989,164</u>	<u>\$ 265,705</u>	<u>\$ 3,430,487</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, 2016

	Special Revenue Funds						
	Airport	Redevelopment Authority	Housing Conservation Program	Library (Littlefield)	Zeigert Trust	Boll Cemetery	Taxi/Bus
REVENUES							
Taxes	\$	\$	\$	\$	\$	\$	\$ 45,569
Intergovernmental							492,667
Public charges for services	464,390						1,125
Interest Income	1,345		79	484	491	546	
Fines and forfeitures		853					
Loan repayments		74,717					
Total revenues	465,735	75,570	79	484	491	546	539,361
EXPENDITURES							
Current:							
General government							
Public works	402,114						530,026
Conservation and development			1,900				
Capital outlay	16,667	151,865					
Debt service:							
Principal retirement		42,873					
Interest and fiscal charges		10,203					
Total expenditures	418,781	204,941	1,900				530,026
Excess (deficiency) of revenues over expenditures	46,954	(129,371)	(1,821)	484	491	546	9,335
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	26,000						
Net change in fund balances	72,954	(129,371)	(1,821)	484	491	546	9,335
Fund balance-beginning of year	77,441	266,838	14,132	5,427	152,496	129,912	12,129
Fund balance-End of year	\$ 150,395	\$ 137,467	\$ 12,311	\$ 5,911	\$ 152,987	\$ 130,458	\$ 21,464

Capital Projects Funds			Permanent Fund	Total
TIF No. 4	TIF No. 6	TIF No. 5	Cemetery Perpetual Care	Nonmajor Governmental Funds
\$ 183,078	\$ 491,304	\$ 980,904	\$	\$ 1,700,855
146,874	1,598	8,854		649,993
			4,374	469,889
				2,945
				853
				74,717
329,952	492,902	989,758	4,374	2,899,252
6,262				6,262
63	49,735	150		932,140
196,191	226,848	103		51,848
				591,674
175,000	169,091	950,000		1,336,964
15,000	166,911	78,493		270,607
392,516	612,585	1,028,746		3,189,495
(62,564)	(119,683)	(38,988)	4,374	(290,243)
				26,000
(62,564)	(119,683)	(38,988)	4,374	(264,243)
138,020	2,755	46,342	261,331	1,106,823
\$ 75,456	\$ (116,928)	\$ 7,354	\$ 265,705	\$ 842,580

City of Platteville, Wisconsin Schedule of Insurance
December 31, 2016

Company	Type	Coverage	Term
Employers	Workers Compensation	\$500,000/Accident \$500,000/Disease/Employee \$500,000 Disease/Policy Limit	1/1/16-12/31/16
Employers	Inland Marine	\$1,132,672 Contractors Eqpmt \$240,000 Fine Arts \$75,000 Miscellaneous Property	1/1/16-12/31/16
Employers	Linebacker	\$1,000,000 Each Loss \$1,000,000 Aggregate \$3,000 Deductible	1/1/16-12/31/16
Employers	Umbrella Liability	\$8,000,000 Occurrence \$8,000,000 Aggregate \$0 Retained Limit	1/1/16-12/31/16
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	1/1/16-12/31/16
Employers	Automobile	\$1,000,000 Liability \$10,000 Medical Payment \$500,000 Uninsured Motorists \$500,000 Underinsured Motorists \$1000 Deductible Comprehensive \$1000 Deductible Collision Hired Autos; Non-Owned Auto Liability	1/1/16-12/31/16
Employers	Property	\$38,692,316 Blanket Building \$8,303,811 Blanket Business Personal Property & Property in the Open \$55,000 Blanket Personal Property of Others	1/1/16-12/31/16
Employers	Garage	\$100,000 Each Accident, \$250 Deductible Each Claim	1/1/16-12/31/16
Employers	Commercial Crime	\$100,000 Employee Theft \$25,000 Theft of Money Securities Inside; \$25,000 Outside \$100,000 Computer/Funds Transfer Fraud	1/1/16-12/31/16
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 Deductible Each Employee	1/1/16-12/31/16
Employers	Law Enforcement Liability	\$1,000,000 Occurrence \$1,000,000 Aggregate \$2,500 Deductible Per Loss	1/1/16-12/31/16
Employers	Data Compromise	\$100,000 Response Expense \$100,000 Defense & Liability \$25,000 Identity Recovery	1/1/16-12/31/16

Schedule 2
 Platteville Water and Sewer Utility
 Other Information
 December 31, 2016

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

	2016	2015
Residential	3,071	3,009
Commercial	338	337
Multifamily residential	65	75
Public authority	85	80
Industrial	7	7
Interdepartmental	3	1
Total	3,569	3,509

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

Gallons	
2016	2015
259,136,000	245,065,000



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

2500 Business Park Road ▲ Mineral Point, Wisconsin 53565 ▲ TEL 608-987-2206 ▲ FAX 608-987-3391

COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the City Council
City of Platteville, Wisconsin

In planning and performing our audit of the 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 as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the City's internal control to be significant deficiencies:

Segregation of Duties

The size of the office staff precludes a proper segregation of functions to assure adequate internal control. All internal control duties can be classified into four broad categories: authorization, custody, recordkeeping, and reconciliation. No one person should have control of two or more of these four categories for any one cycle. Overlapping duties were identified in the disbursement cycle and revenue cycle:

- Disbursement cycle: The Deputy Treasurer and the Accounting Assistant/Benefit Specialist each have the authority to enter invoices into the system, print checks, and have access to the electronic signatures. Preferably, the check cutting process would separate the entering of payment information into the system and the ability to print signed checks.
- The Deputy Treasurer create deposits and make deposits with the bank. Although not the standard procedure, the Deputy Treasurer has the authority to collect cash receipts. Ideally, separate individuals would collect cash and make deposits.

Overlapping internal control duties is not unusual in organizations of your size, but management should continue to be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge and monitoring of matters relating to the City's operations.

Preparation of Financial Statements

City staff does not prepare the financial statements and accompanying notes. The City has designated an individual responsible for reviewing and accepting the financial statements and related notes.

This communication is intended solely for the information and use of management, the City Council, and others within the administration, and is not intended to be and should not be used by anyone other than these specified parties.

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
June 14, 2017
Mineral Point, Wisconsin



Johnson & Block AND COMPANY, INC.

Certified Public Accountants

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Communication With Audit Committee

The City Council
Platteville, Wisconsin

We have audited the 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 for the year ended December 31, 2016, and have issued our report thereon dated June 14, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated November 4, 2014. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspect of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

1. Management's estimate of the pension liability and deferred outflows and inflows of resources are based on various factors. These estimates were computed by the pension plan administrator. We evaluated the key factors and assumptions used to develop these amounts in determining that they are reasonable in relation to the financial statements.
2. Management's estimate of the useful lives and salvage values for capital assets are based on various factors. These estimates were determined by the Director of Administration and Finance Director. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management:

- Record additional grant receivables and accounts receivable for overpayment
- Record utility fixed asset additions for Bonson Street and Vision Street
- Adjust water utility fixed asset and related depreciation accounts
- Adjust CDBG loans receivable and related deferred revenue
- Record December 2016 utility bills
- Adjust administrative cost allocation between utility and City
- Reclassify utility loan repayment

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 14, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule and the Wisconsin Retirement System schedules, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining schedules for the non-major governmental funds, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the schedules of insurance and other utility information, which accompany the financial statements but are not RSI. Such information has 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 it.

Restriction on Use

This information is intended solely for the use of management, the City Council and others within the administration and is not intended to be, and should not be, used by anyone other than those specified parties.

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
June 14, 2017
Mineral Point, WI

City of Platteville, Wisconsin
December 31, 2016

Account	Description	Debit	Credit
Proposed JE # 6001			
Record estimate of unbilled revenue at 12/31/16.			
600-61142-000-000	CUSTOMER ACCT RECEIVABLE	60,708.00	
600-62142-000-000	CUSTOMER ACCT RECEIVABLE	96,982.00	
600-61461-100-000	RESIDENTIAL-METER WATER SALES		1,760.00
600-62622-000-000	GEN CUST SEWAGE REVENUE		13,749.00
600-63216-010-000	W & S-UNAPPROP SURPLUS-EARNING		58,948.00
600-63216-010-000	W & S-UNAPPROP SURPLUS-EARNING		83,233.00
Total		<u>157,690.00</u>	<u>157,690.00</u>
Proposed JE # 6002			
Record interest on CDs			
100-10001-000-000	TREASURERS CASH	1,203.00	
100-48110-810-000	INTEREST GENERAL FUND		1,203.00
Total		<u>1,203.00</u>	<u>1,203.00</u>
Proposed JE # 6003			
Record airport fuel inventory balance as of 12/31/16.			
200-14000-000-000	Fuel Inventory	43,525.00	
200-31110-000-000	AIRPORT FUND BALANCE		26,265.00
200-53510-816-000	AIRPORT: FUEL PURCHASES		17,260.00
Total		<u>43,525.00</u>	<u>43,525.00</u>
Proposed JE # 6004			
Adjust SAG receivable @ 12/31/16.			
127-31000-000-000	FUND BALANCE	23,646.98	
127-13911-000-000	ACCOUNTS RECEIVABLE MISC.		23,646.98
Total		<u>23,646.98</u>	<u>23,646.98</u>

RECOMMENDATIONS AND INFORMATIONAL POINTS TO MANAGEMENT
THAT ARE NOT MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES

Tax Incremental Financing Law Changes

The State of Wisconsin passed bills into law that affect Tax Incremental Financing Districts (TID). Some provisions that may affect the City are as follows:

1. Effective October 1, 2016:
 - Requires Joint Review Board to meet July 1 each year or as soon as the updated annual report is available to review
 - The Joint Review Board will remain in existence the entire time the TID exists with the same taxing jurisdictions.
 - Municipality must submit an electronic annual report of each existing TID to each overlying-taxing jurisdiction. Annual reports must be submitted to the WI Department of Revenue (DOR) beginning July 1, 2017. Any late reports will be assessed \$100 per day.
2. Municipalities may amend a TID project plan and request a three-year extension of the TID's life if the tax increments were impacted by the 2013 Act 145 which increased state aid to technical colleges.

We are available to discuss the impact of these law changes on the City's TIDs.

Grant Claims

During 2016, claims were not regularly filed for several grants. Grant receivables of \$812,684 are recorded as of December 31, 2016 for claims not filed regularly. To provide sufficient cash flow, we recommend claims be filed at least quarterly.