



**CITY OF PLATTEVILLE, WISCONSIN**  
FINANCIAL STATEMENTS  
Including Independent Auditor's Report  
As of and for the year ended December 31, 2017

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CITY OF PLATTEVILLE, WISCONSIN  
DECEMBER 31, 2017

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

## **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 63 through 65, 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 2016 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information in our report dated June 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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 and Company, Inc.  
Mineral Point, Wisconsin  
May 31, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## 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, 2017. 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](http://www.platteville.org).

### Financial Highlights

- The assets of the City of Platteville exceeded its liabilities as of December 31, 2017. The total net position of the City is 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>
2017	\$67,444,706	\$ 411,731
2016	\$67,032,975	(\$ 732,756)

*\*see net position-pg 15*

- As of December 31, 2017, the City of Platteville's governmental activities reported total current assets of \$11,709,718 (page 14, Exhibit A-1). This compares to the prior year as follows:

<u>Year</u>	<u>Current Assets</u>	<u>\$ Change (+/-)</u>
2017	\$11,574,712	\$ 483,736
2016	\$11,090,976	(\$ 548,511)

About 57.3 percent of this total, or \$6,636,440 represents cash and investments.

- The City’s general fund balance increased by \$225,029 from 2016 to 2017. In the past 2 years, changes have been as follows:

<u>Year</u>	<u>General Fund Bal.</u>	<u>% Change (+/-)</u>
2017	\$4,306,565	5.5%
2016	\$4,081,536	(4.5%)

*\*Exhibit A-3, Page 17*

- In 2017, the City’s long-term obligations decreased by \$1,808,602, as compared to a decrease of \$1,767,048 during 2016 (page 44). General obligation bonds totaling \$4,350,000 were issued in 2017.

## 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. A separate audited financial statement report is also issued for the Housing Authority.

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 28-62 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 63-65. 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 66-67 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 \$67,032,975 at the close of 2016, which increased to \$67,444,706 by the end of 2017.

TABLE 1: CITY OF PLATTEVILLE'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current/other assets	\$ 13,992,040	\$ 13,830,582	\$ 7,143,365	\$ 6,915,779	\$ 21,135,405	\$ 20,746,361
Capital Assets	58,450,089	59,598,031	34,299,939	34,154,646	92,750,028	93,752,677
Total Assets	\$ 72,442,129	\$ 73,428,613	\$ 41,443,304	\$ 41,070,425	\$113,885,433	\$114,499,038
Deferred outflows of resources	\$ 1,723,437	\$ 2,372,280	\$ 343,569	\$ 624,719	\$ 2,067,006	\$ 2,996,999
Current Liabilities	\$ 2,999,199	\$ 3,313,981	\$ 968,706	\$ 895,544	\$ 3,967,905	\$ 4,209,525
Other Liabilities	22,741,939	23,454,544	14,802,808	15,651,156	37,544,747	39,105,700
Total Liabilities	\$ 25,741,138	\$ 26,768,525	\$ 15,771,514	\$ 16,546,700	\$ 41,512,652	\$ 43,315,225
Deferred inflows of resources	\$ 6,861,827	\$ 6,923,563	\$ 133,254	\$ 224,274	\$ 6,995,081	\$ 7,147,837
Net Position:						
Net investment						
In capital assets	\$ 38,311,075	\$ 38,826,135	\$ 19,206,699	\$ 18,356,617	\$ 57,517,774	\$ 57,182,752
Restricted	3,094,431	2,925,308	5,063,576	4,631,578	8,158,007	7,556,886
Unrestricted	157,095	357,362	1,611,830	1,935,975	1,768,925	2,293,337
Total Net Position	\$ 41,562,601	\$ 42,108,805	\$ 25,882,105	\$ 24,924,170	\$ 67,444,706	\$ 67,032,975

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 12 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$1,768,925 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	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Service	\$ 1,510,680	\$ 1,487,169	\$ 4,891,704	\$ 4,666,457	\$ 6,402,384	\$ 6,153,626
Operating grants and contributions	1,882,857	2,251,817			1,882,857	2,251,817
Capital grants and contributions	790,011	580,810			790,011	580,810
Property taxes	5,869,999	5,825,298			5,869,999	5,825,298
Other taxes	234,487	220,549			234,487	220,549
Intergovernmental rev’s not restricted to specific programs	2,587,049	2,588,339			2,587,049	2,588,339
Investment income	79,219	39,133	40,214	24,586	119,433	63,719
Other	(354,332)	(335,838)	18,753	18,753	(335,579)	(317,085)
Total revenues	12,599,970	12,657,277	4,950,671	4,709,796	17,550,641	17,367,073
Expenses						
General Gov’t	1,221,249	1,190,535			1,221,249	1,190,535
Public safety	3,549,925	3,407,446			3,549,925	3,407,446
Public works	5,129,239	5,305,381			5,129,239	5,305,381
Hlth & Hum Serv.	106,722	109,016			106,722	109,016
Leisure Activities	2,006,121	1,912,514			2,006,121	1,912,514
Conservation and Development	657,715	1,953,480			657,715	1,953,480
Interest and Fiscal Charges	875,519	652,761			875,519	652,761
Water and Sewer			3,592,420	3,568,696	3,592,420	3,568,696
Total expenses	13,546,490	14,531,133	3,592,420	3,568,696	17,138,910	18,099,829
Incr.(Decr.) in net position before Transfers	(946,520)	(1,873,856)	1,358,251	1,141,100	411,731	(732,756)
Transfers	400,316	(175,259)	(400,316)	175,259		
Incr.(Decr.) in net position	(546,204)	(2,049,115)	957,935	1,316,359	411,731	(732,756)
Net position – beginning	42,108,805	44,157,920	24,924,170	23,607,811	67,032,975	67,765,731
Net position – end of year	\$ 41,562,601	\$ 42,108,805	\$ 25,882,105	\$ 24,924,170	\$ 67,444,706	\$ 67,032,975

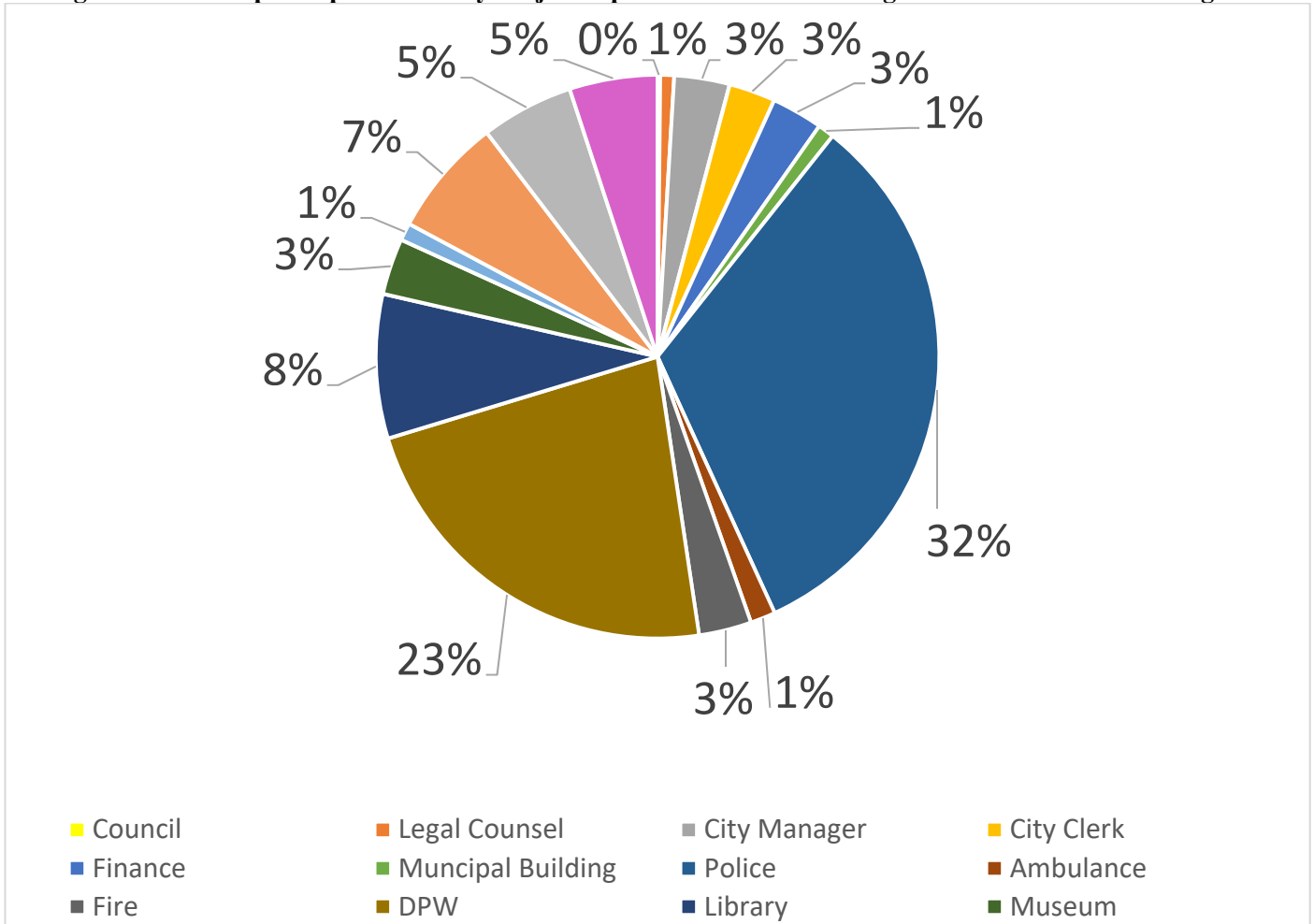
Source: Exhibit A-2, Page 16

Public safety activities accounted for 26 percent of the total expenses within the governmental activities of the City of Platteville, as compared to 23 percent in the prior year. This includes police, fire, and ambulance services. Expenses in this area increased by approximately \$142,479 from 2016.

Conservation and development expenses decreased by approximately \$1,295,765 or 66% from 2016. Health and Human Services expenses decreased by \$2,294, or 2% from 2016.

Public works expenditures decreased by approximately \$176,142, or 3% from 2016. General Government increased by approximately \$30,714 or 3% from 2016.

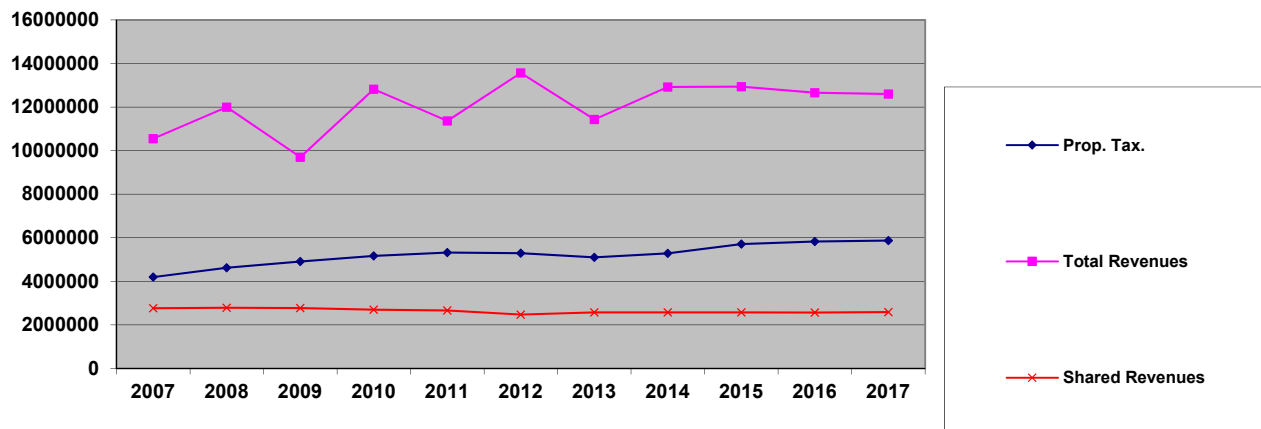
**Figure 1: Municipal Expenditures by Major Department as a Percentage Share of Total 2017 Budget**



Source: City of Platteville 2017 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 46.0% of total revenues in 2016, and 46.6% in 2017.

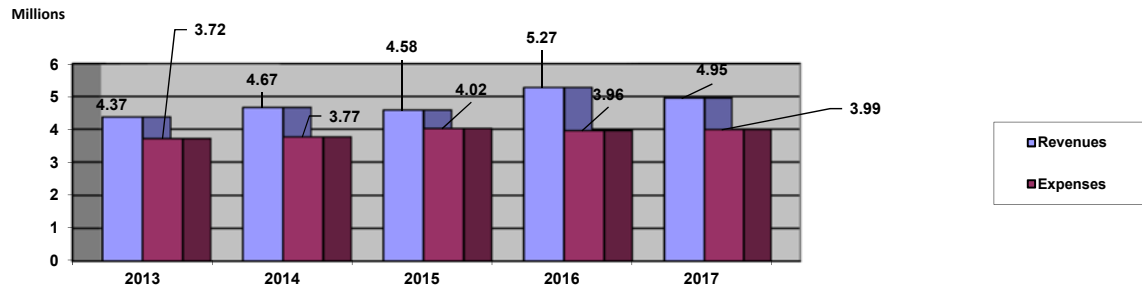
**Figure 2: Property Tax Revenue As Compared to Total Revenue**



**Business-type activities (Proprietary Funds).**

In 2017, net position in the proprietary funds increased by \$957,935. This compares to an \$1,316,359 increase in 2016. 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.

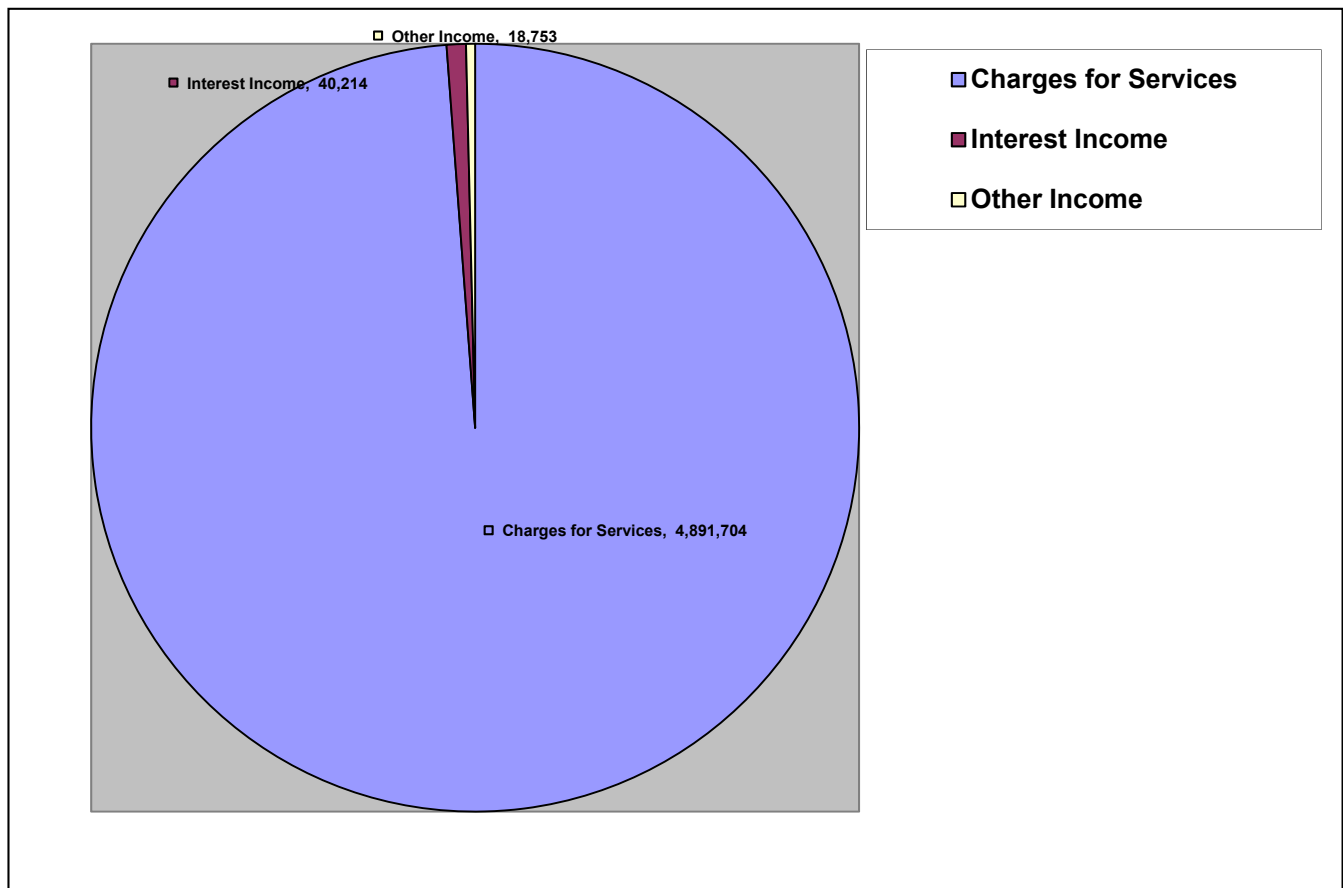
**Figure 3: Comparison of Utility Revenues to Expenses, By Year**



Source: Exhibit A-2, Page 16

As shown on the following chart, the revenues of the Platteville Water and Wastewater Utility consisted primarily of 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>
2017	\$4,448,276	\$ 321,380
2016	\$4,126,896	(\$3,302,754)

*\*As of the end of the year.*

The fund balance gives the overall total funds, and includes positive and negative balances in individual allocations. This is a useful tool for examining the fiscal changes in the City's major funds, which may otherwise be masked by being included in totals. The primary reason for the increase in fund balance as of December 31, 2017 was due to actual revenues exceeding budget and actual expenditures being under budget. Specifically, street maintenance and storm sewer maintenance costs were below budgeted costs. 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 loans 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>
2017	\$4,306,565	\$ 225,029
2016	\$4,081,536	(\$ 190,850)

*\*As of the end of the year.*

The balance in the general fund accounts for 97% 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, 2017, is \$191,918. This is a decrease of \$83,896 from 2016 (*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 2017 amounted to \$25,882,105, up \$957,935 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 \$483,766. Actual expenditures were under budget by \$48,359.

## 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>
2017	\$92,750,028	(\$1,002,649)
2016	\$93,752,677	\$ 902,797

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	
	2017	2016	2017	2016	2017	2016
Land**	\$ 3,577,792	\$ 3,502,492			\$ 3,577,792	\$ 3,502,492
Land improvements	3,621,841	3,621,841			3,621,841	3,621,841
Buildings and improvements	9,550,768	9,550,768			9,550,768	9,550,768
Machinery and Equipment	5,106,629	4,481,468			5,106,629	4,481,468
Vehicles	4,216,261	4,111,402			4,216,261	4,111,402
Infrastructure	61,346,523	60,526,245			61,346,523	60,526,245
Intangible Plant			8,978	8,978	8,978	8,978
Land & Land Rights			40,345	40,345	40,345	40,345
Const. in Progress	39,336	30,600	109,181	28,251	148,517	58,851
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.			19,089,638	18,468,996	19,089,638	18,468,996
General plant			784,240	769,004	784,240	769,004
Sewer:						
Collection system			15,790,504	15,501,959	15,790,504	15,501,959
Treatment and disp.			10,522,011	10,441,802	10,522,011	10,441,802
General plant			986,463	966,477	986,463	966,477
Total capital assets	87,459,150	85,824,816	51,577,894	50,472,346	139,037,044	136,297,162
Less accumulated depreciation	(29,009,061)	(26,226,785)	(17,277,955)	(16,317,700)	(46,287,016)	(42,544,485)
Capital assets net of depreciation	\$ 58,450,089	\$ 59,598,031	\$ 34,299,939	\$ 34,154,646	\$ 92,750,028	\$ 93,752,677

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

\*\*Note that land is not depreciated.

The total decrease in the City of Platteville's governmental-type activities capital assets totals (\$1,147,942) net of depreciation, or a 2% decrease.

In Business Type Activities, the biggest gains have been seen in the investment into the water distribution system and sewer collection and treatment systems. Water transmission and distribution plant accounted for \$620,642 of additions, while sewer collection system accounted for \$288,545.

**Long-term debt.** At the end of 2017, the City of Platteville had total bonded debt outstanding of \$20,572,865 entirely backed by the full faith and credit of the government (general obligation bonds).

The City of Platteville issued debt in 2017, in the amount of \$4,350,000. \$1,375,000 of debt was issued to pay the cost of street improvement projects. \$2,975,000 of debt was issued to restructure the City's outstanding debt by refinancing certain obligations over a longer term.

**TABLE 4: CITY OF PLATTEVILLE OUTSTANDING DEBT**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
G.O. debt	\$ 20,572,865	\$ 21,162,648	\$	\$	\$20,572,865	\$21,162,648
Revenue Bonds –						
Utility			15,093,240	15,798,029	15,093,240	15,798,029
Tax Increment	3,392,936	3,874,808			3,392,936	3,874,808
Anticipation notes						
Taxable note						
Other Long-term						
Liabilities	425,484	429,010	122,864	151,496	548,348	580,506
Total	\$ 24,391,285	\$ 25,466,466	\$15,216,104	\$15,949,525	\$39,607,389	\$41,415,991

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 12/31/17 for the City of Platteville was \$33,190,080, which significantly exceeds the City of Platteville's current outstanding general obligation debt. As of December 31, 2017, the City of Platteville's outstanding general obligation debt equaled 62.0 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 2017, for Grant County, which includes the City of Platteville, was 2.4 percent. This compares to a rate of 3.3 percent for the State of Wisconsin. (Source: Bureau of Labor Statistics)
- The rate of inflation for 2017 was 2.1 percent before seasonal adjustment. The equalized tax rate for taxes collected for 2018 operations (2017 tax bill) increased from 7.23 to 7.28 per thousand of equalized valuation. The taxes to be collected increased by 2.5% 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, 2017  
(With summarized financial information as of December 31, 2016)

	Governmental Activities	Business-Type Activities	Total Governmental and Business-Type activities		Component Unit Housing Authority	
			2017	2016	2017	2016
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 6,636,440	\$ 761,133	\$ 7,397,573	\$ 7,009,503	\$ 13,140	\$ 19,335
Receivables						
Taxes	4,327,546		4,327,546	3,991,150		
Customer		756,041	756,041	704,058		
Due from other governmental units	799,324		799,324	1,118,599		
Other	315,091	3,752	318,843	507,669	2,154	5,492
Special assessments	11,911		11,911	13,613		
Prepaid expenses					115	268
Internal balances	(530,945)	530,945				
Inventory	15,345	27,918	43,263	30,585		
Total current assets	11,574,712	2,079,789	13,654,501	13,375,177	15,409	25,095
Noncurrent assets:						
Restricted assets:						
Cash and investments	175,986	5,063,576	5,239,562	4,789,682	3,689	43,299
Other assets:						
Mortgages receivable	1,704,899		1,704,899	1,720,313		
Loans receivable	536,443		536,443	861,189		
Capital assets:	87,459,150	51,577,894	139,037,044	136,297,162	7,820	7,820
Less: Accumulated depreciation	29,009,061	17,277,955	46,287,016	42,544,485	7,820	7,820
Net book value of capital assets	58,450,089	34,299,939	92,750,028	93,752,677		
Total noncurrent assets	60,867,417	39,363,515	100,230,932	101,123,861	3,689	43,299
Total assets	72,442,129	41,443,304	113,885,433	114,499,038	19,098	68,394
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred pension outflows	1,723,437	327,967	2,051,404	2,965,796		
Unamortized well rehabilitation costs		15,602	15,602	31,203		
Total deferred outflows of resources	1,723,437	343,569	2,067,006	2,996,999		
Total assets and deferred outflows of resources	\$ 74,165,566	\$ 41,786,873	\$ 115,952,439	\$ 117,496,037	\$ 19,098	\$ 68,394

Exhibit A-1 (Continued)  
City of Platteville, Wisconsin  
Statement of Net Position  
December 31, 2017  
(With summarized financial information as of December 31, 2016)

	Governmental Activities	Business-Type Activities	Total Governmental and Business-Type activities		Component Unit Housing Authority	
			2017	2016	2017	2016
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 558,904	\$ 113,895	\$ 672,799	\$ 610,925	\$ 456	\$ 437
Accrued wages	172,445	28,757	201,202	191,860	1,438	1,609
Accrued interest	179,048	79,692	258,740	232,059		
Unearned revenue	8,879		8,879	1,645		
Current portion of:						
Long-term debt	2,022,166	741,961	2,764,127	3,102,272		
Compensated absences	57,467	4,401	61,868	70,514		
Deposits	290		290	250		
Total current liabilities	2,999,199	968,706	3,967,905	4,209,525	1,894	2,046
Noncurrent liabilities:						
General obligation debt	20,572,865		20,572,865	21,162,648		
Tax increment revenue bonds	3,392,936		3,392,936	3,874,808		
Water and Sewer revenue bonds		15,093,240	15,093,240	15,798,029		
Unamortized bond premium	207,630	290,695	498,325	329,837		
Net pension liability	222,657	42,371	265,028	532,658		
Compensated absences	425,484	122,864	548,348	580,506		
Less current portion of long-term debt	(2,079,633)	(746,362)	(2,825,995)	(3,172,786)		
Total noncurrent liabilities	22,741,939	14,802,808	37,544,747	39,105,700		
Total liabilities	25,741,138	15,771,514	41,512,652	43,315,225	1,894	2,046
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred pension inflows	700,238	133,254	833,492	1,120,696		
Deferred revenue	6,161,589		6,161,589	6,027,141		42,149
Total deferred inflows of resources	6,861,827	133,254	6,995,081	7,147,837		42,149
<b>NET POSITION</b>						
Net investment in capital assets	38,311,075	19,206,699	57,517,774	57,182,752		
Restricted	3,094,431	5,063,576	8,158,007	7,556,886	3,689	5,332
Unrestricted	157,095	1,611,830	1,768,925	2,293,337	13,515	18,867
Total net position	41,562,601	25,882,105	67,444,706	67,032,975	17,204	24,199
Total liabilities, deferred inflows of resources, and net position	\$ 74,165,566	\$ 41,786,873	\$ 115,952,439	\$ 117,496,037	\$ 19,098	\$ 68,394

Exhibit A-2  
City of Platteville, Wisconsin  
Statement of Activities  
For the Year Ended December 31, 2017  
(With summarized financial information for the year ended December 31, 2016)

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Totals		Component Unit Housing Authority	
							2017	2016	2017	2016
Primary Government:										
Governmental activities:										
General government	\$ 1,221,249	\$ 241,046	\$ 8,300	\$	\$ (971,903)	\$	\$ (971,903)	\$ (943,136)	\$	\$
Public safety	3,549,925	386,662	260,580		(2,902,683)		(2,902,683)	(2,887,378)		
Public works	5,129,239	630,559	1,329,884	222,941	(2,945,855)		(2,945,855)	(2,646,309)		
Health and human services	106,722	43,838	90		(62,794)		(62,794)	(46,808)		
Leisure activities	2,006,121	185,049	279,003	435,788	(1,106,281)		(1,106,281)	(1,129,947)		
Conservation and development	657,715	23,526	5,000	131,282	(497,907)		(497,907)	(1,904,998)		
Interest, issuance costs, and fiscal charge	875,519				(875,519)		(875,519)	(652,761)		
Total governmental activities	13,546,490	1,510,680	1,882,857	790,011	(9,362,942)		(9,362,942)	(10,211,337)		
Business-type activities:										
Water and sewer	3,592,420	4,891,704				1,299,284	1,299,284	1,097,761		
Total business-type activities	3,592,420	4,891,704				1,299,284	1,299,284	1,097,761		
Total primary government	\$ 17,138,910	\$ 6,402,384	\$ 1,882,857	\$ 790,011	(9,362,942)	1,299,284	(8,063,658)	(9,113,576)		
Component Unit:										
Housing Authority	453,058		446,003						(7,055)	9,221
Total component unit	453,058		446,003						(7,055)	9,221
General revenues:										
Property taxes										
General purposes					2,681,803		2,681,803	2,688,340		
Debt service					1,473,517		1,473,517	1,269,107		
Tax increments					1,714,679		1,714,679	1,867,851		
Other taxes					234,487		234,487	220,549		
Federal and State aid not restricted for specific purposes										
General					2,587,049		2,587,049	2,588,339		
Interest and investment earnings					79,219	40,214	119,433	63,719	60	34
Loss on sale/disposal of fixed assets					(380,454)		(380,454)	(352,733)		
Miscellaneous					26,122	18,753	44,875	35,648		7,439
Transfers					400,316	(400,316)				
Total general revenues					8,816,738	(341,349)	8,475,389	8,380,820	60	7,473
Changes in net position					(546,204)	957,935	411,731	(732,756)	(6,995)	16,694
Net position - beginning					42,108,805	24,924,170	67,032,975	67,765,731	24,199	7,505
Net position-end of year					\$ 41,562,601	\$ 25,882,105	\$ 67,444,706	\$ 67,032,975	\$ 17,204	\$ 24,199

Exhibit A-3  
City of Platteville, Wisconsin  
Balance Sheet  
Governmental Funds  
December 31, 2017

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

	General	Capital Projects	Community Development Block Grant	TIF No. 7	Debt Service
<b>ASSETS</b>					
Cash and investments	\$ 5,320,315	\$ 178,507	\$ 52,963	\$	\$
Restricted cash and investments		135,006		40,980	
Receivables:					
Taxes	2,583,697			156,336	
Other accounts	290,379	3,660		300	
Other governments	90,909	15,080		596,480	
Special assessments	11,911				
Mortgages			1,633,086		
Loans	250,743				
Inventory					
Due from other funds	423,056				
Advances to other funds	934,252				90,154
<b>Total assets</b>	<b>\$ 9,905,262</b>	<b>\$ 332,253</b>	<b>\$ 1,686,049</b>	<b>\$ 794,096</b>	<b>\$ 90,154</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 346,903	\$ 140,335	\$	\$ 9,242	
Accrued payroll	172,445				
Due to other funds	10,262		2,674		
Advances from other funds				1,572,288	
Unearned revenue					
Deposits	290				
<b>Total liabilities</b>	<b>529,900</b>	<b>140,335</b>	<b>2,674</b>	<b>1,581,530</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenues	5,068,797		1,633,086	156,336	
<b>FUND BALANCES</b>					
Nonspendable	938,373				90,154
Restricted	399,182	135,006	50,289	40,980	
Assigned	652,688	56,912			
Unassigned (Deficit)	2,316,322			(984,750)	
<b>Total fund balance</b>	<b>4,306,565</b>	<b>191,918</b>	<b>50,289</b>	<b>(943,770)</b>	<b>90,154</b>
<b>Total liabilities, deferred outflow of resources and fund balance</b>	<b>\$ 9,905,262</b>	<b>\$ 332,253</b>	<b>\$ 1,686,049</b>	<b>\$ 794,096</b>	<b>\$ 90,154</b>

Other Governmental Funds	Total Governmental Funds	
	2017	2016
\$ 1,084,655	\$ 6,636,440	\$ 6,002,061
	175,986	158,104
1,587,513	4,327,546	3,991,150
20,752	315,091	505,216
96,855	799,324	1,118,599
	11,911	13,613
71,813	1,704,899	1,720,313
285,700	536,443	861,189
15,345	15,345	
	423,056	896,522
	1,024,406	1,053,842
<u>\$ 3,162,633</u>	<u>\$ 15,970,447</u>	<u>\$ 16,320,609</u>
\$ 62,424	\$ 558,904	\$ 540,253
	172,445	163,603
20,066	33,002	515,185
373,118	1,945,406	1,974,842
8,879	8,879	1,645
	290	250
<u>464,487</u>	<u>2,718,926</u>	<u>3,195,778</u>
<u>1,945,026</u>	<u>8,803,245</u>	<u>8,997,935</u>
15,345	1,043,872	1,015,057
1,022,545	1,648,002	1,407,403
	709,600	431,763
<u>(284,770)</u>	<u>1,046,802</u>	<u>1,272,673</u>
<u>753,120</u>	<u>4,448,276</u>	<u>4,126,896</u>
<u>\$ 3,162,633</u>	<u>\$ 15,970,447</u>	<u>\$ 16,320,609</u>

Exhibit A-4  
City of Platteville, Wisconsin  
Reconciliation of the Governmental Funds Balance Sheet  
with the Statement of Net Position  
December 31, 2017  
(With summarized financial information as of December 31, 2016)

	2017	2016
Total fund balances-governmental funds:	\$ 4,448,276	\$ 4,126,896
<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	87,459,150	85,824,816
Governmental accumulated depreciation	(29,009,061)	(26,226,785)
	58,450,089	59,598,031
<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	1,723,437	2,372,280
Deferred inflows of resources	(700,238)	(896,422)
<p>Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred inflows for the fund statements.</p>		
Long-term notes and loans	2,241,341	2,581,502
Subsequent year tax equivalent from utility	400,316	389,292
<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	(20,572,865)	(21,162,648)
Tax increment revenue bonds	(3,392,936)	(3,874,808)
Bond premium	(207,630)	(20,389)
Accrued interest	(179,048)	(149,857)
Net pension liability	(222,657)	(426,062)
Compensated absences	(425,484)	(429,010)
Net position of governmental activities	\$ 41,562,601	\$ 42,108,805

Exhibit A-5  
City of Platteville, Wisconsin  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2017  
(With summarized financial information for the year ended December 31, 2016)

	General	Capital Projects	Community Development Block Grant	TIF No. 7	Debt Service
<b>REVENUES</b>					
Taxes	\$ 2,606,790	\$ 266,500	\$	\$ 103,988	\$ 1,473,517
Special assessments	8,964				
Intergovernmental	3,942,966	28,810		85,559	
Licenses and permits	238,086				
Fines and forfeitures	154,634				
Public charges for services	669,004	102,347		49,487	
Interest income	59,954	1,517	417	297	7,436
Loan repayments	12,565		33,172		
Miscellaneous	162,926	404,604			4,229
Total revenues	<u>7,855,889</u>	<u>803,778</u>	<u>33,589</u>	<u>239,331</u>	<u>1,485,182</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,103,463			150	
Public safety	3,127,012				
Public works	1,449,130				
Health and social services	100,126				
Leisure activities	1,758,770				
Conservation and development	272,092		20,511	261,150	
Capital outlay	207,271	2,223,769		6,042	
Debt service:					
Principal retirement				175,000	1,215,000
Interest and fiscal charges				153,002	258,517
Debt issuance costs		52,237			71,464
Total expenditures	<u>8,017,864</u>	<u>2,276,006</u>	<u>20,511</u>	<u>595,344</u>	<u>1,544,981</u>
Excess (deficiency) of revenues over over expenditures	(161,975)	(1,472,228)	13,078	(356,013)	(59,799)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt proceeds		1,375,000			
Other financing source—refunding bonds					2,720,000
Debt premium		8,294			172,350
Payment to bond escrow agents					(2,798,029)
Proceeds from sale of capital assets	2,750				
Transfer to other funds	(5,038)				
Transfer from other funds		5,038		578,120	
Transfer from utility-tax equivalent	389,292				
Total other financing sources (uses)	<u>387,004</u>	<u>1,388,332</u>		<u>578,120</u>	<u>94,321</u>
Net change in fund balances	225,029	(83,896)	13,078	222,107	34,522
Fund balance-beginning of year	4,081,536	275,814	37,211	(1,165,877)	55,632
Fund balance-end of year	<u>\$ 4,306,565</u>	<u>\$ 191,918</u>	<u>\$ 50,289</u>	<u>\$ (943,770)</u>	<u>\$ 90,154</u>



Other Governmental Funds	Total Governmental Funds	
	2017	2016
\$ 1,653,691	\$ 6,104,486	\$ 6,045,846
	8,964	23,876
535,411	4,592,746	4,927,474
	238,086	238,532
	154,634	126,004
355,827	1,176,665	1,084,106
5,369	74,990	34,357
330,272	376,009	89,746
	571,759	512,160
<u>2,880,570</u>	<u>13,298,339</u>	<u>13,082,101</u>
300	1,103,913	1,106,926
	3,127,012	2,963,263
824,437	2,273,567	2,465,483
	100,126	103,037
	1,758,770	1,642,474
52,476	606,229	2,536,711
221,111	2,658,193	4,306,366
1,051,655	2,441,655	3,541,964
242,299	653,818	625,511
6,324	130,025	46,145
<u>2,398,602</u>	<u>14,853,308</u>	<u>19,337,880</u>
481,968	(1,554,969)	(6,255,779)
	1,375,000	2,520,000
255,000	2,975,000	
14,007	194,651	
(262,315)	(3,060,344)	
	2,750	35,283
(578,120)	(583,158)	(469,980)
	583,158	469,980
	389,292	397,742
<u>(571,428)</u>	<u>1,876,349</u>	<u>2,953,025</u>
(89,460)	321,380	(3,302,754)
842,580	4,126,896	7,429,650
<u>\$ 753,120</u>	<u>\$ 4,448,276</u>	<u>\$ 4,126,896</u>

Exhibit A-6  
City of Platteville, Wisconsin  
Reconciliation of Statement of Revenues, Expenditures and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2017  
(With summarized financial information for the year ended December 31, 2016)

	2017	2016
Net change in fund balances-total governmental funds	\$ 321,380	\$ (3,302,754)
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	2,195,271	3,757,668
Depreciation expenses reported in the statement of activities	(3,000,009)	(2,839,561)
Amount by which capital outlays are greater (less) than depreciation in the current period.	(804,738)	918,107
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/decrease net position:	(343,205)	(477,586)
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:	3,526	39,878
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:	5,421,655	3,541,964
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	(4,350,000)	(2,520,000)
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	(357,918)	(69,041)
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.	17,758	173,165

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, 2017  
(With summarized financial information for the year ended December 31, 2016)

	2017	2016	
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 received in the current year	(194,651)		
Amount of debt premium amortized in the current year	7,410		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.			
Prior year utility tax equivalent recognized as revenue in current year in the governmental funds	(389,292)	(397,742)	
Current year utility tax equivalent recognized as a transfer in for the statement of activities	400,316	389,292	
	11,024		(8,450)
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	653,818	625,512	
The amount of interest accrued during the current period	(683,009)	(623,677)	
Interest paid is greater (less) than interest expensed by	(29,191)		1,835
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.	(249,254)	(325,227)	
Change in net position-governmental activities	\$ (546,204)	\$ (2,049,115)	

Exhibit A-7  
City of Platteville, Wisconsin  
Statement of Net Position  
Proprietary Funds  
December 31, 2017

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

	Water and Sewer Utility	
	2017	2016
<b>ASSETS</b>		
Current assets:		
Cash	\$ 760,933	\$ 1,007,242
Petty cash	200	200
Customer accounts receivable	756,041	704,058
Other accounts receivable	3,752	2,453
Due from other funds	10,262	7,955
Inventories	27,918	30,585
Total current assets	1,559,106	1,752,493
Non-current assets:		
Restricted assets:		
Cash and Investments:		
Replacement fund	2,213,488	2,020,965
Depreciation fund	1,801,493	1,569,160
Debt reserve fund	1,048,595	1,041,453
Total restricted assets	5,063,576	4,631,578
Capital assets:		
Property and plant	51,577,894	50,472,346
Less: accumulated provision for depreciation	17,277,955	16,317,700
Net property and plant	34,299,939	34,154,646
Other assets:		
Advances due from other funds	920,999	921,000
Total non-current assets	40,284,514	39,707,224
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension outflows	327,967	593,516
Unamortized well rehabilitation costs	15,602	31,203
Total deferred outflows of resources	343,569	624,719
Total assets and deferred outflows of resources	\$ 42,187,189	\$ 42,084,436

Exhibit A-7 (Continued)  
City of Platteville, Wisconsin  
Statement of Net Position  
Proprietary Funds  
December 31, 2017

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

	Water and Sewer Utility	
	2017	2016
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 113,895	\$ 70,672
Accrued payroll	28,757	28,257
Accrued interest	79,692	82,202
Current portion of:		
Revenue bonds	741,961	704,788
Compensated absences	4,401	9,625
Due to other funds	400,316	389,292
	1,369,022	1,284,836
Non-current liabilities		
Revenue bonds	15,093,240	15,798,029
Unamortized bond premium	290,695	309,448
Net pension liability	42,371	106,596
Compensated absences	122,864	151,496
Less current portion of long-term debt	(746,362)	(714,413)
	14,802,808	15,651,156
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension inflows	133,254	224,274
<b>NET POSITION</b>		
Net investment in capital assets	19,206,699	18,356,617
Restricted	5,063,576	4,631,578
Unrestricted	1,611,830	1,935,975
Total net position	25,882,105	24,924,170
Total liabilities, deferred inflows of resources, and net position	\$ 42,187,189	\$ 42,084,436

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, 2017  
(With summarized financial information for the year ended December 31, 2016)

	Water	Sewer	Total	
			2017	2016
<b>OPERATING REVENUES</b>				
Metered sales	\$ 1,324,227	\$	\$ 1,324,227	\$ 1,291,195
Private fire protection	87,659		87,659	86,638
Public fire protection	618,301		618,301	616,810
Public authorities	232,546		232,546	244,085
Measured sewer service		2,448,598	2,448,598	2,236,740
Forfeited discounts	7,588	7,783	15,371	16,156
Miscellaneous	153,442	11,560	165,002	174,833
	<u>2,423,763</u>	<u>2,467,941</u>	<u>4,891,704</u>	<u>4,666,457</u>
Total operating revenues				
<b>OPERATING EXPENDITURES</b>				
Pumping expenses	177,230		177,230	190,754
Treatment expenses	85,082	435,107	520,189	496,901
Transmission and distribution	226,976		226,976	214,402
Customer accounts expense	36,405	10,280	46,685	48,324
Administrative and general	313,908	449,933	763,841	762,754
Rent	1,080	7,624	8,704	7,422
Transportation expenses		22,943	22,943	24,921
Maintenance of sewage system		138,934	138,934	141,181
Depreciation	508,463	626,788	1,135,251	1,112,366
Taxes	10,471	51,279	61,750	64,403
	<u>1,359,615</u>	<u>1,742,888</u>	<u>3,102,503</u>	<u>3,063,428</u>
Total operating expenses				
Operating income	<u>\$ 1,064,148</u>	<u>\$ 725,053</u>	<u>1,789,201</u>	<u>1,603,029</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
*Interest and dividends on investments			40,214	24,586
*Interest expense			(489,917)	(505,268)
*Amortization of debt premium			18,753	18,753
*Transfer of tax equivalent			(400,316)	(389,292)
			<u>(831,266)</u>	<u>(851,221)</u>
Total nonoperating revenues (expenses)				
Income before contributions			957,935	751,808
*Capital contributions				564,551
Change in net position			957,935	1,316,359
Net position - beginning			24,924,170	23,607,811
Net position-end of year			<u>\$ 25,882,105</u>	<u>\$ 24,924,170</u>

\* Not allocated

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

Exhibit A-9  
City of Platteville, Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2017  
(With summarized financial information for the year ended December 31, 2016)

	2017	2016
<b>CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES</b>		
Received from customers	\$ 4,838,422	\$ 4,635,587
Payments to employees	(668,426)	(621,959)
Payment for employee benefits	(361,178)	(391,795)
Payment to suppliers	(863,079)	(982,406)
	2,945,739	2,639,427
<b>CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES</b>		
Paid to municipality for tax equivalent	(400,316)	(389,292)
	(400,316)	(389,292)
<b>CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(1,202,732)	(1,010,092)
Debt retired	(704,789)	(717,783)
Interest paid	(492,427)	(507,815)
	(2,399,948)	(2,235,690)
<b>CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES</b>		
Purchase of investments	(3,754,501)	(500,000)
Receipt of investments maturing	500,000	500,000
Investment income	40,214	24,586
	(3,214,287)	24,586
Net cash flows (used by) from investing activities	(3,214,287)	24,586
Net change in cash and cash equivalents	(3,068,812)	39,031
Cash and cash equivalents - beginning of year	5,139,020	5,099,989
Cash and cash equivalents - end of year	\$ 2,070,208	\$ 5,139,020
<b>Reconciliation of cash and cash equivalents to statement of net position accounts</b>		
Cash	\$ 760,933	\$ 1,007,242
Petty cash	200	200
Restricted cash and investments	5,063,576	4,631,578
Less: long-term investments	(3,754,501)	(500,000)
	\$ 2,070,208	\$ 5,139,020
Total cash and cash equivalents	\$ 2,070,208	\$ 5,139,020

Exhibit A-9 (Continued)  
City of Platteville, Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2017  
(With summarized financial information for the year ended December 31, 2016)

	2017	2016
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 1,789,201	\$ 1,603,029
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,135,251	1,112,366
Pension expense	110,304	18,453
Amortization of major repairs	15,601	15,602
Changes in assets and liabilities:		
(Increase) decrease in customer accounts receivable	(51,983)	(34,026)
(Increase) decrease in other accounts receivable	(1,299)	3,156
(Increase) decrease in due from other funds	(2,306)	(1,192)
(Increase) decrease in inventories	2,667	(6,335)
Increase (decrease) in accounts payable	(34,588)	(82,324)
Increase (decrease) in accrued payroll	500	6,571
Increase (decrease) in due other funds	11,023	(8,450)
Increase (decrease) in compensated absences	(28,632)	12,577
	\$ 2,945,739	\$ 2,639,427
 <b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING CAPITAL AND FINANCING ACTIVITIES</b>		
Capital additions financed by TIF Districts		\$ 564,551



Exhibit A-10  
City of Platteville, Wisconsin  
Statement of Net Position  
Fiduciary Funds  
December 31, 2017

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

	Tax Collection Fund	Total	
		2017	2016
<b>ASSETS</b>			
Cash and investments	\$ 3,641,336	\$ 3,641,336	\$ 3,057,208
Taxes receivable	5,084,462	5,084,462	5,694,590
Total assets	\$ 8,725,798	\$ 8,725,798	\$ 8,751,798
<b>LIABILITIES</b>			
Due to other taxing units	\$ 8,725,798	\$ 8,725,798	\$ 8,751,798
Total liabilities	\$ 8,725,798	\$ 8,725,798	\$ 8,751,798

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Platteville, Wisconsin  
December 31, 2017  
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City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2017

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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, 2017

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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, 2017

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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, 2017

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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, 2017

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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 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, 2017

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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 - 2017 tax roll:

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

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, 2017

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventories and Prepaid Items

Inventories of governmental fund types consist of airport fuel and expendable supplies held for consumption. Expendable supplies, 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, 2017

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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, 2017 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 \$24,621,005, 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, 2017

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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 and advances) 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 is to strive to maintain an unassigned fund balance equal to 20% of the General Fund budget.

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, 2017

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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, 2016, 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, 2017 was \$15,602 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, 2017

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, 2017, the cash and investments included the following:

Deposits with financial institutions	\$ 9,138,137
Wisconsin Local Government Investment Pool	7,139,116
Petty cash	1,218
Total	\$ 16,278,471

Cash and investments as of December 31, 2017 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 7,397,573
Restricted cash and investments	5,239,562
Exhibit A-10:	
Cash and investments	3,641,336
Total cash and investments	\$ 16,278,471

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2017

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.
- 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 five 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 to 24 months	25 to 36 months
Certificates of deposit	\$ 5,326,560	\$ 2,980,446	\$ 898,256	\$ 1,447,858
Local Government Investment Pool	7,139,116	7,139,116		
Totals	<u>\$ 12,465,676</u>	<u>\$ 10,119,562</u>	<u>\$ 898,256</u>	<u>\$ 1,447,858</u>

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, 2017, the City's investments were rated as follows:

	<u>Amount</u>	<u>Rating</u>
Wisconsin Local Government Investment Pool	\$ 7,139,116	Not Rated

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2017

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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, 2017, \$1,846,453 of the City's deposits were insured by the FDIC or NCUA, \$2,005,105 were insured by a federal home loan bank letter of credit, 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, 2017

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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 <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017, the fair value of the City's share of the LGIP's assets was substantially equal to the amount 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, 2017 was: 89.97% in U.S. Government Securities, 1.52% in Bankers' Acceptances and 8.51% 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, 2017

NOTE 4

CAPITAL ASSETS

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

	Balance 1/1/17	Additions	Deletions	Balance 12/31/17
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 3,502,492	\$ 75,300	\$	\$ 3,577,792
Construction in progress	30,600	22,669	(13,933)	39,336
Total capital asset not being depreciated	<u>3,533,092</u>	<u>97,969</u>	<u>(13,933)</u>	<u>3,617,128</u>
Other capital assets				
Land improvements	3,621,841			3,621,841
Buildings and improvements	9,550,768			9,550,768
Machinery and equipment	4,481,468	751,445	(126,284)	5,106,629
Vehicles	4,111,402	104,859		4,216,261
Infrastructure	60,526,245	1,384,182	(563,904)	61,346,523
Total other capital assets at historical costs	<u>82,291,724</u>	<u>2,240,486</u>	<u>(690,188)</u>	<u>83,842,022</u>
Less accumulated depreciation for:				
Land improvements	603,862	163,975		767,837
Buildings and improvements	3,971,295	245,754		4,217,049
Machinery and equipment	1,831,822	286,801	(45,964)	2,072,659
Vehicles	2,124,660	234,042		2,358,702
Infrastructure	17,695,146	2,069,437	(171,769)	19,592,814
Total accumulated depreciation	<u>26,226,785</u>	<u>3,000,009</u>	<u>(217,733)</u>	<u>29,009,061</u>
Net other capital assets	<u>56,064,939</u>	<u>(759,523)</u>	<u>(472,455)</u>	<u>54,832,961</u>
Total net capital assets	<u>\$ 59,598,031</u>	<u>\$ (661,554)</u>	<u>\$ (486,388)</u>	<u>\$ 58,450,089</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 57,317
Public safety	258,981
Transportation, which includes the depreciation of infrastructure	2,398,158
Leisure activities	276,111
Health and human services	5,523
Industrial development	3,919
Total governmental activities depreciation expense	<u>\$ 3,000,009</u>

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2017

NOTE 4

CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Salvage	Removals	Ending Balance
<b><u>Business-type Activities:</u></b>					
Capital assets not being depreciated:					
Intangible plant	\$ 8,978	\$	\$	\$	\$ 8,978
Land and land rights	40,345				40,345
Construction in progress	28,251	109,181		(28,251)	109,181
Total capital assets not being depreciated	<u>77,574</u>	<u>109,181</u>		<u>(28,251)</u>	<u>158,504</u>
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	18,468,996	703,807		(83,165)	19,089,638
General plant	769,004	15,236			784,240
Sewer:					
Collection system	15,501,959	347,376		(58,831)	15,790,504
Treatment and disposal	10,441,802	80,209			10,522,011
General plant	966,477	122,486		(102,500)	986,463
Total capital assets being depreciated	<u>50,394,772</u>	<u>1,269,114</u>		<u>(244,496)</u>	<u>51,419,390</u>
Less: accumulated depreciation for:					
Water:					
Source of supply	226,569	21,906			248,475
Pumping	914,199	65,220			979,419
Water treatment	278,773	45,947			324,720
Transmission and distribution	3,975,461	355,252		(83,165)	4,247,548
General plant	713,415	57,782			771,197
Sewer:					
Collection system	1,665,024	181,821		(58,831)	1,788,014
Treatment and disposal	7,930,561	303,396			8,233,957
General plant	613,698	103,927	69,500	(102,500)	684,625
Total accumulated depreciation	<u>16,317,700</u>	<u>1,135,251</u>	<u>69,500</u>	<u>(244,496)</u>	<u>17,277,955</u>
Net capital assets being depreciated	<u>34,077,072</u>	<u>133,863</u>	<u>(69,500)</u>		<u>34,141,435</u>
Total net capital assets	<u>\$ 34,154,646</u>	<u>\$ 243,044</u>	<u>\$ (69,500)</u>	<u>\$ (28,251)</u>	<u>\$ 34,299,939</u>

Depreciation expense consisted of the following:

**Business-Type Activities:**

Water and sewer depreciation (Per Exhibit A-8) \$ 1,135,251

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2017

NOTE 5

LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due within One Year
<b><u>Governmental Activities</u></b>					
Bonds and notes payable					
General obligation debt	\$ 21,162,648	\$ 4,350,000	\$ (4,939,783)	\$ 20,572,865	\$ 1,532,494
Tax increment revenue bonds	3,874,808		(481,872)	3,392,936	489,672
Other liabilities:					
Compensated absences	429,010		(3,526)	425,484	57,467
Total governmental activities					
long-term liabilities	\$ 25,466,466	\$ 4,350,000	\$ (5,425,181)	\$ 24,391,285	\$ 2,079,633
<b><u>Business-type Activities</u></b>					
Revenue bonds	\$ 15,798,029		\$ (704,789)	\$ 15,093,240	\$ 741,961
Other liabilities:					
Compensated absences	151,496		(28,632)	122,864	4,401
Total business-type activities					
long-term liabilities	\$ 15,949,525	\$	\$ (733,421)	\$ 15,216,104	\$ 746,362

The compensated absences liability attributed to governmental activities are typically being liquidated in the general fund.

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, 2017 was \$33,190,080. Total general obligation debt outstanding at year-end was \$20,572,865. City policy limits general obligation indebtedness to 3.5% of the equalized value of taxable property within the city's jurisdiction, or \$23,233,056. As of December 31, 2017, 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, 2017

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2017
<u>Governmental Activities</u>					
General obligation debt:					
General obligation notes					
(partially refinanced)	4/15/2009	10/1/2018	3.50	\$ 5,435,786	\$ 150,000
General obligation bonds	3/7/2012	3/1/2023	2.0-3.0	1,725,000	1,450,000
General obligation notes	3/28/2013	10/1/2021	2.0-2.25	935,000	400,000
General obligation bonds	3/28/2013	10/1/2028	2.25-3.0	3,240,000	3,240,000
General obligation notes	10/1/2013	10/1/2023	2.0-3.25	5,000,000	3,550,000
General obligation notes					
(partially refunded)	2/12/2014	10/1/2020	2.00	5,000,000	1,170,000
General obligation notes	4/6/2015	4/6/2022	1.98	172,000	152,865
General obligation bonds	12/29/2015	3/1/2033	1.3-3.8	3,790,000	3,675,000
General obligation bonds	6/2/2016	12/1/2025	0.9-1.85	2,520,000	2,435,000
General obligation bonds	6/1/2017	9/1/2036	1.55-3.35	1,375,000	1,375,000
General obligation bonds	10/4/2017	10/1/2029	3.0-2.5	2,975,000	2,975,000
Total governmental activities – general obligation debt					<u><u>\$ 20,572,865</u></u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
2018	\$ 1,532,494	\$ 522,792
2019	1,697,644	482,751
2020	1,597,797	448,677
2021	1,927,953	413,314
2022	2,116,976	364,246
2023-2027	8,135,000	1,122,688
2028-2032	2,915,000	309,173
2032-2033	650,001	37,900
Totals	<u><u>\$ 20,572,865</u></u>	<u><u>\$ 3,701,541</u></u>

As of December 31, 2017, there is \$175,986 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, 2017

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Tax increment revenue bonds payable at December 31, 2017 consist of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2017
Tax increment revenue bonds	9/12/2013	9/12/2026	4.303%	\$ 2,000,000	\$ 1,497,936
Tax increment revenue bonds	2/3/2014	9/30/2025	2.75%	3,700,000	1,895,000
Total governmental activities – tax increment revenue bonds					<u>\$ 3,392,936</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities Tax Increment Revenue Debt		
	Principal	Interest	Total
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	515,310	49,968	565,278
2023-2025	881,830	82,781	964,611
Totals	<u>\$ 3,392,936</u>	<u>\$ 494,313</u>	<u>\$ 3,887,249</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, 2017 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2017
Clean water revenue bonds	12/10/2008	5/1/2028	2.339%	\$ 2,473,498	\$ 1,511,385
Clean water revenue bonds	11/1/2010	5/1/2030	2.428%	3,964,010	2,786,855
Revenue bonds	3/7/2012	5/1/2032	3.0-4.0	6,750,000	5,800,000
Revenue bonds	6/24/2015	5/1/2035	2.0-4.0	5,425,000	4,995,000
Total					<u>\$ 15,093,240</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt		
	Principal	Interest	Total
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	842,410	392,380	1,234,790
2023-2027	4,702,082	1,577,112	6,279,194
2028-2032	5,401,131	727,911	6,129,042
2033-2035	1,055,000	63,700	1,118,700
Totals	<u>\$ 15,093,240</u>	<u>\$ 4,546,045</u>	<u>\$ 19,639,285</u>

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2017

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, 2017, the "net revenues" of the system were \$2,964,666 or 2.43 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.

Advance Refunding

On October 4, 2017, the City issued \$2,975,000 in General Obligation Refunding Bonds with interest rates between 2.0% and 3.0%, to advance refund \$2,980,000 of outstanding General Obligation Promissory Notes with interest rates of between 2.0% and 2.75%. The General Obligation Promissory Notes have principal outstanding at December 31, 2017 in the amount of \$2,980,000. The General Obligation Promissory Notes are considered to be defeased and the liability has been removed from the government-wide financial statements.

The advance refunding resulted in a difference between the acquisition price and the net carrying value of the old debt of \$80,345. The advance refunding increased the City's total debt service payments by \$307,523 over the next 12 years. The net present value loss (difference between the present value of the old and new debt service payments) was \$86,111.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2017

NOTE 6

LONG-TERM ADVANCES

The following is a schedule of interfund advances at December 31, 2017:

Receivable Fund	Payable Fund	Amount
Debt service	Airport	\$ 90,154
General	TIF #7	716,840
General	TIF #6	217,413
Water and sewer utility	TIF #6	65,551
Water and sewer utility	TIF #7	855,448
	Total	\$ 1,945,406

On December 31, 2017 the airport was obligated to the debt service fund for \$90,154 on long-term advances for improvements which matures as follows:

Year	Principal	Interest	Total
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	15,993	1,107	17,100
2023	16,704	396	17,100
Total	\$ 90,154	\$ 12,446	\$ 102,600

The final payment on the \$90,154 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>.



City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2017

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
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)

**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. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
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NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

During the reporting period, the WRS recognized \$300,754 in contributions from the employer.

Contribution rates as of December 31, 2017 are:

	2017	
	Employee	Employer
General (including teachers, executives, and elected officials)	6.80%	6.80%
Protective with social security	6.80%	10.60%
Protective without social security	6.80%	14.90%

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

At December 31, 2017, the City reported a liability of \$265,028 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City's proportion was 0.03215436%, which was a decrease of 0.00062497% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$689,748.

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, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 101,055	\$ 833,492
Changes of assumptions	277,098	
Net differences between projected and actual earnings on pension plan investments	1,319,229	
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,470	
Employer contributions subsequent to the measurement date	328,552	
Total	\$ 2,051,404	\$ 833,492

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
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NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$328,552 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Net Outflows (Inflows) of Resources
2018	\$ 359,240
2019	359,240
2020	246,523
2021	(76,224)
2022	581
Total	\$ 889,360

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

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

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

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

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2017

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:

<b>Asset Allocation Targets and Expected Returns</b>						
As of December 31, 2016						
Core Fund Asset Class	Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %		
Global Equities	50 %	45 %	8.3 %	5.4 %		
Fixed Income	24.5	37	4.2	1.4		
Inflation Sensitive Assets	15.5	20	4.3	1.5		
Real Estate	8	7	6.5	3.6		
Private Equity/Debt	8	7	9.4	6.5		
Multi-Asset	4	4	6.6	3.7		
Total Core Fund	110	120	7.4	4.5		
<b>Variable Fund Asset Class</b>						
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		
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 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
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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:

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase to Discount Rate (8.20%)</b>
City’s proportionate share of the net pension liability (asset)	\$3,486,622	\$265,028	(\$2,215,744)

***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, 2017, the compensated absences consisted of:

Sick leave	\$ 486,480
Vacation	61,868
Total	<u>\$ 548,348</u>

City of Platteville, Wisconsin  
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NOTE 10

TAX INCREMENTAL DISTRICTS

Transactions of the tax incremental district to December 31, 2017 are summarized below:

	<u>TIF #4</u>	<u>TIF #5</u>	<u>TIF #6</u>	<u>TIF #7</u>
Project expenditures to 12/31/17	\$ 4,267,729	\$ 10,864,145	\$ 8,322,191	\$ 9,437,979
Accumulated credits to project expenditures:				
Tax increments collected	2,566,312	8,860,529	2,366,961	870,826
Developer agreement payments			112,247	178,738
EDA grant	1,366,543		382,667	178,808
Community development block grant				909,276
SAG grant				140,665
Tax exempt computer aid	24,009	91,772	3,443	39,825
Interest income			215,010	90,445
Miscellaneous income	3,303	24,198	14,157	107,506
Transfer from TIF #5				578,120
Total accumulated credits	<u>3,960,167</u>	<u>8,976,499</u>	<u>3,094,485</u>	<u>3,094,209</u>
Excess of project expenditures over accumulated credits to 12/31/17	<u>\$ 307,562</u>	<u>\$ 1,887,646</u>	<u>\$ 5,227,706</u>	<u>\$ 6,343,770</u>
Notes payable				
outstanding 12/31/17	\$ 375,000	\$ 1,895,000	\$ 4,942,936	\$ 5,400,000
Fund balance (positive) 12/31/17	<u>(67,438)</u>	<u>(7,354)</u>	<u>284,770</u>	<u>943,770</u>
Project expenditures to be recovered subsequent to 12/31/17	<u>\$ 307,562</u>	<u>\$ 1,887,646</u>	<u>\$ 5,227,706</u>	<u>\$ 6,343,770</u>

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

In 2017, TIF #5 began increment sharing with TIF #7. The increment sharing is recorded as a TIF #5 project expenditure in the table above and reflected as a transfer in the statement of revenues, expenditures, and changes in fund balances for the governmental funds.

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

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

City of Platteville, Wisconsin  
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NOTE 11

GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2017 includes the following:

**GOVERNMENTAL ACTIVITIES**

Net investment in capital assets	
Land and construction work in progress	\$ 3,617,128
Other capital assets, net of accumulated depreciation	54,832,961
Less: long-term capital debt outstanding	<u>(20,139,014)</u>
Total net investment in capital assets	<u>38,311,075</u>
Restricted for:	
Redevelopment authority	265,550
Housing conservation	84,244
Donor specified	337,958
Impact fees	61,224
Community development grant restricted	1,683,375
Library endowment	6,382
Perpetual care	554,681
Taxi/Bus	26,225
TIF expenditures	<u>74,792</u>
Total restricted	<u>3,094,431</u>
Unrestricted	<u>157,095</u>
Total governmental activities net position	<u><u>\$ 41,562,601</u></u>

**GOVERNMENTAL FUND BALANCES**

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

Nonspendable:	
Advances to other funds	\$ 1,024,406
Delinquent taxes	4,121
Fuel inventory	<u>15,345</u>
Total nonspendable	<u><u>\$ 1,043,872</u></u>

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
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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		8,970
Parks Beining Trust:		
Parks		21,039
Museum		44,303
Art Gallery		44,303
Museum donations		73,433
New park		9,475
Housing study		5,000
M. Harrison Trust		3,150
Swim team		17,423
Senior center bus		616
Legion Park Trust		22,166
Tree		1,402
Automated external defibrillator		321
Skateboard park		6
Recreation scholarships		5,198
Family theatre		500
Fireworks		5,362
Splash playground		510
Police		11,747
Cyril Clayton Trust		26,353
Cemetery		5,691
Senior Center		18,000
Historic Preservation Community		984
Roundtree Eva Beining Trust		8,599
Animal care		3,182
Park impact fees		61,224
Total General Fund		399,182
Capital projects		135,006
Community development block grant		50,289
TIF District No. 7		40,980
Total Major Funds		625,457



City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2017

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

**GOVERNMENTAL FUND BALANCES (Continued)**

Restricted (Continued):

**Non-Major Funds:**

Airport	215,320
Redevelopment authority	132,714
Perpetual care	554,681
Housing conservation	12,431
Library	6,382
Taxi/Bus	26,225
TIF District No. 4	67,438
TIF District No. 5	7,354
Total Non-Major Funds	1,022,545
Total restricted	\$ 1,648,002

Assigned:

Major Funds:

General Fund:

Police explorers	\$ 1,847
Museum funds	51,198
Arts gallery	5,939
Fire department	14,321
Ambulance outlay	100,960
Ambulance services	3,480
Cemetery outlay	2,500
Capital outlay	472,443
Capital Projects:	56,912
Total assigned	\$ 709,600

The following funds had (deficit) unassigned fund balances at December 31, 2017:

Major Funds:

TIF District No. 7	\$ (984,750)
Non-Major Funds:	
TIF District No. 6	(284,770)
Total (deficit)	\$ (1,269,520)

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
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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, 2017 the various components of deferred inflows of resources reported in the governmental funds were as follows:

Property tax receivable and tax roll special charges	\$ 4,417,738
Tax increment receivable	1,743,849
Tax Equivalent	400,316
Loans receivable	536,443
Mortgages receivable	1,704,899
Total deferred inflows of resources for governmental funds	<u>\$ 8,803,245</u>

The mortgages receivable of \$1,704,899 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 \$536,443 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, 2017 was \$2,213,488.

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  
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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	Purpose
Governmental Funds:			
General	Water and sewer	\$ 400,316	Tax Equivalent
General	Community Development Block Grant	2,674	Cash flow
General	Taxi/bus	20,066	Cash flow
	Total	<u>\$ 423,056</u>	
Enterprise Funds:			
Water and sewer	General Fund	<u>\$ 10,262</u>	Tax roll items

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	Purpose
Governmental Funds:			
Capital projects	General	\$ 5,038	Museum outlay
TIF #7	TIF #5	578,120	Tax increment sharing
	Total	<u>\$ 583,158</u>	
Proprietary Funds			
General	Water utility	<u>\$ 400,316</u>	Tax equivalent

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, 2017:

1. Replacement of Well #4 for approximately \$600,000. \$583,870 of costs remain for the project.
2. Lutheran Street reconstruction contract for \$97,262. \$30,620 of the project is utility to replace water main and the remaining \$66,642 relates to the City.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2017

Note 15

COMMITMENTS/ SUBSEQUENT EVENTS (CONTINUED)

3. On April 27, 2018, the City issued a \$1,300,000 State Trust Fund Loan with an interest rate of 4% for the purpose of financing a redevelopment incentive. Debt requirements are as follows:

Year	Principal	Interest	Total
2019	\$ 49,373	\$ 45,874	\$ 95,247
2020	45,085	50,162	95,247
2021	47,026	48,221	95,247
2022	48,907	46,340	95,247
2023	50,863	44,384	95,247
2024-2028	286,282	189,954	476,236
2029-2033	348,468	127,768	476,236
2034-2038	423,996	52,240	476,236
Totals	<u>\$ 1,300,000</u>	<u>\$ 604,943</u>	<u>\$ 1,904,943</u>

4. On March 29, 2018, the City issued a \$1,720,000 revenue refunding bond with an interest rate of 2.49%. This borrowing refunded a February 4, 2014 tax increment revenue bond issue. Debt requirements are as follows:

Year	Principal	Interest	Total
2018	\$ 162,325	\$ 21,707	\$ 184,032
2019	331,334	36,730	368,064
2020	339,551	28,513	368,064
2021	348,143	19,921	368,064
2022	356,866	11,198	368,064
2023	181,781	2,257	184,038
Totals	<u>\$ 1,720,000</u>	<u>\$ 120,326</u>	<u>\$ 1,840,326</u>

5. Pine Street reconstruction at a cost of approximately \$1,600,000. Mineral Street parking lot reconstruction at an estimated cost of \$125,000. Legion Field parking lot reconstruction at a cost of approximately \$165,000. In addition to budgeted tax levy, long-term debt was issued to assist with project financing. On May 10, 2018, the City issued \$1,245,000 of general obligation bonds with interest rates between 3% and 3.25%. Debt requirements are as follows:

Year	Principal	Interest	Total
2019	\$	\$ 50,044	\$ 50,044
2020		38,250	38,250
2021	45,000	37,575	82,575
2022	50,000	36,150	86,150
2023	50,000	34,650	84,650
2024-2028	500,000	132,000	632,000
2029-2033	500,000	55,975	555,975
2034	100,000	1,625	101,625
Totals	<u>\$ 1,245,000</u>	<u>\$ 386,269</u>	<u>\$ 1,631,269</u>

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2017

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NOTE 16

TAX ABATEMENTS

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City of Platteville, through its Tax Incremental Financing District No. 6, has entered into a tax abatement agreement with a developer in the form of tax incremental financing incentives to stimulate economic development. The abatements are authorized through the Tax Incremental Financing District No. 6 project plan. The agreement requires the City to make annual repayments of property taxes collected within the TID to the developer based upon the terms of the agreements.

For the year ended December 31, 2017, the City abated property taxes totaling \$75,024 related to a Tax Incremental Financing District No. 6 agreement.

NOTE 17

TAX LEVY LIMIT

Wisconsin Act 32 imposes a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. Under 2011 Wisconsin Act 32, in 2011 and all future years, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. All of the exceptions and modifications to levy limits that existed under previous law continue to apply.

In addition, as part of Wisconsin's Act 20 (2013), legislation was passed that further limits future tax levies. If the City adopts a new fee or a fee increase for covered services (which were partly or wholly funded by property tax levy), the City must reduce its levy limit in the current year by the amount of the new fee or fee increase, less any previous reductions. Covered services include garbage collection, snow plowing, street sweeping, and stormwater management.

NOTE 18

COMPONENT UNIT – HOUSING AUTHORITY

A. Cash and Investments

At year-end, the carrying amount of the housing authority's deposits was \$16,829 and the bank balance was \$17,107. 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 1/1/17	Additions	Retirements	Balance 12/31/17
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.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2017

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NOTE 19 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, GASB Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 87, *Leases*. When these become effective, application of these standards may restate portions of these financial statements.

Required Supplementary Information

Exhibit B-1  
Required Supplementary Information

City of Platteville, Wisconsin  
Budgetary Comparison Schedule for the General Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variances-	
				Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
<b>REVENUES</b>					
Taxes	\$ 2,584,517	\$ 2,584,517	\$ 2,606,790	\$ 22,273	\$ 22,273
Special assessments	15,880	15,880	8,964	(6,916)	(6,916)
Intergovernmental	3,710,728	3,710,728	3,942,966	232,238	232,238
Licenses and permits	227,230	227,230	238,086	10,856	10,856
Fines and forfeitures	161,500	161,500	154,634	(6,866)	(6,866)
Public charges for services	613,548	613,548	669,004	55,456	55,456
Interest income	24,155	24,155	59,954	35,799	35,799
Loan repayments	12,565	12,565	12,565		
Miscellaneous	22,000	22,000	162,926	140,926	140,926
<b>Total revenues</b>	<b>7,372,123</b>	<b>7,372,123</b>	<b>7,855,889</b>	<b>483,766</b>	<b>483,766</b>
<b>EXPENDITURES</b>					
General government	1,148,368	1,148,368	1,103,463	44,905	44,905
Public safety	3,239,306	3,239,306	3,127,012	112,294	112,294
Public Works	1,614,632	1,614,632	1,656,401	(41,769)	(41,769)
Health and social services	115,879	115,879	100,126	15,753	15,753
Leisure activities	1,680,076	1,680,076	1,758,770	(78,694)	(78,694)
Conservation and development	267,962	267,962	272,092	(4,130)	(4,130)
<b>Total expenditures</b>	<b>8,066,223</b>	<b>8,066,223</b>	<b>8,017,864</b>	<b>48,359</b>	<b>48,359</b>
Excess (deficiency) of revenues over over expenditures	(694,100)	(694,100)	(161,975)	532,125	532,125
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets			2,750	2,750	2,750
Transfer to other funds	(5,000)	(5,000)	(5,038)	(38)	(38)
Transfer from utility-tax equivalent	391,955	391,955	389,292	(2,663)	(2,663)
<b>Total other financing sources (uses)</b>	<b>386,955</b>	<b>386,955</b>	<b>387,004</b>	<b>49</b>	<b>49</b>
Net change in fund balances	(307,145)	(307,145)	225,029	532,174	532,174
Fund balance-beginning of year	4,081,536	4,081,536	4,081,536		
Fund balance-end of year	<u>\$ 3,774,391</u>	<u>\$ 3,774,391</u>	<u>\$ 4,306,565</u>	<u>\$ 532,174</u>	<u>\$ 532,174</u>



Exhibit B-2  
City of Platteville, Wisconsin  
Wisconsin Retirement System Schedules  
December 31, 2017

**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)
2016	0.03215436%	\$ 265,028	\$ 4,094,108	6.47%	99.12%
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
2017	\$ 328,551	\$ (328,551)		\$ 4,148,866	7.92%
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, 2017

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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 7 preceding years.

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

*Changes of assumptions.* A change in actuarial assumptions was made in 2015. 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
Public works	\$ 41,769
Leisure activities	78,694
Conservation and development	4,130
Transfer to other funds	38

## Supplementary Information

Exhibit C-1  
City of Platteville, Wisconsin  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2017

	Special Revenue Funds						
	Airport	Redevelopment Authority	Housing Conservation Program	Library (Littlefield)	Zeigert Trust	Boll Cemetery	Taxi/Bus
<b>ASSETS</b>							
Cash and investments	\$ 303,655	\$ 132,714	\$ 12,431	\$ 6,382	\$ 153,973	\$ 131,553	\$
Receivables:							
Taxes							
Other accounts	20,752						
Other governments							96,855
Mortgages			71,813				
Loans		285,700					
Inventory	15,345						
<b>Total assets</b>	<b>\$ 339,752</b>	<b>\$ 418,414</b>	<b>\$ 84,244</b>	<b>\$ 6,382</b>	<b>\$ 153,973</b>	<b>\$ 131,553</b>	<b>\$ 96,855</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 10,054	\$	\$	\$	\$	\$	\$ 50,564
Due to other funds							20,066
Advances from other funds	90,154						
Unearned revenue	8,879						
<b>Total liabilities</b>	<b>109,087</b>						<b>70,630</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred revenue		285,700	71,813				
<b>FUND BALANCES</b>							
Nonspendable	15,345						
Restricted	215,320	132,714	12,431	6,382	153,973	131,553	26,225
Unassigned (deficit)							
<b>Total fund balances</b>	<b>230,665</b>	<b>132,714</b>	<b>12,431</b>	<b>6,382</b>	<b>153,973</b>	<b>131,553</b>	<b>26,225</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 339,752</b>	<b>\$ 418,414</b>	<b>\$ 84,244</b>	<b>\$ 6,382</b>	<b>\$ 153,973</b>	<b>\$ 131,553</b>	<b>\$ 96,855</b>

Capital Projects Funds			Permanent Fund	Total
TIF No. 4	TIF No. 6	TIF No. 5	Cemetery Perpetual Care	Non-Major Governmental Funds
\$ 67,438	\$	\$ 7,354	\$ 269,155	\$ 1,084,655
166,931	512,541	908,041		1,587,513
				20,752
				96,855
				71,813
				285,700
				15,345
<u>\$ 234,369</u>	<u>\$ 512,541</u>	<u>\$ 915,395</u>	<u>\$ 269,155</u>	<u>\$ 3,162,633</u>
\$	\$ 1,806	\$	\$	\$ 62,424
	282,964			20,066
				373,118
				8,879
	284,770			464,487
166,931	512,541	908,041		1,945,026
67,438		7,354	269,155	15,345
	(284,770)			1,022,545
				(284,770)
67,438	(284,770)	7,354	269,155	753,120
<u>\$ 234,369</u>	<u>\$ 512,541</u>	<u>\$ 915,395</u>	<u>\$ 269,155</u>	<u>\$ 3,162,633</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, 2017

	Special Revenue Funds						
	Airport	Redevelopment Authority	Housing Conservation Program	Library (Littlefield)	Zeigert Trust	Boll Cemetery	Taxi/Bus
<b>REVENUES</b>							
Taxes	\$	\$	\$	\$	\$	\$	\$ 43,000
Intergovernmental							511,394
Public charges for services	351,644						733
Interest Income	2,697		120	471	986	1,095	
Loan repayments		330,272					
<b>Total revenues</b>	<b>354,341</b>	<b>330,272</b>	<b>120</b>	<b>471</b>	<b>986</b>	<b>1,095</b>	<b>555,127</b>
<b>EXPENDITURES</b>							
Current:							
General government							
Public works	274,071						550,366
Conservation and development							
Capital outlay		2,923					
Debt service:							
Principal retirement		324,783					
Interest and fiscal charges		7,319					
Debt issuance costs							
<b>Total expenditures</b>	<b>274,071</b>	<b>335,025</b>					<b>550,366</b>
Excess (deficiency) of revenues over expenditures	80,270	(4,753)	120	471	986	1,095	4,761
<b>OTHER FINANCING SOURCES (USES)</b>							
Other financing source—refunding bonds							
Debt premium							
Payment to bond escrow agents							
Transfer to other funds							
<b>Total other financing sources (uses)</b>							
<b>Net change in fund balances</b>	<b>80,270</b>	<b>(4,753)</b>	<b>120</b>	<b>471</b>	<b>986</b>	<b>1,095</b>	<b>4,761</b>
Fund balance-beginning of year	150,395	137,467	12,311	5,911	152,987	130,458	21,464
Fund balance-End of year	\$ 230,665	\$ 132,714	\$ 12,431	\$ 6,382	\$ 153,973	\$ 131,553	\$ 26,225

Capital Projects Funds			Permanent Fund	Total
TIF No. 4	TIF No. 6	TIF No. 5	Cemetery Perpetual Care	Nonmajor Governmental Funds
\$ 162,560	\$ 466,321	\$ 981,810	\$	\$ 1,653,691
16,133	975	6,909		535,411
			3,450	355,827
				5,369
				330,272
178,693	467,296	988,719	3,450	2,880,570
150	150			300
				824,437
61	51,965	450		52,476
	218,188			221,111
175,000	201,872	350,000		1,051,655
11,500	163,331	60,149		242,299
	6,324			6,324
186,711	641,830	410,599		2,398,602
(8,018)	(174,534)	578,120	3,450	481,968
	255,000			255,000
	14,007			14,007
	(262,315)			(262,315)
		(578,120)		(578,120)
	6,692	(578,120)		(571,428)
(8,018)	(167,842)		3,450	(89,460)
75,456	(116,928)	7,354	265,705	842,580
\$ 67,438	\$ (284,770)	\$ 7,354	\$ 269,155	\$ 753,120

City of Platteville, Wisconsin Schedule of Insurance  
December 31, 2017

Company	Type	Coverage	Term
Employers	Workers Compensation	\$500,000/Accident \$500,000/Disease/Employee \$500,000 Disease/Policy Limit	1/1/1-12/31/17
Employers	Inland Marine	\$1,132,672 Contractors Eqpmt \$90,000 Fine Arts \$75,000 Miscellaneous Property	1/1/17-12/31/17
Employers	Linebacker	\$1,000,000 Each Loss \$1,000,000 Aggregate \$3,000 Deductible	1/1/17-12/31/17
Employers	Umbrella Liability	\$8,000,000 Occurrence \$8,000,000 Aggregate \$0 Retained Limit	1/1/17-12/31/17
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	1/1/17-12/31/17
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	1/1/17-12/31/17
Employers	Property	\$37,898,246 Blanket Building \$8,881,071 Blanket Business Personal Property & Property in the Open \$55,000 Blanket Personal Property of Others	1/1/17-12/31/17
Employers	Garage	\$100,000 Each Accident, \$250 Deductible Each Claim	1/1/17-12/31/17
Employers	Commercial Crime	\$100,000 Employee Theft \$25,000 Theft of Money Securities Inside; \$25,000 Outside \$100,000 Computer/Funds Transfer Fraud	1/1/17-12/31/17
Ohio Casualty	Fidelity Bond	\$10,000 Chief of Police \$10,000 City Clerk \$10,000 City Assessor \$250,000 Finance Director	6/1/17-6/1/19
Employers	Employee Benefit Liability	\$1,000,000 Each Employee \$2,000,000 Aggregate \$1,000 Deductible Each Employee	1/1/17-12/31/17
Employers	Law Enforcement Liability	\$1,000,000 Occurrence \$1,000,000 Aggregate \$2,500 Deductible Per Loss	1/1/17-12/31/17
Employers	Data Compromise	\$100,000 Response Expense \$100,000 Defense & Liability \$25,000 Identity Recovery	1/1/17-12/31/17



Schedule 2  
 Platteville Water and Sewer Utility  
 Other Information  
 December 31, 2017

1. The number of customers at the end of the year was as follows:

	2017	2016
Residential	3,541	3,071
Commercial	362	338
Multifamily residential	67	65
Public authority	84	85
Industrial	7	7
Interdepartmental	3	3
Total	4,064	3,569

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

Gallons	
2017	2016
260,765,000	259,136,000