



**CITY OF PLATTEVILLE, WISCONSIN**  
FINANCIAL STATEMENTS  
Including Independent Auditor's Report  
As of and for the year ended December 31, 2018

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CITY OF PLATTEVILLE, WISCONSIN  
DECEMBER 31, 2018

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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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, effective January 1, 2018, the City of Platteville adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. In addition, beginning sewer utility accumulated depreciation has been restated. Several sewer utility capital assets were over depreciated in prior years. Our opinions are not modified with respect to these matters.

## **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, the Local Retiree Life Insurance Fund schedules, the Schedule of Changes in the City's Total OPEB Liability and Related Ratios, and Wisconsin Retirement System schedules on pages 69 through 74, 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 2017 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information in our report dated May 31, 2018. Except as noted in the emphasis of matter paragraph above related to several sewer utility capital assets being over depreciated in prior years, in our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Information (Continued)**

### *Other Supplementary Information*

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

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  
July 5, 2019

## 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, 2018. 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, 2018. 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>
2018	\$66,072,886	(\$ 627,511)
2017	\$67,624,341	\$ 411,731

*\*see net position-pg 15*

- As of December 31, 2018, the City of Platteville's governmental activities reported total current assets of \$12,625,903 (page 14, Exhibit A-1). This compares to the prior year as follows:

<u>Year</u>	<u>Current Assets</u>	<u>\$ Change (+/-)</u>
2018	\$12,625,903	\$ 1,051,191
2017	\$11,574,712	\$ 483,736

About 60.7 percent of this total, or \$7,666,798 represents cash and investments.

- The City's general fund balance increased by \$181,457 from 2017 to 2018. In the past 2 years, changes have been as follows:

<u>Year</u>	<u>General Fund Bal.</u>	<u>% Change (+/-)</u>
2018	\$4,488,022	4.2%
2017	\$4,306,565	5.5%

*\*Exhibit A-3, Page 17*

- In 2018, the City's long-term obligations decreased by \$233,391, as compared to a decrease of \$1,808,602 during 2017 (page 44). General obligation bonds totaling \$2,545,000 were issued in 2018.

## 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 75.

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

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

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



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

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

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

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-68 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, information on the Wisconsin Retirement System pension plan, and information on the City's OPEB plans for the Local Retiree Insurance Fund and retiree health insurance. The budgetary comparison schedules, Wisconsin Retirement System Schedules, and OPEB Schedules are on pages 69-74. 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, Local Retiree Life Insurance Fund, and retiree health insurance schedules present 10-year 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 75-76 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 \$67,624,341 at the close of 2017, which decreased to \$66,072,886 at the end of 2018.

TABLE 1: CITY OF PLATTEVILLE'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current/other assets	\$ 15,626,561	\$ 13,992,040	\$ 7,052,483	\$ 7,143,365	\$ 22,679,044	\$ 21,135,405
Capital Assets	57,302,646	58,450,089	35,174,937	34,979,574	92,477,583	92,929,663
<b>Total Assets</b>	<b>\$ 72,929,207</b>	<b>\$ 72,442,129</b>	<b>\$ 42,227,420</b>	<b>\$ 41,622,939</b>	<b>\$115,156,627</b>	<b>\$114,065,068</b>
Deferred outflows of resources	\$ 1,516,866	\$ 1,723,437	\$ 300,685	\$ 343,569	\$ 1,817,551	\$ 2,067,006
Current Liabilities	\$ 3,057,963	\$ 2,999,199	\$ 1,236,206	\$ 968,706	\$ 4,294,169	\$ 3,967,905
Other Liabilities	23,741,762	22,741,939	14,287,795	14,802,808	38,029,557	37,544,747
<b>Total Liabilities</b>	<b>\$ 26,799,725</b>	<b>\$ 25,741,138</b>	<b>\$ 15,524,001</b>	<b>\$ 15,771,514</b>	<b>\$ 42,323,726</b>	<b>\$ 41,512,652</b>
Deferred inflows of resources	\$ 8,275,654	\$ 6,861,827	\$ 301,912	\$ 133,254	\$ 8,577,566	\$ 6,995,081
<b>Net Position:</b>						
Net investment in capital assets	\$ 36,261,521	\$ 38,311,075	\$ 20,551,716	\$ 19,386,334	\$ 56,813,237	\$ 57,697,409
Restricted	2,945,042	3,094,431	4,166,396	5,063,576	7,111,438	8,158,007
Unrestricted	164,131	157,095	1,984,080	1,611,830	1,148,211	1,768,925
<b>Total Net Position</b>	<b>\$ 39,370,694</b>	<b>\$ 41,562,601</b>	<b>\$ 26,702,192</b>	<b>\$ 26,061,740</b>	<b>\$ 66,072,886</b>	<b>\$ 67,624,341</b>

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 86 percent). The City uses these capital assets to provide services to citizens; subsequently these assets are not available for future spending. Although Platteville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must come from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Platteville's net position (approximately 11 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$2,148,211 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.

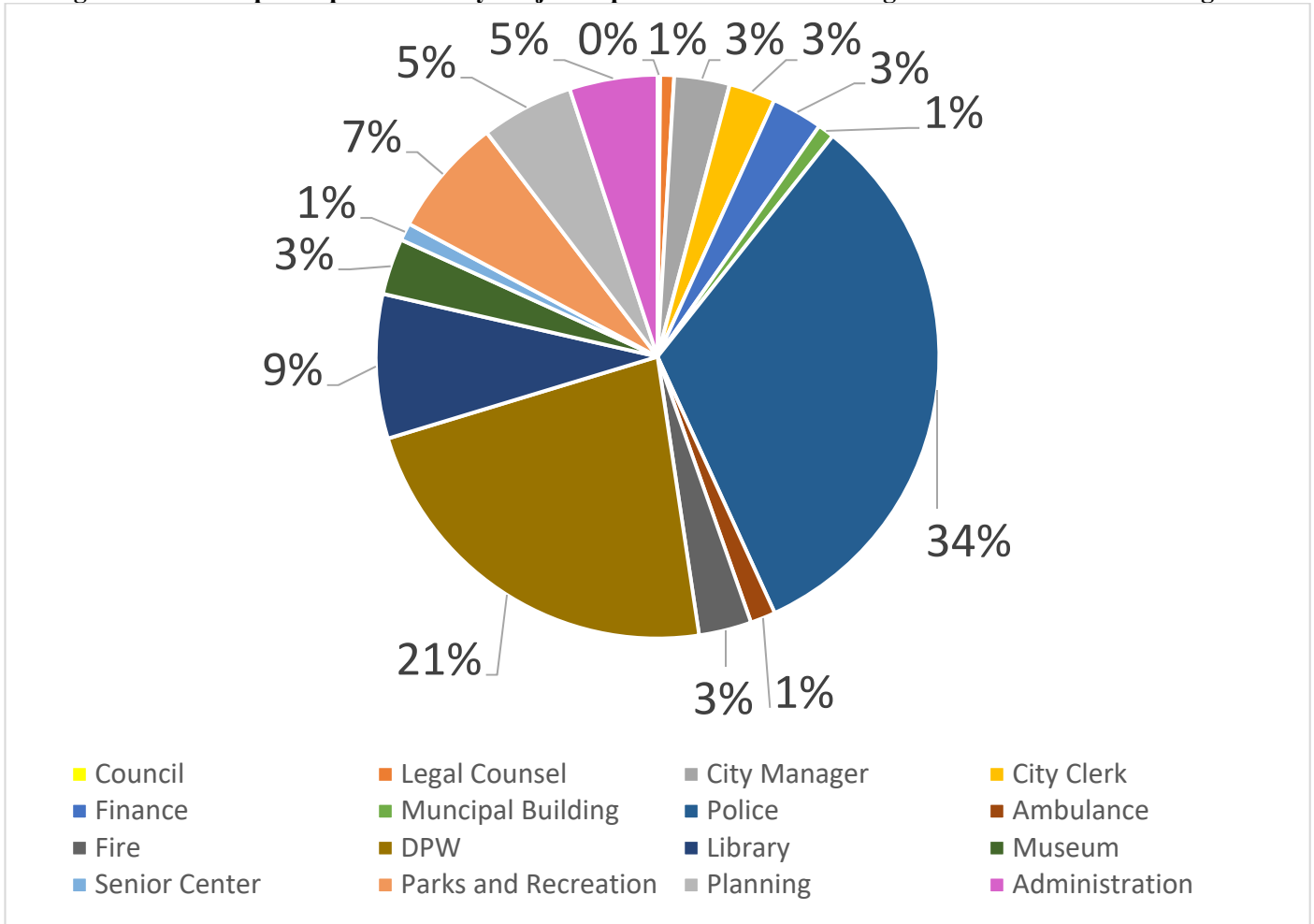
TABLE 2: CITY OF PLATTEVILLE’S PRIMARY GOVERNMENT STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Service	\$ 1,692,216	\$ 1,510,680	\$ 4,764,256	\$ 4,891,704	\$ 6,456,472	\$ 6,402,384
Operating grants and contributions	1,978,764	1,882,857			1,978,764	1,882,857
Capital grants and contributions	572,665	790,011			572,665	790,011
Property taxes	6,002,977	5,869,999			6,002,977	5,869,999
Other taxes	292,900	234,487			292,900	234,487
Intergovernmental rev’s not restricted to specific programs	2,589,826	2,587,049			2,589,826	2,587,049
Investment income	132,741	79,219	85,700	40,214	218,441	119,433
Other	(227,986)	(354,332)	18,753	18,753	(209,233)	(335,579)
Total revenues	13,034,103	12,599,970	4,868,709	4,950,671	17,902,812	17,550,641
Expenses						
General Gov’t	1,297,603	1,221,249			1,297,603	1,221,249
Public safety	3,471,312	3,549,925			3,471,312	3,549,925
Public works	5,026,039	5,129,239			5,026,039	5,129,239
Hlth & Hum Serv.	127,651	106,722			127,651	106,722
Leisure Activities	2,166,235	2,006,121			2,166,235	2,006,121
Conservation and Development	2,168,611	657,715			2,168,611	657,715
Interest and Fiscal Charges	703,798	875,519			703,798	875,519
Water and Sewer			3,569,074	3,592,420	3,569,074	3,592,420
Total expenses	14,961,249	13,546,490	3,569,074	3,592,420	18,530,323	17,138,910
Incr.(Decr.) in net position before Transfers	(1,927,146)	(946,520)	1,299,635	1,358,251	(627,511)	411,731
Transfers	407,005	400,316	(407,005)	(400,316)		
Incr.(Decr.) in net position	(1,520,141)	(546,204)	892,630	957,935	(627,511)	411,731
Net position – beginning of year, previous	41,562,601	42,108,805	26,061,740	25,103,805	67,624,341	67,212,610
Prior Period adjustment – GASB 75 implementation	(671,766)		(252,178)		(923,944)	
Net position – beginning restated	40,890,835		25,809,562		66,700,397	
Net position – end of year	\$ 39,370,694	\$ 41,562,601	\$ 26,702,192	\$ 26,061,740	\$ 66,072,886	\$ 67,624,341

Source: Exhibit A-2, Page 16

General Government increased by approximately \$76,354 or 6% from 2017. Public Safety expenses decreased by approximately \$78,613 or 2% from 2017. Public works expenditures decreased by approximately \$103,200, or 2% from 2017. Health and Human Services expenses increased by \$20,929, or 20% from 2017. Leisure expenses increased by \$160,114 or 8% from 2017. Conservation and development expenses increased by approximately \$1,510,896 or 230% from 2017.

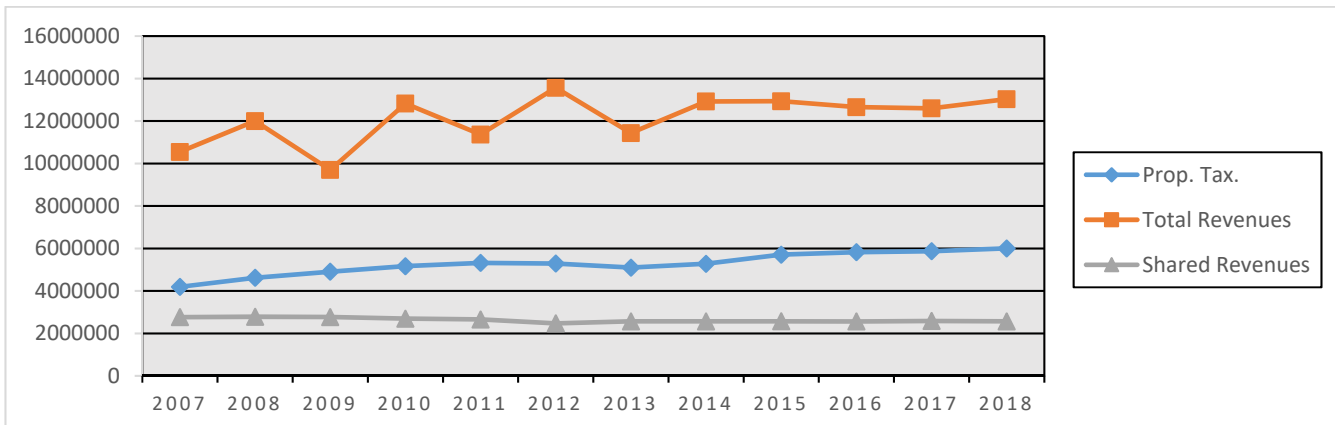
**Figure 1: Municipal Expenditures by Major Department as a Percentage Share of Total 2018 Budget**



Source: City of Platteville 2018 Budget

In recent years, property taxes have been the largest revenue source for governmental activities, with state shared revenue providing the second largest funding source. Property taxes accounted for approximately 46.6% of total revenues in 2017, and 46.1% in 2018.

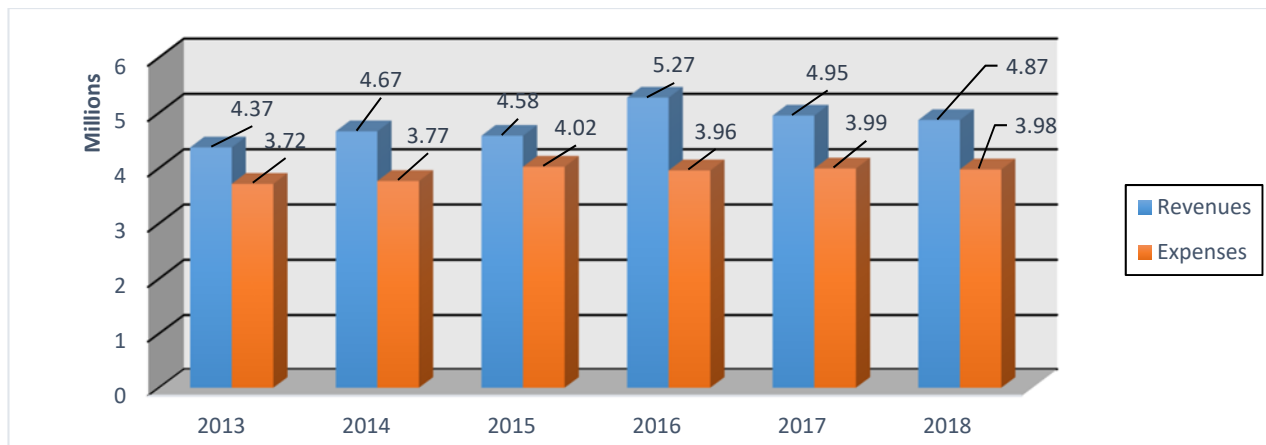
**Figure 2: Property Tax Revenue as Compared to Total Revenue**



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

In 2018, net position in the proprietary funds increased by \$892,630. This compares to an \$957,935 increase in 2017. 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.

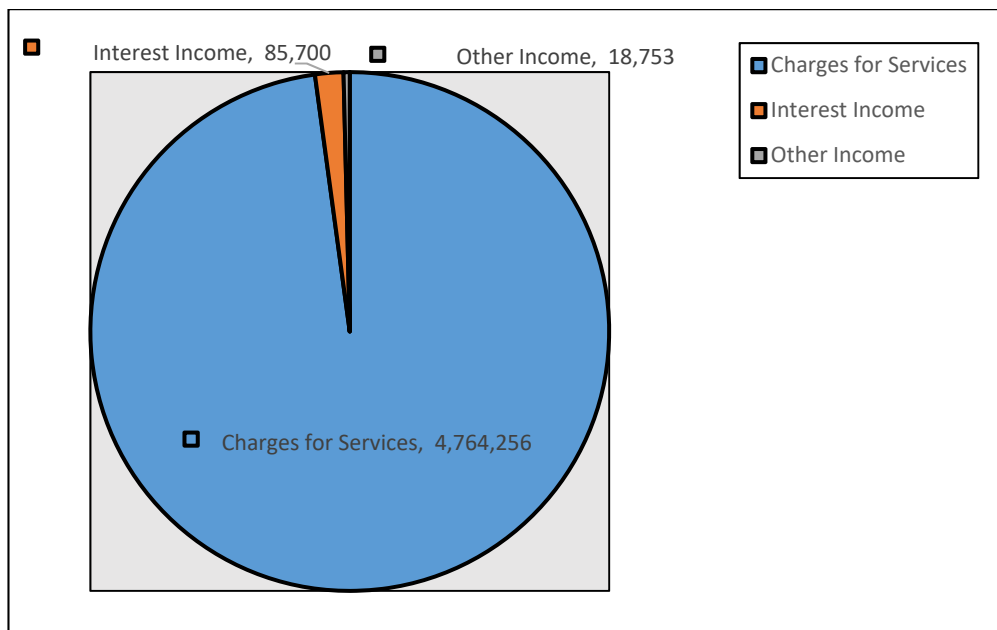
**Figure 3: Comparison of Utility Revenues to Expenses, By Year**



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 governmental standards.

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>
2018	\$5,006,946	\$ 558,670
2017	\$4,448,276	\$ 321,380

*\*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 reasons for the increase in fund balance as of December 31, 2018 was due to actual revenues exceeding budget and actual expenditures being under budget, debt borrowings not being fully expended by December 31, and receipt of \$200,000 from the partial repayment of a long-term Community Development Block Grant receivable. 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 *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>
2018	\$4,488,022	\$ 181,457
2017	\$4,306,565	\$ 225,029

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

The balance in the general fund accounts for 90% 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, 2018, is \$414,888. This is an increase of \$222,970 from 2017 (*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 2018 amounted to \$26,702,192, up \$892,630 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 \$654,966. Actual expenditures were under budget by \$329,656.

## 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>
2018	\$92,477,583	(\$272,445)
2017	\$92,750,028	(\$1,002,649)

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	
	2018	2017	2018	2017	2018	2017
Land**	\$ 3,540,998	\$ 3,577,792			\$ 3,540,998	\$ 3,577,792
Land improvements	3,621,841	3,621,841			3,621,841	3,621,841
Buildings and improvements	9,299,119	9,550,768			9,299,119	9,550,768
Machinery and Equipment	5,236,435	5,106,629			5,236,435	5,106,629
Vehicles	4,586,391	4,216,261			4,586,391	4,216,261
Infrastructure	62,090,960	61,346,523			62,090,960	61,346,523
Intangible Plant			8,978	8,978	8,978	8,978
Land & Land Rights			40,438	40,438	40,438	40,345
Const. in Progress	589,828	39,336	458,189	109,181	1,048,017	148,517
Water:						
Source of supply			765,539	765,539	765,539	765,539
Pumping			2,079,252	2,067,302	2,079,252	2,067,302
Water treatment			1,413,694	1,413,694	1,413,694	1,413,693
Transmis. & Distr.			19,605,219	19,089,646	19,605,219	19,089,638
General plant			795,621	784,240	795,621	784,240
Sewer:						
Collection system			16,261,383	15,790,408	16,261,383	15,790,504
Treatment and disp.			10,245,812	10,285,831	10,245,812	10,522,011
General plant			1,146,235	1,222,637	1,146,235	986,463
Total capital assets	88,965,572	87,459,150	52,820,360	51,577,894	141,785,932	139,037,044
Less accumulated depreciation	(31,662,926)	(29,009,061)	(17,645,423)	(17,098,320)	(49,308,349)	(46,107,381)
Capital assets net of depreciation	\$ 57,302,646	\$ 58,450,089	\$ 35,174,937	\$ 34,479,574	\$ 92,477,583	\$ 92,929,663

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 (\$1,147,443) 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 \$515,573 of additions, while sewer collection system accounted for \$470,975.

**Long-term debt.** At the end of 2018, the City of Platteville had total bonded debt outstanding of \$21,585,415 entirely backed by the full faith and credit of the government (general obligation bonds).

The City of Platteville issued debt in 2018, in the amount of \$4,265,000. \$1,300,000 of debt was issued to finance a developer incentive. \$1,245,000 of debt was issued to pay the cost of street improvement projects. \$1,720,000 of debt was issued to restructure the City’s outstanding debt by refinancing certain obligations.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
G.O. debt	\$ 21,585,415	\$ 20,572,865	\$	\$	\$21,585,415	\$20,572,865
Revenue Bonds –						
Utility			14,351,279	15,093,240	14,351,279	15,093,240
Tax Increment	2,917,031	3,392,936			2,917,031	3,392,936
Anticipation notes						
Taxable note						
Other Long-term						
Liabilities	382,160	425,484	138,113	122,864	520,273	548,348
<b>Total</b>	<b>\$ 24,884,606</b>	<b>\$ 24,391,285</b>	<b>\$14,489,392</b>	<b>\$15,216,104</b>	<b>\$39,373,998</b>	<b>\$39,607,389</b>

Source: Notes to the Basic Financial Statements, Note 5, pages 44-47

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 12/31/18 for the City of Platteville was \$34,711,400, which significantly exceeds the City of Platteville's current outstanding general obligation debt. As of December 31, 2018, 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 2018, for Grant County, which includes the City of Platteville, was 2.5 percent. This compares to a rate of 3.0 percent for the State of Wisconsin. (Source: Bureau of Labor Statistics)
- The rate of inflation for 2018 was 1.9 percent before seasonal adjustment. The equalized tax rate for taxes collected for 2019 operations (2018 tax bill) increased from 7.28 to 7.42 per thousand of equalized valuation. The taxes to be collected increased by 4.5% 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, 2018  
(With summarized financial information as of December 31, 2017)

	Governmental Activities	Business-Type Activities	Total Governmental and Business-Type activities		Component Unit Housing Authority	
			2018	2017	2018	2017
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 7,666,798	\$ 1,449,876	\$ 9,116,674	\$ 8,376,851	\$ 14,970	\$ 13,140
Receivables						
Taxes	4,840,326		4,840,326	4,327,546		
Customer		716,459	716,459	756,041		
Due from other governmental units	416,437		416,437	799,324		
Other	191,602	5,415	197,017	318,843	1,787	2,154
Special assessments	9,155		9,155	11,911		
Prepaid expenses					268	115
Internal balances	(527,949)	527,949				
Inventory	29,534	33,939	63,473	43,263		
<b>Total current assets</b>	<b>12,625,903</b>	<b>2,733,638</b>	<b>15,359,541</b>	<b>14,633,779</b>	<b>17,025</b>	<b>15,409</b>
Noncurrent assets:						
Restricted assets:						
Net pension asset	798,700	152,449	951,149			
Cash and investments	204,117	4,166,396	4,370,513	4,260,284	28,583	3,689
Other assets:						
Mortgages receivable	1,488,011		1,488,011	1,704,899		
Loans receivable	509,830		509,830	536,443		
Capital assets:	88,965,572	52,820,360	141,785,932	139,037,044	7,820	7,820
Less: Accumulated depreciation	31,662,926	17,645,423	49,308,349	46,107,381	7,820	7,820
Net book value of capital assets	57,302,646	35,174,937	92,477,583	92,929,663		
<b>Total noncurrent assets</b>	<b>60,303,304</b>	<b>39,493,782</b>	<b>99,797,086</b>	<b>99,431,289</b>	<b>28,583</b>	<b>3,689</b>
<b>Total assets</b>	<b>72,929,207</b>	<b>42,227,420</b>	<b>115,156,627</b>	<b>114,065,068</b>	<b>45,608</b>	<b>19,098</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred pension outflows	1,457,463	278,189	1,735,652	2,051,404		
OPEB - group life insurance plan outflows	25,817	10,074	35,891			
OPEB - City health insurance plan outflows	33,586	12,422	46,008			
Unamortized well rehabilitation costs				15,602		
<b>Total deferred outflows of resources</b>	<b>1,516,866</b>	<b>300,685</b>	<b>1,817,551</b>	<b>2,067,006</b>		
<b>Total assets and deferred outflows of resources</b>	<b>\$ 74,446,073</b>	<b>\$ 42,528,105</b>	<b>\$ 116,974,178</b>	<b>\$ 116,132,074</b>	<b>\$ 45,608</b>	<b>\$ 19,098</b>

Exhibit A-1 (Continued)  
City of Platteville, Wisconsin  
Statement of Net Position  
December 31, 2018  
(With summarized financial information as of December 31, 2017)

	Governmental Activities	Business-Type Activities	Total Governmental and Business-Type activities		Component Unit Housing Authority	
			2018	2017	2018	2017
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 544,071	\$ 357,544	\$ 901,615	\$ 672,799	\$ 412	\$ 456
Accrued wages	172,227	37,155	209,382	201,202	1,088	1,438
Accrued interest	216,809	76,684	293,493	258,740		
Unearned revenue	637		637	8,879		
Current portion of:						
Long-term debt	2,057,392	754,305	2,811,697	2,764,127		
Compensated absences	66,367	10,518	76,885	61,868		
Deposits	460		460	290		
Total current liabilities	3,057,963	1,236,206	4,294,169	3,967,905	1,500	1,894
Noncurrent liabilities:						
General obligation debt	21,585,415		21,585,415	20,572,865		
Tax increment revenue bonds	2,917,031		2,917,031	3,392,936		
Water and Sewer revenue bonds		14,351,279	14,351,279	15,093,240		
Unamortized bond premium	205,809	271,942	477,751	498,325		
Net pension liability				265,028		
OPEB - group life insurance plan	225,758	88,100	313,858			
OPEB - City health insurance plan	549,348	203,184	752,532			
Compensated absences	382,160	138,113	520,273	548,348		
Less current portion of long-term debt	(2,123,759)	(764,823)	(2,888,582)	(2,825,995)		
Total noncurrent liabilities	23,741,762	14,287,795	38,029,557	37,544,747		
Total liabilities	26,799,725	15,524,001	42,323,726	41,512,652	1,500	1,894
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred pension inflows	1,572,414	300,130	1,872,544	833,492		
OPEB - group life insurance plan inflows	4,566	1,782	6,348			
Deferred revenue	6,698,674		6,698,674	6,161,589		
Total deferred inflows of resources	8,275,654	301,912	8,577,566	6,995,081		
<b>NET POSITION</b>						
Net investment in capital assets	36,261,521	20,551,716	56,813,237	57,697,409		
Restricted	2,945,042	4,166,396	7,111,438	8,158,007	28,583	3,689
Unrestricted	164,131	1,984,080	2,148,211	1,768,925	15,525	13,515
Total net position	39,370,694	26,702,192	66,072,886	67,624,341	44,108	17,204
Total liabilities, deferred inflows of resources, and net position	\$ 74,446,073	\$ 42,528,105	\$ 116,974,178	\$ 116,132,074	\$ 45,608	\$ 19,098

Exhibit A-2  
City of Platteville, Wisconsin  
Statement of Activities  
For the Year Ended December 31, 2018  
(With summarized financial information for the year ended December 31, 2017)

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position				Component Unit Housing Authority	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals		2018	2017
							2018	2017		
Primary Government:										
Governmental activities:										
General government	\$ 1,297,603	\$ 219,416	\$ 3,595	\$	\$ (1,074,592)	\$	\$ (1,074,592)	\$ (971,903)	\$	\$
Public safety	3,471,312	451,610	327,306		(2,692,396)		(2,692,396)	(2,902,683)		
Public works	5,026,039	703,987	1,326,897	481,154	(2,514,001)		(2,514,001)	(2,945,855)		
Health and human services	127,651	37,653	2,520		(87,478)		(87,478)	(62,794)		
Leisure activities	2,166,235	254,697	306,704		(1,604,834)		(1,604,834)	(1,106,281)		
Conservation and development	2,168,611	24,853	11,742	91,511	(2,040,505)		(2,040,505)	(497,907)		
Interest, issuance costs, and fiscal charges	703,798				(703,798)		(703,798)	(875,519)		
Total governmental activities	14,961,249	1,692,216	1,978,764	572,665	(10,717,604)		(10,717,604)	(9,362,942)		
Business-type activities:										
Water and sewer	3,569,074	4,764,256				1,195,182	1,195,182	1,299,284		
Total business-type activities	3,569,074	4,764,256				1,195,182	1,195,182	1,299,284		
Total primary government	\$ 18,530,323	\$ 6,456,472	\$ 1,978,764	\$ 572,665	(10,717,604)	1,195,182	(9,522,422)	(8,063,658)		
Component Unit:										
Housing Authority	453,953		480,805						26,852	(7,055)
Total component unit	453,953		480,805						26,852	(7,055)
General revenues:										
Property taxes										
General purposes					3,032,274		3,032,274	2,681,803		
Debt service					1,226,854		1,226,854	1,473,517		
Tax Increments					1,743,849		1,743,849	1,714,679		
Other taxes					292,900		292,900	234,487		
Federal and State aid not restricted for specific purposes										
General					2,589,826		2,589,826	2,587,049		
Interest and investment earnings					132,741	85,700	218,441	119,433	52	60
Loss on sale/disposal of fixed assets					(271,384)		(271,384)	(380,454)		
Miscellaneous					43,398	18,753	62,151	44,875		
Transfers					407,005	(407,005)				
Total general revenues					9,197,463	(302,552)	8,894,911	8,475,389	52	60
Changes in net position										
					(1,520,141)	892,630	(627,511)	411,731	26,904	(6,995)
Net position - beginning of year, as previously reported										
					41,562,601	26,061,740	67,624,341	67,032,975	17,204	24,199
Prior period adjustments										
					(671,766)	(252,178)	(923,944)	179,635		
Net position - beginning of year, restated										
					40,890,835	25,809,562	66,700,397	67,212,610	17,204	24,199
Net position-end of year										
	\$ 39,370,694	\$ 26,702,192	\$ 66,072,886	\$ 67,624,341	\$	\$ 44,108	\$ 17,204	\$	\$	\$

Exhibit A-3  
City of Platteville, Wisconsin  
Balance Sheet  
Governmental Funds  
December 31, 2018

(With summarized financial information as of December 31, 2017)

	General	Capital Projects	Community Development Block Grant	TIF No. 7
<b>ASSETS</b>				
Cash and investments	\$ 5,574,080	\$ 365,748	\$ 68,277	\$ 587,221
Restricted cash and investments		162,359		41,758
Receivables:				
Taxes	2,755,694			395,256
Other accounts	175,835	1,020		
Other governments	333,760	6,652		
Special assessments	9,155			
Mortgages			1,416,198	
Loans	244,375			
Inventory				
Due from other funds	419,547			
Advances to other funds	790,839			
<b>Total assets</b>	<b>\$ 10,303,285</b>	<b>\$ 535,779</b>	<b>\$ 1,484,475</b>	<b>\$ 1,024,235</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 362,924	\$ 120,891		\$ 462
Accrued payroll	172,103			
Due to other funds	13,954		17	
Advances from other funds				1,279,788
Unearned revenue	400			
Deposits	460			
<b>Total liabilities</b>	<b>549,841</b>	<b>120,891</b>	<b>17</b>	<b>1,280,250</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenues	5,265,422		1,416,198	395,256
<b>FUND BALANCES</b>				
Nonspendable	799,482			
Restricted	415,542	162,359	68,260	41,758
Assigned	689,492	252,529		
Unassigned (deficit)	2,583,506			(693,029)
<b>Total fund balance</b>	<b>4,488,022</b>	<b>414,888</b>	<b>68,260</b>	<b>(651,271)</b>
<b>Total liabilities, deferred outflow of resources and fund balance</b>	<b>\$ 10,303,285</b>	<b>\$ 535,779</b>	<b>\$ 1,484,475</b>	<b>\$ 1,024,235</b>

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

Other Governmental Funds	Total Governmental Funds	
	2018	2017
\$ 1,071,472	\$ 7,666,798	\$ 6,636,440
	204,117	175,986
1,689,376	4,840,326	4,327,546
14,747	191,602	315,091
76,025	416,437	799,324
	9,155	11,911
71,813	1,488,011	1,704,899
265,455	509,830	536,443
29,534	29,534	15,345
	419,547	423,056
76,712	867,551	1,024,406
<u>\$ 3,295,134</u>	<u>\$ 16,642,908</u>	<u>\$ 15,970,447</u>
\$ 59,794	\$ 544,071	\$ 558,904
124	172,227	172,445
12,525	26,496	33,002
508,763	1,788,551	1,945,406
237	637	8,879
	460	290
<u>581,443</u>	<u>2,532,442</u>	<u>2,718,926</u>
<u>2,026,644</u>	<u>9,103,520</u>	<u>8,803,245</u>
106,246	905,728	1,043,872
1,013,862	1,701,781	1,648,002
	942,021	709,600
(433,061)	1,457,416	1,046,802
<u>687,047</u>	<u>5,006,946</u>	<u>4,448,276</u>
<u>\$ 3,295,134</u>	<u>\$ 16,642,908</u>	<u>\$ 15,970,447</u>

Exhibit A-4  
City of Platteville, Wisconsin  
Reconciliation of the Governmental Funds Balance Sheet  
with the Statement of Net Position  
December 31, 2018  
(With summarized financial information as of December 31, 2017)

	2018	2017
Total fund balances-governmental funds:	\$ 5,006,946	\$ 4,448,276
<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	88,965,572	87,459,150
Governmental accumulated depreciation	(31,662,926)	(29,009,061)
	57,302,646	58,450,089
<p>The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements</p>		
	798,700	
<p>Pension and OPEB deferred outflows and inflows of resources are actuarially determined by the plans. These items are reflected in the statement of net position and are being amortized with pension and OPEB 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	1,516,866	1,737,583
Deferred inflows of resources	(1,576,980)	(700,238)
<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	1,997,841	2,241,341
Subsequent year tax equivalent from utility	407,005	400,316
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:</p>		
Bonds and notes payable	(21,585,415)	(20,572,865)
Tax increment revenue bonds	(2,917,031)	(3,392,936)
Bond premium	(205,809)	(207,630)
Accrued interest	(216,809)	(179,048)
OPEB - group life insurance plan	(225,758)	(183,780)
OPEB - City health insurance plan	(549,348)	(502,132)
Net pension liability		(222,657)
Compensated absences	(382,160)	(425,484)
Net position of governmental activities	\$ 39,370,694	\$ 40,890,835

Exhibit A-5  
City of Platteville, Wisconsin  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2018  
(With summarized financial information for the year ended December 31, 2017)

	General	Capital Projects	Community Development Block Grant	TIF No. 7
<b>REVENUES</b>				
Taxes	\$ 2,878,536	\$ 405,000	\$	\$ 156,336
Special assessments	10,429			
Intergovernmental	4,066,790	26,574		13,154
Licenses and permits	215,773			
Fines and forfeitures	174,657			
Public charges for services	795,390	115,028		82,176
Interest income	101,033		1,111	778
Loan repayments	12,565		216,888	
Miscellaneous	152,075			
<b>Total revenues</b>	<b>8,407,248</b>	<b>546,602</b>	<b>217,999</b>	<b>252,444</b>
<b>EXPENDITURES</b>				
Current:				
General government	1,188,708			
Public safety	3,081,498			
Public works	1,354,207			
Health and social services	124,869			
Leisure activities	1,825,671			
Conservation and development	333,476		28	1,643,097
Capital outlay	206,772	2,171,899		
Debt service:				
Principal retirement				200,000
Interest and fiscal charges				143,175
Debt issuance costs		33,308		
<b>Total expenditures</b>	<b>8,115,201</b>	<b>2,205,207</b>	<b>28</b>	<b>1,986,272</b>
Excess (deficiency) of revenues over over expenditures	292,047	(1,658,605)	217,971	(1,733,828)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt proceeds		1,245,000		1,300,000
Other financing source—refunding bonds				
Current refunding of debt principal				
Debt premium				
Payment to bond escrow agents				
Proceeds from sale of capital assets	91,325	101,000		
Transfer to other funds	(619,615)	(17,384)	(200,000)	
Transfer from other funds	17,384	552,959		726,327
Transfer from utility-tax equivalent	400,316			
<b>Total other financing sources (uses)</b>	<b>(110,590)</b>	<b>1,881,575</b>	<b>(200,000)</b>	<b>2,026,327</b>
Net change in fund balances	181,457	222,970	17,971	292,499
Fund balance-beginning of year	4,306,565	191,918	50,289	(943,770)
Fund balance-end of year	<b>\$ 4,488,022</b>	<b>\$ 414,888</b>	<b>\$ 68,260</b>	<b>\$ (651,271)</b>

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



Other Governmental Funds	Total Governmental Funds	
	2018	2017
\$ 2,856,005	\$ 6,295,877	\$ 6,104,486
	10,429	8,964
509,106	4,615,624	4,592,746
	215,773	238,086
10,141	184,798	154,634
416,860	1,409,454	1,176,665
26,170	129,092	74,990
50,413	279,866	376,009
4,114	156,189	571,759
<u>3,872,809</u>	<u>13,297,102</u>	<u>13,298,339</u>
	1,188,708	1,103,913
	3,081,498	3,127,012
971,342	2,325,549	2,273,567
	124,869	100,126
496	1,826,167	1,758,770
57,912	2,034,513	606,229
236,885	2,615,556	2,658,193
1,808,355	2,008,355	2,441,655
493,253	636,428	653,818
18,214	51,522	130,025
<u>3,586,457</u>	<u>15,893,165</u>	<u>14,853,308</u>
286,352	(2,596,063)	(1,554,969)
	2,545,000	1,375,000
1,720,000	1,720,000	2,975,000
(1,720,000)	(1,720,000)	
17,092	17,092	194,651
		(3,060,344)
	192,325	2,750
(529,732)	(1,366,731)	(583,158)
70,061	1,366,731	583,158
	400,316	389,292
<u>(442,579)</u>	<u>3,154,733</u>	<u>1,876,349</u>
(156,227)	558,670	321,380
843,274	4,448,276	4,126,896
<u>\$ 687,047</u>	<u>\$ 5,006,946</u>	<u>\$ 4,448,276</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, 2018  
(With summarized financial information for the year ended December 31, 2017)

	2018	2017
Net change in fund balances-total governmental funds	\$ 558,670	\$ 321,380
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	2,494,214	2,195,271
Depreciation expenses reported in the statement of activities	<u>(3,177,948)</u>	<u>(3,000,009)</u>
Amount by which capital outlays are greater (less) than depreciation in the current period	(683,734)	(804,738)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/decrease net position:	(463,709)	(343,205)
Compensated absences and OPEB are reported in the governmental funds when amounts are paid. The statement of activities reports the amount earned during the year.		
Change in OPEB - group life insurance plan liability and related deferred outflows and inflows of resources	(22,151)	
Change in OPEB - City health insurance plan liability and related deferred outflows and inflows of resources	(26,352)	
Change in compensated absences	43,324	3,526
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities		
The amount of long-term debt principal payments in the current year is:	3,728,355	5,421,655
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	(4,265,000)	(4,350,000)
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	(267,136)	(357,918)
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	23,636	17,758

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, 2018  
(With summarized financial information for the year ended December 31, 2017)

	2018	2017
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	(17,092)	(194,651)
Amount of debt premium amortized in the current year	18,913	7,410
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	(400,316)	(389,292)
Current year utility tax equivalent recognized as a transfer in for the statement of activities	407,005	400,316
	6,689	11,024
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	636,428	653,818
The amount of interest accrued during the current period	(674,189)	(683,009)
Interest paid is greater (less) than interest expensed by	(37,761)	(29,191)
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	(116,793)	(249,254)
Change in net position-governmental activities	\$ (1,520,141)	\$ (546,204)

Exhibit A-7  
City of Platteville, Wisconsin  
Statement of Net Position  
Proprietary Funds  
December 31, 2018

(With summarized financial information as of December 31, 2017)

	Water and Sewer Utility	
	2018	2017
<b>ASSETS</b>		
Current assets:		
Cash	\$ 1,449,676	\$ 1,740,211
Petty cash	200	200
Customer accounts receivable	716,459	756,041
Other accounts receivable	5,415	3,752
Due from other funds	13,954	10,262
Inventories	33,939	27,918
Total current assets	2,219,643	2,538,384
Noncurrent assets:		
Restricted assets:		
Net pension asset	152,449	
Cash and Investments:		
Replacement fund	2,282,301	2,213,488
Depreciation fund	831,118	822,215
Debt reserve fund	1,052,977	1,048,595
Total restricted assets	4,318,845	4,084,298
Capital assets:		
Property and plant	52,820,360	51,577,894
Less: accumulated provision for depreciation	17,645,423	17,098,320
Net property and plant	35,174,937	34,479,574
Other assets:		
Advances due from other funds	921,000	920,999
Total noncurrent assets	40,414,782	39,484,871
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension outflows	278,189	327,967
OPEB - Group life insurance plan outflows	10,074	
OPEB - City health insurance plan outflows	12,422	
Unamortized well rehabilitation costs		15,602
Total deferred outflows of resources	300,685	343,569
Total assets and deferred outflows of resources	\$ 42,935,110	\$ 42,366,824

Exhibit A-7 (Continued)  
City of Platteville, Wisconsin  
Statement of Net Position  
Proprietary Funds  
December 31, 2018

(With summarized financial information as of December 31, 2017)

	Water and Sewer Utility	
	2018	2017
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 357,544	\$ 113,895
Accrued payroll	37,155	28,757
Accrued interest	76,684	79,692
Current portion of:		
Revenue bonds	754,305	741,961
Compensated absences	10,518	4,401
Due to other funds	407,005	400,316
Total current liabilities	1,643,211	1,369,022
 Non-current liabilities		
Revenue bonds	14,351,279	15,093,240
Unamortized bond premium	271,942	290,695
Net pension liability		42,371
OPEB - Group life insurance plan	88,100	
OPEB - City health insurance plan	203,184	
Compensated absences	138,113	122,864
Less current portion of long-term debt	(764,823)	(746,362)
Total non-current liabilities	14,287,795	14,802,808
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension inflows	300,130	133,254
OPEB - Group life insurance plan inflows	1,782	
Total deferred inflows of resources	301,912	133,254
 <b>NET POSITION</b>		
Net investment in capital assets	20,551,716	19,386,334
Restricted	4,166,396	5,063,576
Unrestricted	1,984,080	1,611,830
Total net position	26,702,192	26,061,740
Total liabilities, deferred inflows of resources, and net position	\$ 42,935,110	\$ 42,366,824

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, 2018  
(With summarized financial information for the year ended December 31, 2017)

	Water	Sewer	Total	
			2018	2017
<b>OPERATING REVENUES</b>				
Metered sales	\$ 1,325,874	\$	\$ 1,325,874	\$ 1,324,227
Private fire protection	88,247		88,247	87,659
Public fire protection	619,517		619,517	618,301
Public authorities	248,413		248,413	232,546
Measured sewer service		2,296,662	2,296,662	2,448,598
Forfeited discounts	7,598	7,858	15,456	15,371
Miscellaneous	153,449	16,638	170,087	165,002
	<u>2,443,098</u>	<u>2,321,158</u>	<u>4,764,256</u>	<u>4,891,704</u>
<b>OPERATING EXPENDITURES</b>				
Pumping expenses	191,279		191,279	177,230
Treatment expenses	99,447	451,386	550,833	520,189
Transmission and distribution	214,853		214,853	226,976
Customer accounts expense	42,968	11,904	54,872	46,685
Administrative and general	297,976	420,635	718,611	763,841
Rent	1,080	7,841	8,921	8,704
Transportation expenses		26,030	26,030	22,943
Maintenance of sewage system		148,845	148,845	138,934
Depreciation	517,970	603,075	1,121,045	1,135,251
Taxes	11,789	49,359	61,148	61,750
	<u>1,377,362</u>	<u>1,719,075</u>	<u>3,096,437</u>	<u>3,102,503</u>
Operating income	<u>\$ 1,065,736</u>	<u>\$ 602,083</u>	<u>1,667,819</u>	<u>1,789,201</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
*Interest and dividends on investments			85,700	40,214
*Interest expense			(472,637)	(489,917)
*Amortization of debt premium			18,753	18,753
*Transfer of tax equivalent			(407,005)	(400,316)
			<u>(775,189)</u>	<u>(831,266)</u>
Change in net position			<u>892,630</u>	<u>957,935</u>
Net position - beginning of year, as previously reported			26,061,740	24,924,170
Prior period adjustments			(252,178)	179,635
Net position - beginning of year, restated			<u>25,809,562</u>	<u>25,103,805</u>
Net position-end of year			<u>\$ 26,702,192</u>	<u>\$ 26,061,740</u>
* Not allocated				

Exhibit A-9  
City of Platteville, Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2018  
(With summarized financial information for the year ended December 31, 2017)

	2018	2017
<b>CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES</b>		
Received from customers	\$ 4,802,175	\$ 4,838,422
Payments to employees	(756,013)	(668,426)
Payment for employee benefits	(348,168)	(361,178)
Payment to suppliers	(852,733)	(863,079)
	2,845,261	2,945,739
<b>CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES</b>		
Paid to municipality for tax equivalent	(407,005)	(400,316)
	(407,005)	(400,316)
<b>CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(1,514,787)	(1,202,732)
Debt retired	(741,961)	(704,789)
Interest paid	(475,645)	(492,427)
	(2,732,393)	(2,399,948)
<b>CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES</b>		
Purchase of investments	(1,750,837)	(3,754,501)
Receipt of investments maturing	1,854,501	500,000
Investment income	85,700	40,214
	189,364	(3,214,287)
Net cash flows from (used by) from investing activities	189,364	(3,214,287)
Net change in cash and cash equivalents	(104,773)	(3,068,812)
Cash and cash equivalents - beginning of year	2,070,208	5,139,020
Cash and cash equivalents - end of year	\$ 1,965,435	\$ 2,070,208
<b>Reconciliation of cash and cash equivalents to statement of net position accounts</b>		
Cash	\$ 1,449,676	\$ 1,740,211
Petty cash	200	200
Restricted cash and investments	4,166,396	4,084,298
Less: long-term investments	(3,650,837)	(3,754,501)
	\$ 1,965,435	\$ 2,070,208
Total cash and cash equivalents	\$ 1,965,435	\$ 2,070,208

Exhibit A-9 (Continued)  
City of Platteville, Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2018  
(With summarized financial information for the year ended December 31, 2017)

	2018	2017
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 1,667,819	\$ 1,789,201
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,121,045	1,135,251
Pension expense	21,834	110,304
Life insurance OPEB expense	8,645	
Health insurance OPEB expense	9,747	
Amortization of major repairs	15,602	15,601
Changes in assets and liabilities:		
(Increase) decrease in customer accounts receivable	39,582	(51,983)
(Increase) decrease in other accounts receivable	(1,663)	(1,299)
(Increase) decrease in due from other funds	(3,693)	(2,306)
(Increase) decrease in inventories	(6,021)	2,667
Increase (decrease) in accounts payable	(57,972)	(34,588)
Increase (decrease) in accrued payroll	8,398	500
Increase (decrease) in due other funds	6,689	11,023
Increase (decrease) in compensated absences	15,249	(28,632)
	<b>\$ 2,845,261</b>	<b>\$ 2,945,739</b>
Net cash provided by operating activities	<b>\$ 2,845,261</b>	<b>\$ 2,945,739</b>



Exhibit A-10  
City of Platteville, Wisconsin  
Statement of Net Position  
Fiduciary Funds  
December 31, 2018

(With summarized financial information as of December 31, 2017)

	Tax Collection Fund	Total	
		2018	2017
<b>ASSETS</b>			
Cash and investments	\$ 3,580,687	\$ 3,580,687	\$ 3,641,336
Taxes receivable	5,243,968	5,243,968	5,084,462
Total assets	\$ 8,824,655	\$ 8,824,655	\$ 8,725,798
<b>LIABILITIES</b>			
Due to other taxing units	\$ 8,824,655	\$ 8,824,655	\$ 8,725,798
Total liabilities	\$ 8,824,655	\$ 8,824,655	\$ 8,725,798

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Platteville, Wisconsin  
December 31, 2018  
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City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

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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, 2018

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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.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

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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. 5 – Accounts for the activity of tax incremental district No. 5, 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.

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

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

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, 2018

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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, 2018

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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, 2018

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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 statement of net position.

Property tax calendar - 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale- 2018 delinquent real estate taxes	October 2021

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, 2018

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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 three years. 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, 2018

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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, 2018 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 \$24,079,080, 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, 2018

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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, 2018

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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, 2017, 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. Other Postemployment Benefits

*Group life insurance plan*

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*City health insurance plan*

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information of the City's Other Postemployment Benefit Plan (the Plan) has been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. 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 items that qualify for reporting in this category. The deferred outflows of resources were derived from the OPEB plans and the WRS pension system.

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 items that qualify for reporting in this category. Deferred inflows of resources related to the OPEB plans are discussed in Note 7 and 8, deferred inflows of resources related to the WRS pension system are discussed in Note 9, and the remaining deferred inflows of resources are discussed in Note 14.

T. Change in Accounting Principle

Effective January 1, 2018, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Implementation of GASB 75 required net position in the governmental activities and business-type activities to be decreased by \$671,766 and \$252,178, respectively.

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

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

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

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

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

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

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NOTE 3

CASH AND INVESTMENTS

At December 31, 2018, the cash and investments included the following:

Deposits with financial institutions	\$ 8,259,057
Wisconsin Local Government Investment Pool	8,807,549
Petty cash	1,268
Total	<u>\$ 17,067,874</u>

Cash and investments as of December 31, 2018 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 9,116,674
Restricted cash and investments	4,370,513
Exhibit A-10:	
Cash and investments	<u>3,580,687</u>
Total cash and investments	<u>\$ 17,067,874</u>

Investments Authorized by Wisconsin State Statutes

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

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, 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.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

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
Certificates of deposit	\$ 5,193,175	\$ 3,129,680	\$ 2,063,495
Local Government Investment Pool	8,807,549	8,807,549	
Totals	\$ 14,000,724	\$ 11,937,229	\$ 2,063,495

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, 2018, the City's investments were rated as follows:

	Amount	Rating
Wisconsin Local Government Investment Pool	\$ 8,807,549	Not Rated

Custodial Credit Risk

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

*Federal Deposit Insurance Corporation (FDIC) Insurance*

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

*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.



City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

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, 2018, \$5,502,239 of the City's deposits were insured by the FDIC or NCUA, \$817,684 were insured by a federal home loan bank letter of credit, and \$1,206 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.

*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, 2018, 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, 2018 was: 87.25% in U.S. Government Securities, 2.19% in Bankers' Acceptances and 10.56% 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, 2018

NOTE 4

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance 1/1/18	Additions	Deletions	Balance 12/31/18
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 3,577,792	\$	\$ (36,794)	\$ 3,540,998
Construction in progress	39,336	565,996	(15,504)	589,828
Total capital asset not being depreciated	<u>3,617,128</u>	<u>565,996</u>	<u>(52,298)</u>	<u>4,130,826</u>
Other capital assets				
Land improvements	3,621,841			3,621,841
Buildings and improvements	9,550,768	12,420	(264,069)	9,299,119
Machinery and equipment	5,106,629	276,834	(147,028)	5,236,435
Vehicles	4,216,261	543,964	(173,834)	4,586,391
Infrastructure	61,346,523	1,215,749	(471,312)	62,090,960
Total other capital assets at historical costs	<u>83,842,022</u>	<u>2,048,967</u>	<u>(1,056,243)</u>	<u>84,834,746</u>
Less accumulated depreciation for:				
Land improvements	767,837	163,976		931,813
Buildings and improvements	4,217,049	212,080	(139,126)	4,290,003
Machinery and equipment	2,072,659	450,278	(58,619)	2,464,318
Vehicles	2,358,702	254,659	(173,834)	2,439,527
Infrastructure	19,592,814	2,096,955	(152,504)	21,537,265
Total accumulated depreciation	<u>29,009,061</u>	<u>3,177,948</u>	<u>(524,083)</u>	<u>31,662,926</u>
Net other capital assets	<u>54,832,961</u>	<u>(1,128,981)</u>	<u>(532,160)</u>	<u>53,171,820</u>
Total net capital assets	<u>\$ 58,450,089</u>	<u>\$ (562,985)</u>	<u>\$ (584,458)</u>	<u>\$ 57,302,646</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 55,730
Public safety	274,686
Transportation, which includes the depreciation of infrastructure	2,439,374
Leisure activities	398,717
Health and human services	5,522
Industrial development	3,919
Total governmental activities depreciation expense	<u>\$ 3,177,948</u>

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 4

CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	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	40,438			40,438
Construction in progress	109,181	458,189	(109,181)	458,189
Total capital assets not being depreciated	<u>158,597</u>	<u>458,189</u>	<u>(109,181)</u>	<u>507,605</u>
Capital assets being depreciated:				
Water:				
Source of supply	765,539			765,539
Pumping	2,067,302	14,450	(2,500)	2,079,252
Water treatment	1,413,694			1,413,694
Transmission and distribution	19,089,646	582,749	(67,176)	19,605,219
General plant	784,240	21,059	(9,678)	795,621
Sewer:				
Collection system	15,790,408	505,067	(34,092)	16,261,383
Treatment and disposal	10,285,831	225,652	(265,671)	10,245,812
General plant	1,222,637	118,423	(194,825)	1,146,235
Total capital assets being depreciated	<u>51,419,297</u>	<u>1,467,400</u>	<u>(573,942)</u>	<u>52,312,755</u>
Less: accumulated depreciation for:				
Water:				
Source of supply	248,475	21,906		270,381
Pumping	979,419	64,222	(2,500)	1,041,141
Water treatment	367,864	44,206		412,070
Transmission and distribution	4,196,108	366,847	(67,176)	4,495,779
General plant	603,627	59,167	(9,678)	653,116
Sewer:				
Collection system	1,788,014	188,280	(34,092)	1,942,202
Treatment and disposal	8,066,859	287,827	(265,671)	8,089,015
General plant	847,954	88,590	(194,825)	741,719
Total accumulated depreciation	<u>17,098,320</u>	<u>1,121,045</u>	<u>(573,942)</u>	<u>17,645,423</u>
Net capital assets being depreciated	<u>34,320,977</u>	<u>346,355</u>		<u>34,667,332</u>
Total net capital assets	<u>\$ 34,479,574</u>	<u>\$ 804,544</u>	<u>\$ (109,181)</u>	<u>\$ 35,174,937</u>

Depreciation expense consisted of the following:

**Business-Type Activities:**

Water and sewer depreciation (Per Exhibit A-8) \$ 1,121,045

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 5

LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018 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	\$ 20,572,865	\$ 2,545,000	\$ (1,532,450)	\$ 21,585,415	\$ 1,747,017
Tax increment revenue bonds	3,392,936	1,720,000	(2,195,905)	2,917,031	310,375
Other liabilities:					
Compensated absences	425,484		(43,324)	382,160	66,367
Total governmental activities					
long-term liabilities	<u>\$ 24,391,285</u>	<u>\$ 4,265,000</u>	<u>\$ (3,771,679)</u>	<u>\$ 24,884,606</u>	<u>\$ 2,123,759</u>
<b><u>Business-type Activities</u></b>					
Revenue bonds	\$ 15,093,240		\$ (741,961)	\$ 14,351,279	\$ 754,305
Other liabilities:					
Compensated absences	122,864	15,249		138,113	10,518
Total business-type activities					
long-term liabilities	<u>\$ 15,216,104</u>	<u>\$ 15,249</u>	<u>\$ (741,961)</u>	<u>\$ 14,489,392</u>	<u>\$ 764,823</u>

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, 2018 was \$34,711,400. Total general obligation debt outstanding at year-end was \$21,585,415. City policy limits general obligation indebtedness to 3.5% of the equalized value of taxable property within the city's jurisdiction, or \$24,297,980. As of December 31, 2018, 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, 2018

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2018
<u>Governmental Activities</u>					
General obligation debt:					
General obligation bonds	3/7/2012	3/1/2023	2.0-3.0%	\$ 1,725,000	\$ 1,250,000
General obligation notes	3/28/2013	10/1/2021	2.0-2.25	935,000	300,000
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	2,975,000
General obligation notes	2/12/2014	10/1/2020	2.00	5,000,000	920,000
General obligation notes	4/6/2015	4/6/2022	1.98	172,000	145,415
General obligation bonds	12/29/2015	3/1/2033	1.625-3.8	3,790,000	3,560,000
General obligation bonds	6/2/2016	12/1/2025	1.0-1.85	2,520,000	2,300,000
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	2.5-3.0	2,975,000	2,975,000
State trust fund loan	4/27/2018	3/15/2038	4.00	1,300,000	1,300,000
General obligation bonds	5/10/2018	3/1/2026	3.0-3.25	1,245,000	1,245,000
Total governmental activities – general obligation debt					<u><u>\$ 21,585,415</u></u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		
	Principal	Interest	Total
2019	\$ 1,747,017	\$ 578,669	\$ 2,325,686
2020	1,642,882	537,089	2,179,971
2021	2,019,978	499,111	2,519,089
2022	2,215,927	446,737	2,662,664
2023	2,160,863	391,379	2,552,242
2024-2028	8,046,282	1,241,022	9,287,304
2029-2033	2,928,467	401,991	3,330,458
2034-2038	823,999	73,963	897,962
Totals	<u><u>\$ 21,585,415</u></u>	<u><u>\$ 4,169,961</u></u>	<u><u>\$ 25,755,376</u></u>

As of December 31, 2018, there is \$162,359 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.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Tax Increment Revenue Bonds

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

Tax increment revenue bonds payable at December 31, 2018 consist of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2018
Tax increment revenue bonds	9/12/2013	9/12/2026	4.303%	\$ 2,000,000	\$ 1,359,356
Tax increment revenue bonds	3/29/2018	3/31/2023	2.49%	1,720,000	1,557,675
Total governmental activities – tax increment revenue bonds					\$ 2,917,031

Debt service requirements to maturity are as follows:

Years	Governmental Activities Tax Increment Revenue Debt		
	Principal	Interest	Total
2019	\$ 310,375	\$ 77,729	\$ 388,104
2020	318,593	69,510	388,103
2021	327,212	60,891	388,103
2022	336,138	51,965	388,103
2023	345,444	42,659	388,103
2024-2026	1,279,269	71,505	1,350,774
Totals	\$ 2,917,031	\$ 374,259	\$ 3,291,290

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, 2018 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2018
Clean water revenue bonds	12/10/2008	5/1/2028	2.339%	\$ 2,473,498	\$ 1,389,313
Clean water revenue bonds	11/1/2010	5/1/2030	2.428	3,964,010	2,601,966
Revenue bonds	3/7/2012	5/1/2032	3.0-4.0	6,750,000	5,575,000
Revenue bonds	6/24/2015	5/1/2035	2.0-4.0	5,425,000	4,785,000
Total					\$ 14,351,279

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements to maturity are as follows:

Years	Business-type Activities		
	Revenue Debt		
	Principal	Interest	Total
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	885,483	368,536	1,254,019
2024-2028	4,870,440	1,432,735	6,303,175
2029-2033	4,692,290	539,052	5,231,342
2034-2035	710,000	28,400	738,400
Totals	\$ 14,351,279	\$ 4,070,401	\$ 18,421,680

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, 2018, the "net revenues" of the system were \$2,884,311 or 2.38 times the annual debt service requirement.

Other Debt Information

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

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 6

LONG-TERM ADVANCES

The following is a schedule of interfund advances at December 31, 2018:

Receivable Fund	Payable Fund	Amount
Debt service	Airport	\$ 76,712
General	TIF #7	424,340
General	TIF #6	366,499
Water and sewer utility	TIF #6	65,552
Water and sewer utility	TIF #7	855,448
	Total	\$ 1,788,551

On December 31, 2018 the airport was obligated to the debt service fund for \$76,712 on long-term advances for improvements which matures as follows:

Year	Principal	Interest	Total
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	\$ 76,712	\$ 8,788	\$ 85,500

The final payment on the \$76,712 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

OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER LIFE INSURANCE PLAN

**Plan description.** The Local Retiree Life Insurance Fund (LRLIF) is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

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

**Benefits provided.** The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.



City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER LIFE INSURANCE PLAN (CONTINUED)**

**Contributions.** The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member’s working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2018 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are as listed below:

<b>Life Insurance Employee Contribution Rates For the year ended December 31, 2017</b>	
Attained Age	Basic
Under 30	\$0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$1,981 in contributions from the employer.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs***

At December 31, 2018, the LRLIF Employer reported a liability (asset) of \$313,858 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 OPEB liability (asset) was based on the City’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the City’s proportion was .10432100%, which was a decrease of .000915% from its proportion measured as of December 31, 2016.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER LIFE INSURANCE PLAN (CONTINUED)**

For the year ended December 31, 2018, the City recognized OPEB expense of \$32,916.

OPEB 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 OPEB plan made by the proprietary fund and business-type activities relative to the total contributions made by the City.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	\$ 4,422
Changes of assumptions	30,329	
Net differences between projected and actual earnings on OPEB plan investments	3,614	
Changes in proportion and differences between employer contributions and proportionate share of contributions		1,926
Employer contributions subsequent to the measurement date	1,948	
Totals	\$ 35,891	\$ 6,348

\$1,948 reported as deferred outflows related to OPEB resulting from the City employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<b>Net Outflows (Inflows) of Resources</b>
Year ended December 31:	
2019	\$ 4,576
2020	4,576
2021	4,576
2022	4,576
2023	3,672
Thereafter	5,619
Total	\$ 27,595

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

**Actuarial assumptions.** The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	3.44%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	3.63%
Salary Increases	
Inflation:	3.20%
Seniority/Merit:	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

**Long-term expected Return on Plan Assets.** The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**Local OPEB Life Insurance  
Asset Allocation Targets and Expected Returns  
As of December 31, 2017**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65%	2.61%
US Long Credit Bonds	Barclays Long Credit	3%	3.08%
US Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

**Single Discount rate.** A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
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NOTE 7 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

***Sensitivity of the City’s proportionate share of the net OPEB liability (asset) to changes in the discount rate.*** The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.63 percent, as well as what the City’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	<b>1% Decrease to Discount Rate (2.63%)</b>	<b>Current Discount Rate (3.63%)</b>	<b>1% Increase to Discount Rate (4.63%)</b>
City’s proportionate share of the net OPEB liability (asset)	\$443,601	\$313,858	\$214,294

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

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN

The City of Platteville implemented GASB Statement No. 75, “Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions” for the year ended December 31, 2018. This implementation requires reporting of an actuarially determined other post-employment benefits liability for the present value of projected future benefits for retired and active employees.

***Plan Description*** – The City operates a single-employer retiree benefit plan that provides postemployment health insurance benefits to eligible employees. Benefits and eligibility are established and amended by the City Council. The plan does not issue stand-alone financial statements. Current approved benefits are as follows:

**Employees Retiring from the City that are also eligible for the Wisconsin Retirement System:** Retirees may choose to remain on the City’s group medical plan until age 65 provided they self-pay the full (100%) amount of all required premiums. Eligible retirees also receive an HRA benefit for reimbursement of a portion of the high deductible health plan up to \$1,100 for single and \$2,200 for family coverage.

**Funding Policy** – The City will fund the OPEB with a pay-as-you go basis.

**Employees Covered by Benefit Terms** – At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	68
	<u>78</u>

**Total OPEB Liability** – The City’s total OPEB Liability of \$752,532 was measured at December 31, 2017, and was determined by an actuarial valuation as of December 31, 2017.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN (CONTINUED)**

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	December 31, 2017
Measurement date	December 31, 2017
Actuarial cost method	Entry age normal (level percent of salary)
Inflation	2.5 percent
Salary increases	3.0 percent, average, including inflation
Discount rate	3.5 percent
Healthcare cost trend rates	4.50% in the first year then 7.0% decreasing by 0.50% per year down to 6.50%, then down by 0.10% per year down to 5.0%, and level thereafter
Retirees' share of benefit-related costs	Retirees are responsible for the full (100%) amount of premiums.

The discount rate is based on the Bond Buyer Go 20-Year AA Bond Index published by the Federal Reserve for the week at the beginning of the measurement period.

Mortality rates were based on the Wisconsin 2012 Mortality Table.

The actuarial assumptions used in the December 31, 2017 valuation were based on a study conducted in 2015 using the Wisconsin Retirement System (WRS) experience from 2012-2014.

***Changes in the Total OPEB Liability:***

	<u>Total OPEB Liability</u>
<b>Balance at 12/31/2016</b>	<u>\$ 687,852</u>
<b>Changes for the year:</b>	
Service cost	57,334
Interest	24,773
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	<u>(17,427)</u>
<b>Net Changes</b>	<u>64,680</u>
<b>Balance at 12/31/2017</b>	<u><u>\$ 752,532</u></u>

There were no changes of benefit terms.

There were no changes of assumptions.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN (CONTINUED)

**Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

		1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	12/31/2017	\$ 800,400	\$ 752,532	\$ 707,268

**Sensitivity of the total OPEB liability to changes in healthcare cost trend rates**

The following represents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.0 decreasing to 6.0 percent) than the current healthcare cost trend rates:

		1% Decrease (3.5% in First Year, then 6.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (4.5% in First Year, then 7.0% decreasing to 5.0%)	1% Increase (5.5% in First Year, then 8.0% decreasing to 6.0%)
Total OPEB Liability	12/31/2017	\$ 688,899	\$ 752,532	\$ 827,948

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended December 31, 2018, the City recognized OPEB expense of \$82,107.

OPEB 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 OPEB plan made by the proprietary fund and business-type activities relative to the total contributions made by the City.

At December 31, 2018 the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ -
Changes of assumptions or other inputs	-	-
Contributions after the measurement date	46,008	-
Total	<u>\$ 46,008</u>	<u>\$ -</u>

\$46,008 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019. There are no other amounts reported as deferred outflows of resources or deferred inflows of resources related to pension that will be recognized in pension expense in future years.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

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NOTE 9

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>.

**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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

City of Platteville, Wisconsin  
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NOTE 9

DEFINED BENEFIT PENSION PLAN (CONTINUED)

**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
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)
2017	2.0	4.0

**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.

During the reporting period, the WRS recognized \$326,229 in contributions from the employer.

Contribution rates as of December 31, 2018 are:

	<u>2018</u>	
	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.7%	6.7%
Protective with social security	6.7%	10.7%
Protective without social security	6.7%	14.9%



City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 9

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At December 31, 2018, the City reported a liability (asset) of (\$951,149) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the City's proportion was 0.03203475%, which was a decrease of 0.00011961% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense of \$421,028.

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, 2018, 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	\$ 1,208,459	\$ 565,277
Changes of assumptions	187,928	
Net differences between projected and actual earnings on pension plan investments		1,307,267
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,356	
Employer contributions subsequent to the measurement date	318,909	
Total	\$ 1,735,652	\$ 1,872,544

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 9

DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$318,909 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, 2019. 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
2019	\$ 111,356
2020	(945)
2021	(322,504)
2022	(245,994)
2023	2,286
Total	\$ (455,801)

**Actuarial assumptions.** The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
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, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 9

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>			
<b>As of December 31, 2017</b>			
<u>Core Fund Asset Class</u>	<u>Asset Allocation</u> %	<u>Long-Term</u> <u>Expected Nominal</u> <u>Rate of Return %</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return %</u>
Global Equities	50	8.2	5.3
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

**Single Discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 9

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)	\$2,460,949	(\$951,149)	(\$3,544,450)

***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 10

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 11

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, 2018, the compensated absences consisted of:

Sick leave	\$ 443,388
Vacation	<u>76,885</u>
Total	<u>\$ 520,273</u>

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 12

TAX INCREMENTAL DISTRICTS

Transactions of the tax incremental district to December 31, 2018 are summarized below:

	<u>TIF #4</u>	<u>TIF #5</u>	<u>TIF #6</u>	<u>TIF #7</u>
Project expenditures to 12/31/18	\$ 4,275,879	\$ 11,441,872	\$ 8,744,453	\$ 11,224,252
Accumulated credits to project expenditures:				
Tax increments collected	2,733,243	9,768,570	2,879,502	1,027,162
Developer agreement payments			112,247	260,915
EDA grant	1,366,543		382,667	178,808
Community development block grant				909,276
SAG grant				150,000
Tax exempt computer aid	24,479	98,783	4,432	43,644
Interest income			215,010	91,223
Miscellaneous income	3,303	24,198	14,157	107,506
Transfer from other funds				1,304,447
Total accumulated credits	<u>4,127,568</u>	<u>9,891,551</u>	<u>3,608,015</u>	<u>4,072,981</u>
Excess of project expenditures over accumulated credits to 12/31/18	<u>\$ 148,311</u>	<u>\$ 1,550,321</u>	<u>\$ 5,136,438</u>	<u>\$ 7,151,271</u>
Notes payable				
outstanding 12/31/18	\$ 200,000	\$ 1,557,675	\$ 4,704,356	\$ 6,500,000
Fund balance (positive) 12/31/18	<u>(51,689)</u>	<u>(7,354)</u>	<u>432,082</u>	<u>651,271</u>
Project expenditures to be recovered subsequent to 12/31/18	<u>\$ 148,311</u>	<u>\$ 1,550,321</u>	<u>\$ 5,136,438</u>	<u>\$ 7,151,271</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

During the summer of 2019, the City intends to adopt an affordable housing resolution for District #4. The life of District #4 is expected to be extended until 4/15/2020. In addition, the life of District #6 is expected to be extended to allow additional time to recover its project costs.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 13

GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2018 includes the following:

**GOVERNMENTAL ACTIVITIES**

Net investment in capital assets	
Land and construction work in progress	\$ 4,130,826
Other capital assets, net of accumulated depreciation	53,171,820
Less: long-term capital debt outstanding	(20,835,316)
Less: unamortized bond premium	(205,809)
Total net investment in capital assets	36,261,521
Restricted for:	
Redevelopment authority	277,346
Housing conservation	84,488
Donor specified	312,334
Impact fees	103,208
Community development grant restricted	1,484,458
Library endowment	6,248
Perpetual care	558,827
Taxi/Bus	17,332
TIF expenditures	100,801
Total restricted	2,945,042
Unrestricted	164,131
Total governmental activities net position	\$ 39,370,694

**GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2018 includes the following:

**Nonspendable:**

**Major Funds:**

General Fund:

Advances to other funds	\$ 790,839
Delinquent taxes	8,643
Total Major Funds	799,482

**Non-Major Funds:**

Debt Service:

Advances to other funds	76,712
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Airport:

Fuel inventory	29,534
Total Non-Major Funds	106,246

Total nonspendable	\$ 905,728
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City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

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NOTE 13      GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONTINUED)

**GOVERNMENTAL FUND BALANCES (Continued)**

**Restricted:**

**Major Funds:**

General Fund:

Donor restricted:

Ice rink	\$	225
Parking spaces		16,528
Parks Beining Trust:		
Parks		17,990
Museum		44,303
Museum donations		32,755
New park		11,200
M. Harrison Trust		3,150
Swim team		18,335
Senior center bus		115
Legion Park Trust		28,575
Tree		2,102
Automated external defibrillator		321
Recreation scholarships		6,453
Family theatre		500
Fireworks		8,263
Splash playground		1,980
Police		10,359
Cyril Clayton Trust		9,787
Cemetery		5,691
Senior Center		91,124
Historic Preservation Community		984
Sports complex		40
Animal care		1,554
Park impact fees		103,208
Total General Fund		415,542
Capital projects		162,359
Community development block grant		68,260
TIF District No. 7		41,758
Total Major Funds		687,919

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 13      GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONTINUED)

**GOVERNMENTAL FUND BALANCES (Continued)**

**Restricted (Continued):**

**Non-Major Funds:**

Airport	202,432
Redevelopment authority	157,305
Perpetual care	558,827
Housing conservation	12,675
Library	6,248
Taxi/Bus	17,332
TIF District No. 4	51,689
TIF District No. 5	7,354
Total Non-Major Funds	1,013,862
Total restricted	\$ 1,701,781

**Assigned:**

**Major Funds:**

General Fund:

Police explorers	\$ 1,020
Museum funds	46,619
Fire department	3,253
Library building	18,448
Ambulance outlay	104,832
Ambulance services	2,265
Cemetery outlay	7,086
LED street lights	1,697
Stop light maintenance	3,939
Tree planting	1,300
Pool heat exchanger	7,000
Capital outlay	492,033
Capital Projects:	252,529
Total assigned	\$ 942,021

The following funds had (deficit) unassigned fund balances at December 31, 2018:

**Major Funds:**

TIF District No. 7	\$ (693,029)
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**Non-Major Funds:**

TIF District No. 6	(432,082)
Debt service	(979)
Total non-major funds	(433,061)
Total (deficit)	\$ (1,126,090)



City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

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NOTE 14

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, 2018 the various components of deferred inflows of resources reported in the governmental funds were as follows:

Property tax receivable and tax roll special charges	\$ 4,614,043
Tax increment receivable	2,084,631
Tax Equivalent	407,005
Loans receivable	509,830
Mortgages receivable	1,488,011
Total deferred inflows of resources for governmental funds	<u>\$ 9,103,520</u>

The mortgages receivable of \$1,488,011 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 \$509,830 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 15

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, 2018 was \$2,282,301.

Tax Incremental Financing and Capital Projects Fund Borrowed Funds

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

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 16

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	\$ 407,005	Tax Equivalent
General	Community Development Block Grant	17	Cash flow
General	Taxi/bus	12,525	Cash flow
	Total	<u>\$ 419,547</u>	
Enterprise Funds:			
Water and sewer	General Fund	<u>\$ 13,954</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	\$ 549,554	Various outlays
Capital projects	Cemetery perpetual care	3,405	Cemetery outlay
Debt service	General	70,061	Debt payment
General	Capital projects	17,384	Library outlay
TIF #7	TIF #5	526,327	Tax increment sharing
			Construction of low to moderate
TIF #7	Community development block grant	200,000	income rental units
	Total	<u>\$ 1,366,731</u>	
Proprietary Funds			
General	Water utility	<u>\$ 407,005</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 17

COMMITMENTS/ SUBSEQUENT EVENTS

The following items were approved and will be purchased or completed subsequent to December 31, 2018:

1. Replacement of Well #4 with Well #6 for approximately \$738,000. \$505,575 of costs remain for the project.
2. City Hall renovations for approximately \$750,000. The project is spread over three years so the project does not add any additional debt.
3. Street maintenance for approximately \$123,000.
4. Lewis and Court Street construction for approximately \$1,854,000.
5. Pitt Street water main replacement for approximately \$181,000.
6. Alden Avenue water main replacement for approximately \$209,000.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 17

COMMITMENTS/ SUBSEQUENT EVENTS (CONTINUED)

7. On May 30, 2019, the City issued a \$1,125,000 General Obligation Street Improvement Bonds with interest rates of 3-4% for the purpose of improving City streets. Debt requirements are as follows:

Year	Principal	Interest	Total
2020	\$	\$ 45,413	\$ 45,413
2021		36,250	36,250
2022		36,250	36,250
2023	50,000	35,250	85,250
2024	50,000	33,250	83,250
2025-2029	470,000	124,000	594,000
2030-2034	555,000	41,925	596,925
Totals	<u>\$ 1,125,000</u>	<u>\$ 352,338</u>	<u>\$ 1,477,338</u>

NOTE 18

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, 2018, the City abated property taxes totaling \$70,097 related to a Tax Incremental Financing District No. 6 agreement.

NOTE 19

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.

The City has the ability to increase tax levies through the unutilized debt service adjustment.

City of Platteville, Wisconsin  
Notes to the Basic Financial Statements  
December 31, 2018

NOTE 20

COMPONENT UNIT – HOUSING AUTHORITY

A. Cash and Investments

At year-end, the carrying amount of the housing authority's deposits was \$43,553 and the bank balance was \$43,867. 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 1/1/18	Additions	Retirements	Balance 12/31/18
Cost:				
Land, structures, equipment	\$ 7,820	\$	\$	\$ 7,820
Accumulated depreciation	\$ 7,820	\$	\$	\$ 7,820

C. Line of Credit

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

NOTE 21 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 87, *Leases*, and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. When these standards become effective, portions of these financial statements may be restated.

NOTE 22

PRIOR PERIOD ADJUSTMENTS

Prior period adjustments have been recorded as follows:

	Governmental Activities	Business-Type Activities	Total Net Position
Total net position as of			
January 1, 2017 as previously reported	\$ 42,108,805	\$ 24,924,170	\$ 67,032,975
Restate sewer utility accumulated depreciation		179,635	179,635
Total net position as of January 1, 2017 as restated	42,108,805	25,103,805	67,212,610
2017 change in net position	(546,204)	957,935	411,731
Total net position as of January 1, 2018 as revised	41,562,601	26,061,740	67,624,341
Cumulative effect of change in accounting principle effective January 1, 2018 (GASB Statement No. 75):			
OPEB - Group life insurance plan	(182,356)	(71,163)	(253,519)
OPEB - City health insurance plan	(489,410)	(181,015)	(670,425)
Net position, January 1, 2018 as restated	\$ 40,890,835	\$ 25,809,562	\$ 66,700,397

Sewer utility accumulated depreciation has been restated as of January 1, 2017. Several capital assets were over depreciated in prior years. Proprietary fund balance and business-type activities were increased accordingly.

Implementation of GASB Statement No. 75 required net position to be decreased. The decrease in net position was to reflect the OPEB liability balances as of January 1, 2018 and beginning deferred outflows of resources for City contributions to the OPEB plans after the actuarial measurement dates.

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, 2018

	Budgeted Amounts		Actual	Variances-	
				Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
<b>REVENUES</b>					
Taxes	\$ 2,805,586	\$ 2,805,586	\$ 2,878,536	\$ 72,950	\$ 72,950
Special assessments	9,380	9,380	10,429	1,049	1,049
Intergovernmental	3,820,747	3,826,705	4,066,790	246,043	240,085
Licenses and permits	228,130	228,130	215,773	(12,357)	(12,357)
Fines and forfeitures	160,000	160,000	174,657	14,657	14,657
Public charges for services	614,275	614,275	795,390	181,115	181,115
Interest income	21,500	21,500	101,033	79,533	79,533
Loan repayments	12,565	12,565	12,565		
Miscellaneous	72,620	74,141	152,075	79,455	77,934
<b>Total revenues</b>	<b>7,744,803</b>	<b>7,752,282</b>	<b>8,407,248</b>	<b>662,445</b>	<b>654,966</b>
<b>EXPENDITURES</b>					
General government	1,242,147	1,242,147	1,188,708	53,439	53,439
Public safety	3,427,760	3,427,760	3,081,498	346,262	346,262
Public Works	1,565,778	1,561,936	1,560,979	4,799	957
Health and social services	118,648	120,169	124,869	(6,221)	(4,700)
Leisure activities	1,691,715	1,824,553	1,825,671	(133,956)	(1,118)
Conservation and development	268,292	268,292	333,476	(65,184)	(65,184)
<b>Total expenditures</b>	<b>8,314,340</b>	<b>8,444,857</b>	<b>8,115,201</b>	<b>199,139</b>	<b>329,656</b>
Excess (deficiency) of revenues over over expenditures	(569,537)	(692,575)	292,047	861,584	984,622
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets			91,325	91,325	91,325
Transfer to other funds	(472,443)	(619,615)	(619,615)	(147,172)	
Transfer from other funds			17,384	17,384	17,384
Transfer from utility-tax equivalent	389,292	389,292	400,316	11,024	11,024
<b>Total other financing sources (uses)</b>	<b>(83,151)</b>	<b>(230,323)</b>	<b>(110,590)</b>	<b>(27,439)</b>	<b>119,733</b>
Net change in fund balances	(652,688)	(922,898)	181,457	834,145	1,104,355
Fund balance-beginning of year	4,306,565	4,306,565	4,306,565		
Fund balance-end of year	<u>\$ 3,653,877</u>	<u>\$ 3,383,667</u>	<u>\$ 4,488,022</u>	<u>\$ 834,145</u>	<u>\$ 1,104,355</u>

Exhibit B-2  
City of Platteville, Wisconsin  
Local Retiree Life Insurance Fund Schedules  
December 31, 2018

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

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2017	0.10432100%	\$ 313,858	\$ 4,386,996	7.15%	44.81%

\*The proportionate share of the net OPEB 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
2018	\$ 1,948	\$ (1,948)	\$	\$ 4,040,929	0.05%

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

Exhibit B-3  
City of Platteville, Wisconsin  
Schedule of Changes in the City's Total OPEB Liability and Related Ratios  
December 31, 2018

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	<b>2017</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 57,334
Interest	24,773
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	(17,427)
Net change in total OPEB	\$ 64,680
Total OPEB Liability- Beginning	687,852
Total OPEB Liability- Ending	\$ 752,532
<b>Covered Employee Payroll</b>	<b>\$ 3,718,609</b>
<b>Total OPEB liability as a percentage of covered- employee payroll</b>	<b>20.24%</b>

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is only presented for the years for which the required supplementary information is available.



Exhibit B-4  
City of Platteville, Wisconsin  
Wisconsin Retirement System Schedules  
December 31, 2018

**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)
2017	(0.03203475%)	\$ (951,149)	\$ 4,148,866	(22.93%)	(102.93%)
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
2018	\$ 318,909	\$ (318,909)	\$	\$ 4,040,929	7.89%
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, 2018

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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 6 preceding years.

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

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

NOTE 3

LOCAL RETIREE LIFE INSURANCE SCHEDULES

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 9 preceding years.

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

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

NOTE 4

OTHER POSTEMPLOYMENT BENEFITS PLAN – CITY HEALTH INSURANCE PLAN

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 9 preceding years.

*Changes of benefit terms.* There were no changes of benefit terms during the year.

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

*Assets.* There are no assets accumulated in a trust that meet the criteria in governmental accounting standards to pay related benefits.

City of Platteville, Wisconsin  
Notes to the Required Supplementary Information  
December 31, 2018

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NOTE 5

EXCESS EXPENDITURES OVER APPROPRIATIONS

The following expenditures exceeded budget appropriations in the general fund:

Expenditure	Excess Expenditure
Health and social services	\$ 4,700
Leisure activities	1,118
Conservation and development	65,184

## Supplementary Information

Exhibit C-1  
City of Platteville, Wisconsin  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2018

	Special Revenue Funds				
	Airport	Redevelopment Authority	Housing Conservation Program	Library (Littlefield)	Zeigert Trust
<b>ASSETS</b>					
Cash and investments	\$ 276,374	\$ 158,305	\$ 12,675	\$ 6,248	\$ 157,326
Receivables:					
Taxes					
Other accounts	14,747				
Other governments					
Mortgages			71,813		
Loans		265,455			
Inventory	29,534				
Advances to other funds					
<b>Total assets</b>	<b>\$ 320,655</b>	<b>\$ 423,760</b>	<b>\$ 84,488</b>	<b>\$ 6,248</b>	<b>\$ 157,326</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 11,740	\$ 1,000			\$
Accrued payroll					
Due to other funds					
Advances from other funds	76,712				
Unearned revenue	237				
<b>Total liabilities</b>	<b>88,689</b>	<b>1,000</b>			
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue		265,455	71,813		
<b>FUND BALANCES</b>					
Nonspendable	29,534				
Restricted	202,432	157,305	12,675	6,248	157,326
Unassigned (deficit)					
<b>Total fund balances</b>	<b>231,966</b>	<b>157,305</b>	<b>12,675</b>	<b>6,248</b>	<b>157,326</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 320,655</b>	<b>\$ 423,760</b>	<b>\$ 84,488</b>	<b>\$ 6,248</b>	<b>\$ 157,326</b>

Special Revenue Funds		Capital Projects Funds			Permanent Fund		Total Non-Major Governmental Funds
Boll Cemetery	Taxi/Bus	TIF No. 4	TIF No. 5	TIF No. 6	Cemetery Perpetual Care	Debt Service	
\$ 134,026	\$	\$ 51,689	\$ 7,354	\$	\$ 267,475	\$	\$ 1,071,472
		173,045	969,956	546,375			1,689,376
	76,025						14,747
							76,025
							71,813
							265,455
							29,534
						76,712	76,712
<u>\$ 134,026</u>	<u>\$ 76,025</u>	<u>\$ 224,734</u>	<u>\$ 977,310</u>	<u>\$ 546,375</u>	<u>\$ 267,475</u>	<u>\$ 76,712</u>	<u>\$ 3,295,134</u>
\$	\$ 47,023	\$	\$	\$ 31	\$	\$	\$ 59,794
	124						124
	11,546					979	12,525
				432,051			508,763
							237
	58,693			432,082		979	581,443
		173,045	969,956	546,375			2,026,644
134,026	17,332	51,689	7,354	(432,082)	267,475	76,712	106,246
						(979)	1,013,862
							(433,061)
<u>134,026</u>	<u>17,332</u>	<u>51,689</u>	<u>7,354</u>	<u>(432,082)</u>	<u>267,475</u>	<u>75,733</u>	<u>687,047</u>
<u>\$ 134,026</u>	<u>\$ 76,025</u>	<u>\$ 224,734</u>	<u>\$ 977,310</u>	<u>\$ 546,375</u>	<u>\$ 267,475</u>	<u>\$ 76,712</u>	<u>\$ 3,295,134</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, 2018

	Special Revenue Funds				
	Airport	Redevelopment Authority	Housing Conservation Program	Library (Littlefield)	Zeigert Trust
<b>REVENUES</b>					
Taxes	\$	\$	\$	\$	\$
Intergovernmental					
Fines and forfeitures		10,141			
Public charges for services	413,210				
Interest Income	5,885		244	362	3,353
Loan repayments		50,413			
Miscellaneous	456				
<b>Total revenues</b>	<b>419,551</b>	<b>60,554</b>	<b>244</b>	<b>362</b>	<b>3,353</b>
<b>EXPENDITURES</b>					
Current:					
General government					
Public works	418,250				
Leisure activities				496	
Conservation and development					
Capital outlay		25,512			
Debt service:					
Principal retirement		7,450			
Interest and fiscal charges		3,001			
Debt issuance costs					
<b>Total expenditures</b>	<b>418,250</b>	<b>35,963</b>		<b>496</b>	
Excess (deficiency) of revenues over expenditures	1,301	24,591	244	(134)	3,353
<b>OTHER FINANCING SOURCES (USES)</b>					
Other financing source—refunding bonds					
Current refunding of debt principal					
Debt premium					
Transfer to other funds					
Transfer from other funds					
<b>Total other financing sources (uses)</b>					
<b>Net change in fund balances</b>	<b>1,301</b>	<b>24,591</b>	<b>244</b>	<b>(134)</b>	<b>3,353</b>
Fund balance-beginning of year	230,665	132,714	12,431	6,382	153,973
<b>Fund balance-End of year</b>	<b>\$ 231,966</b>	<b>\$ 157,305</b>	<b>\$ 12,675</b>	<b>\$ 6,248</b>	<b>\$ 157,326</b>

Special Revenue Funds		Capital Projects Funds			Permanent Fund		Total Nonmajor Governmental Funds
Boll Cemetery	Taxi/Bus	TIF No. 4	TIF No. 5	TIF No. 6	Cemetery Perpetual Care	Debt Service	
\$	\$ 41,638	\$ 166,931	\$ 908,041	\$ 512,541	\$	\$ 1,226,854	\$ 2,856,005
	500,636	470	7,011	989			509,106
	1,925				1,725		10,141
2,473						13,853	416,860
						3,658	26,170
							50,413
							4,114
2,473	544,199	167,401	915,052	513,530	1,725	1,244,365	3,872,809
	553,092						971,342
		150	3,650	54,112			496
				211,373			57,912
		175,000	337,325	238,580		1,050,000	1,808,355
		8,000	47,750	156,777		277,725	493,253
						18,214	18,214
	553,092	183,150	388,725	660,842		1,345,939	3,586,457
2,473	(8,893)	(15,749)	526,327	(147,312)	1,725	(101,574)	286,352
			1,720,000				1,720,000
			(1,720,000)				(1,720,000)
			(526,327)		(3,405)	17,092	17,092
						70,061	(529,732)
							70,061
			(526,327)		(3,405)	87,153	(442,579)
2,473	(8,893)	(15,749)		(147,312)	(1,680)	(14,421)	(156,227)
131,553	26,225	67,438	7,354	(284,770)	269,155	90,154	843,274
\$ 134,026	\$ 17,332	\$ 51,689	\$ 7,354	\$ (432,082)	\$ 267,475	\$ 75,733	\$ 687,047



City of Platteville, Wisconsin Schedule of Insurance  
December 31, 2018

Company	Type	Coverage	Term
Employers	Workers Compensation	\$500,000/Accident \$500,000/Disease/Employee \$500,000 Disease/Policy Limit	1/1/1-12/31/18
Employers	Inland Marine	\$1,229,672 Contractors Equipment, \$500 Deductible \$90,000 Fine Arts, \$500 Deductible \$75,000 Miscellaneous Property, \$500 Deductible	1/1/1-12/31/18
Employers	Linebacker	\$1,000,000 Each Loss \$1,000,000 Aggregate \$3,000 Deductible Per Loss	1/1/1-12/31/18
Employers	Umbrella Liability	\$8,000,000 Occurrence \$8,000,000 Aggregate \$0 Retained Limit	1/1/1-12/31/18
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	1/1/1-12/31/18
Employers	Automobile	\$1,000,000 Liability \$10,000 Medical Payment \$500,000 Uninsured Motorists \$500,000 Underinsured Motorists \$1000 Deductible Comprehensive Per Schedule \$1000 Deductible Collision Per Schedule Hired Autos & Non-Owned Auto Liability	1/1/1-12/31/18
Employers	Property	\$39,544,909 Blanket Buildings & Property in the Open \$10,808,393 Blanket Business Personal Property & Property in the Open \$55,000 Blanket Personal Property of Others \$5,000 Deductible	1/1/1-12/31/18
Employers	Commercial Crime	\$100,000 Employee Theft, \$1,000 Deductible \$25,000 Theft of Money Securities Inside \$250 Deductible; \$25,000 Outside \$250 Deductible \$100,000 Computer & Funds Transfer Fraud, \$1,000 Deductible	1/1/1-12/31/18
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	1/1/1-12/31/18
Employers	Law Enforcement Liability	\$1,000,000 Occurrence \$1,000,000 Aggregate \$2,500 Deductible Per Loss	1/1/1-12/31/18
Employers	Cybersolutions	Data Compromise-\$100,000 Response Expense Limit \$1,000 Deductible, \$100,000 Defense & Liability \$1,000 Deductible, \$25,000 Identity Recovery \$0 Deductible Cyber Coverage-\$100,000 Computer Attack \$1,000 Deductible, \$100,000 Network Security Defense & Liability \$1,000 Deductible, \$100,000 Electronic Media Liability \$1,000 Deductible	1/1/1-12/31/18

Schedule 2  
 Platteville Water and Sewer Utility  
 Other Information  
 December 31, 2018

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

	2018	2017
Residential	3,557	3,541
Commercial	360	362
Multifamily residential	71	67
Public authority	95	84
Industrial	8	7
Interdepartmental	3	3
Total	4,094	4,064

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

Gallons	
2018	2017
262,208,000	260,765,000