

CITY OF BARABOO

Baraboo, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

CITY OF BARABOO

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Baraboo
Baraboo, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Baraboo, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Baraboo's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the City of Baraboo's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Baraboo'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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Baraboo, Wisconsin, as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Baraboo's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 10, 2018

City of Baraboo
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

The management of the City of Baraboo, Wisconsin presents this narrative overview and analysis to facilitate both short and long-term analysis of the financial activities of the City for the fiscal year ended December 31, 2017. This Management Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions which existed as of the date of the independent auditors' report. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

Financial Highlights

Primary Government

- Total assets and deferred outflows are roughly \$128.3 million and total liabilities and deferred inflows are roughly \$45.5 million, resulting in a net position of roughly \$82.8 million. This \$82.8 million increased over prior year by roughly \$1.9 million, or roughly 2.3 percent.
- The net position of roughly \$82.8 million is comprised of approximately \$61.1 million in the City's net investment in capital assets, roughly \$7.3 million for restricted purposes and roughly \$14.4 million is classified as unrestricted – a decrease of roughly \$680 thousand.
- Long-term obligations are roughly \$33.2 million which is an increase over prior year of roughly \$7.2 million, or roughly 27.6 percent. Of the total long-term obligations, bonds, notes, and leases payable new debt was roughly \$10.6 million and retirements was roughly \$3.1 million.

Governmental Funds

- The City's governmental fund balances is a combined balance of roughly \$13.5 million, an increase of roughly \$1 million over prior year. Unassigned fund balance is roughly \$3 million, or roughly 22 percent of the combined fund balance.
- The General Fund unassigned fund balance is roughly \$3.8 million. This fund balance is roughly 34.8 percent of General Fund expenditures. In comparison, the prior year unassigned fund balance was roughly \$3.6 million and roughly 33 percent of General Fund expenditures.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the City's basic financial statements. The City's annual report consists of three components: 1) the basic government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required and non-required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements report information about the City as a whole, and are designed to provide readers with a broad overview of the City's finances, using accounting methods in a manner similar to a private-sector business.

City of Baraboo
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

Government-Wide Financial Statements (Continued)

The government-wide financial statements of the City are divided into three categories:

Governmental Activities (Primary government) – The governmental activities of the City include general government (general administration), public safety (police, fire and ambulance services), public works (Engineer, street maintenance, street lighting, taxi, airport and garbage collection), health and human services (animal control and cemetery), culture, recreation and education (parks, library, recreation, zoo and UW campus), and conservation and development (forestry, planning, community and economic development). Property and other taxes, intergovernmental revenues, charges for services, and operating and capital grants from Federal and State agencies finance most of these activities.

Business-type Activities (Primary government) – The City charges fees to customers to help cover the costs of certain services it provides. The water, sewer and stormwater utilities are reported here.

Component units – The City includes two other entities in its report: the Business Improvement District and the Community Development Authority. Although legally separated, these component units are important because the City is financially accountable for them.

The two government-wide statements are as follows:

Statement of Net Position – The statement of net position presents financial information on all of the City's assets and deferred outflows of resources, liabilities, and deferred inflows with the difference between them reported as net position. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the City of Baraboo is improving or deteriorating.

Statement of Activities – The statement of activities presents financial information on how the City's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. 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 these statements assist assessing the overall condition of the City, but one also needs to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's capital assets (buildings, infrastructure and equipment).

The government-wide financial statements can be found on pages 1 – 2 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, but not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required to be established by State law and bond covenants. The City also establishes many other funds to help it control and manage resources for particular purposes (e.g., like capital projects, or to show that it is properly using certain taxes (Library), or grants (Community Development, taxi and Health and Human Services).

City of Baraboo
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

Fund Financial Statements (Continued)

The City has three types of 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 at the end of the fiscal year. Consequently, the governmental fund statements provide a short-term view and help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation is provided that explains the relationship or differences between the governmental funds and governmental activities. This reconciliation is reported on page 6.

The City maintains 36 individual governmental funds of which three are considered major funds. Information is separately presented for the City's major funds in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The General Fund, General Debt Service, and Capital Projects are considered the City's major funds.

Financial data from the other 33 governmental funds are combined into a single, aggregated presentation. Individual fund financial data for each of the non-major governmental funds is provided in the form of combining statements in the supplementary information section of this report starting on page 62 and continues to page 68.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided in this MD&A for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 3 - 6.

Proprietary Funds – Services, for which the City charges customers a fee, are generally reported in proprietary funds. The City maintains two different types of proprietary funds. **Enterprise funds** are used to report the same functions presented adhoc business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its Water Utility, Sewer Utility and Stormwater Utility Funds, all of which are considered to be major funds of the City. **Internal service funds** are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its liability insurance and unfunded pension liability. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 7 – 10 of this report.

Agency Funds – Agency funds are used to account for the assets held for distribution by the City as an agent for another entity for which the City has custodial responsibility and accounts for the flow of assets. The City is the agent for collection of property taxes within the City for all taxing jurisdictions including the Baraboo School District, MATC and Sauk County. Agency funds are not reflected in the government-wide financial statements because those funds are not available to support the City's own programs. The accounting used for agency funds follows the accrual basis and does not have a measurement focus. The City has three agency funds, the Tax Collection Fund, UW Campus Fund and Friends of the Library Fund. The City is the trustee for these funds and it is also responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

The agency fund financial statements can be found on page 11 of this report.

City of Baraboo
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

Fund Financial Statements (Continued)

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 13 - 55 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Baraboo's General Fund budget and the City's progress in funding its obligation to provide retirement benefits to its employees.

Required supplementary information can be found on pages 56 - 61 of this report.

Financial Analysis

Net position – As noted earlier, net position may serve as a useful indicator of a government's financial position over time. The City's net position the net investment in capital assets, restricted net position, and unrestricted net position.

In 2017, the net investment in capital assets was roughly \$62.2 million. These assets reflect the City's investment in capital assets (land, buildings, equipment, other improvements and infrastructure) less any related debt still outstanding used to acquire those assets. The City uses this capital to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summary of the City's Net Position at December 31, 2017 and 2016.

City of Baraboo Net Position						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 28,544,611	\$ 27,511,526	\$ 5,846,484	\$ 5,283,376	\$ 34,391,095	\$ 32,794,902
Capital assets	65,235,006	55,741,758	25,502,718	25,999,862	90,737,724	81,741,620
Total assets	93,779,617	83,253,284	31,349,202	31,283,238	125,128,819	114,536,522
Deferred outflows of resources	2,827,766	3,908,240	381,530	561,997	3,209,296	4,470,237
Total assets and deferred outflows	96,607,383	87,161,524	31,730,732	31,845,235	128,338,115	119,006,759
Current liabilities	1,429,786	1,372,607	52,338	45,928	1,482,124	1,418,535
Long-term liabilities	30,111,583	22,270,622	3,113,749	3,768,919	33,225,332	26,039,541
Total liabilities	31,541,369	23,643,229	3,166,087	3,814,847	34,707,456	27,458,076
Deferred inflows of resources	10,646,710	10,400,439	193,272	241,965	10,839,982	10,642,404
Total liabilities and deferred inflows	42,188,079	34,043,668	3,359,359	4,056,812	45,547,438	38,100,480
Net investment in capital assets	39,445,020	37,339,850	22,754,535	22,631,493	62,199,555	59,971,343
Restricted	6,295,932	6,171,261	1,032,899	1,003,660	7,328,831	7,174,921
Unrestricted	8,678,352	9,606,745	4,583,939	4,153,270	13,262,291	13,760,015
Total net position	\$ 54,419,304	\$ 53,117,856	\$ 28,371,373	\$ 27,788,423	\$ 82,790,677	\$ 80,906,279

The table above excludes the adjustment of total net position in Note I. D. 11.

City of Baraboo
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

Financial Analysis (Continued)

Normal Impacts

There are five basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation:

- Net Results of Activities – If positive, may increase current assets and unrestricted net position. If negative, may decrease current assets and unrestricted net position.
- Borrowing of Capital – will increase current assets and long-term debt.
- Spending Borrowed Proceeds on New Capital – will reduce current assets and increase capital assets. There is a second impact, an increase in the City's investment in capital assets and an increase in related net debt which will not change the net investment in capital assets.
- Principal Payment on Debt – will 1) reduce current assets and reduce long-term debt and 2) reduce unrestricted net position and increase net investment in capital assets.
- Reduction of Capital Assets through Depreciation – will reduce capital assets and net investment in capital assets.

Current Year Impacts

The City reported positive balances in all three categories of net position. Total primary government net position depicted above was roughly \$82.8 million at December 31, 2017. Total net position increased over prior year by roughly \$1.9 million, or 2.3 percent. The increase was attributed to an increase in total assets and deferred outflows of roughly \$9.3 million offset by an increase in total liabilities and deferred inflows of roughly \$7.4 million.

Unrestricted net position, which may be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was positive, at roughly \$13.2 million, a decrease of roughly \$500 thousand. Restricted net position, those restricted for special purposes such as; capital projects, debt service, and various grant related activities increased by roughly \$150 thousand, or 2 percent.

City of Baraboo
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

Financial Analysis (Continued)

A summary of the City's 2017 Changes in Net Position is presented below:

	City of Baraboo Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 1,254,412	\$ 1,123,828	\$ 4,110,375	\$ 3,967,797	\$ 5,364,787	\$ 5,091,625
Operating grants and contributions	1,370,352	1,770,294	-	-	1,370,352	1,770,294
Capital grants and contributions	902,604	2,665,690	14,540	473,687	917,144	3,139,377
General revenues:						
Taxes:						
Property taxes	6,814,600	6,692,075	-	-	6,814,600	6,692,075
Other taxes	2,467,109	2,291,213	-	-	2,467,109	2,291,213
Intergovernmental:						
Revenues not restricted to specific programs	1,804,545	1,796,565	-	-	1,804,545	1,796,565
Investment income	399,542	266,785	30,214	27,130	429,756	293,915
Other	464,237	747,747	-	-	464,237	747,747
Total revenue	15,477,401	17,354,197	4,155,129	4,468,614	19,632,530	21,822,811
Expenses:						
General government	1,460,690	1,650,838	-	-	1,460,690	1,650,838
Public safety	5,117,227	4,866,244	-	-	5,117,227	4,866,244
Public works	3,797,905	4,293,732	-	-	3,797,905	4,293,732
Health and social services	30,247	29,969	-	-	30,247	29,969
Culture, recreation and education	2,612,160	2,753,360	-	-	2,612,160	2,753,360
Conservation and development	329,385	158,479	-	-	329,385	158,479
Interest and fiscal charges	1,122,945	661,079	-	-	1,122,945	661,079
Water	-	-	1,441,948	1,440,337	1,441,948	1,440,337
Wastewater	-	-	1,282,548	1,321,716	1,282,548	1,321,716
Stormwater	-	-	553,077	663,730	553,077	663,730
Total expenses	14,470,559	14,413,701	3,277,573	3,425,783	17,748,132	17,839,484
Increase in net position before transfers	1,006,842	2,940,496	877,556	1,042,831	1,884,398	3,983,327
Transfers	294,606	310,313	(294,606)	(310,313)	-	-
Change in net position	1,301,448	3,250,809	582,950	732,518	1,884,398	3,983,327
Net position - beginning	53,117,856	49,867,047	27,788,423	27,055,905	80,906,279	76,922,952
Net position - ending	\$54,419,304	\$53,117,856	\$28,371,373	\$27,788,423	\$82,790,677	\$80,906,279

Revenue Normal Impacts

There are four basic (normal) factors affecting revenues:

- Economic Conditions – which can reflect a declining, stable, or growing economic environment and has a substantial impact on property, sales, income, utility tax revenues as well as public spending habits for building permits, elective user fees and volumes of consumption.
- Increase/Decrease in the City Approved Rates – while certain tax rates are set by statute for levy limit and expenditure restraint, the City has borrowing authority which does not impact rate limits.
- Changing Patterns in Intergovernmental and Grant Revenue – (both recurring and nonrecurring) – certain recurring revenue (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-date comparison.

City of Baraboo
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

Financial Analysis (Continued)

Revenue Normal Impacts (Continued)

- Market Impact on Investment Income – the City's investment portfolio is managed utilizing investments of various maturities. Changes in market conditions will cause investment income to fluctuate due to the related appreciation or depreciation of these assets.

Revenue Current Year Impacts

Governmental Activities – At December 31, 2017, governmental activities net position was roughly \$54.4 million, an increase of roughly \$1.3 million, or 2.5 percent over prior year. Total governmental activities' revenue for the current year was roughly \$15.5 million compared to roughly \$17.4 million in 2016, a decrease of roughly \$1.9 million, or 12 percent. The decrease was attributed to the following:

- The City's largest single revenue source, property taxes amounted to roughly \$9.1 million. Compared to prior year, property taxes increased by roughly \$300 thousand, or 3.4 percent.
- Intergovernmental Revenues were level with prior year at roughly \$1.8 million.
- Charges for services increased over prior year by roughly \$130 thousand, or 11.6 percent.
- Operating and capital grants and contributions decreased over prior year by roughly \$2.2 million, or 49 percent. The decrease is primarily attributable to Public Works WISDOT railroad reconstruction grant received in 2016 of roughly \$1.4 million and subsequently not received in 2017.
- Investment income increased over prior year by roughly \$130 thousand, or 50 percent.
- Miscellaneous other income decreased over prior year by roughly \$300 thousand, or 38 percent.

Business-type Activities – At December 31, 2017, business-type activities net position was roughly \$28.4 million, an increase of roughly \$600 thousand, or 2 percent. Total business-type activities' revenue for the current year was roughly \$4.2 million compared to roughly \$4.5 million in 2016, a decrease of roughly \$300 thousand, or 7 percent. The decrease was attributed to the following:

- While charges for services for business-type activities increased by roughly \$100 thousand, the increase was offset by a decrease of roughly \$400 thousand in capital grants and contributions.

Expenditure Normal Impacts

There are three basic (normal) factors affecting expenditures:

- Changes in Authorized Personnel – changes in service demand may cause the City to increase/decrease authorized staffing.
- Salary Increase (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the market place.
- Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity-specific increases.

Expenditure Current Year Impacts

Governmental Activities – At December 31, 2017, total governmental activities' expenditures were roughly \$14.5 million compared to roughly \$14.4 million in 2016, an increase of roughly \$100 thousand, or 0.4 percent. The decrease was attributed to the following:

City of Baraboo
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

Financial Analysis (Continued)

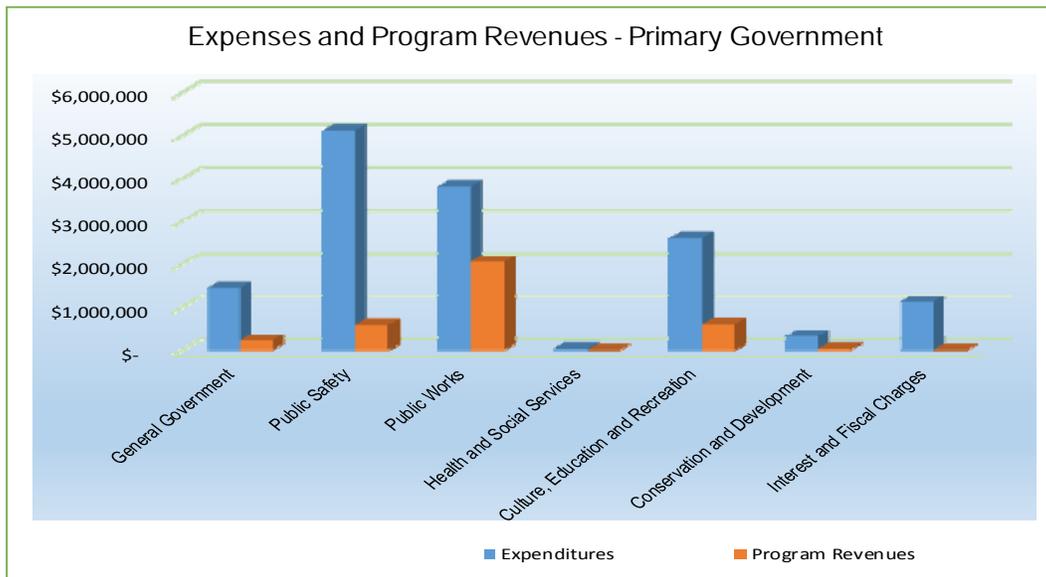
Expenditure Current Year Impacts (Continued)

- General government decreased over prior year by roughly \$200 thousand, or 11.5 percent.
- Public safety increased over prior year by roughly \$200 thousand, or 5 percent
- Public works decreased over prior year by roughly \$500 thousand, or 11.5 percent
- Health and social services remained relatively unchanged over prior year.
- Culture, recreation and education decreased over prior year by roughly \$100 thousand, or 5 percent
- Conservation and development increased over prior year by roughly \$200 thousand, or 107.8 percent
- Interest and fiscal charges increased over prior year by roughly \$500 thousand, or 69.9 percent.

Business-type Activities – At December 31, 2017, business-type activities' expenditures were roughly \$3.3 million compared to roughly \$3.4 million in 2016, a decrease of roughly \$100 thousand, or 4.3 percent. The decrease was attributed to the following:

- Water and wastewater remained relatively unchanged over prior year.
- Stormwater decreased over prior year by roughly \$100 thousand, or 16.7 percent.

The following graph shows a comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities.



	2017	
	Expenditures	Program Revenues
General Government	\$ 1,460,690	\$ 226,421
Public Safety	5,117,227	598,417
Public Works	3,797,905	2,058,038
Health and Social Services	30,247	-
Culture, Education and Recreation	2,612,160	613,024
Conservation and Development	329,385	31,468
Interest and Fiscal Charges	1,122,945	-
Total	\$ 14,470,559	\$ 3,527,368

City of Baraboo
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

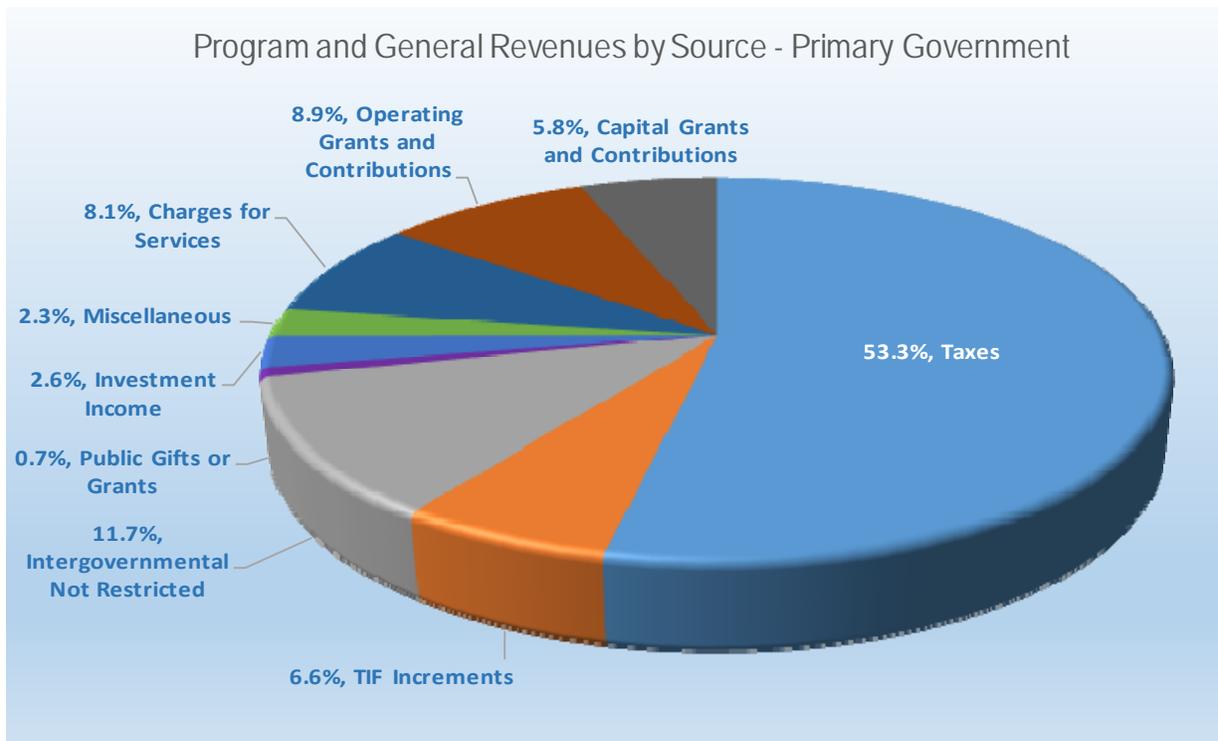
Financial Analysis (Continued)

Expenditure Current Year Impacts (Continued)

The cost of all governmental activities this year was roughly \$14.5 million. However, the amount that taxpayers paid for these activities was only roughly \$8.3 million. Some of the cost was paid by:

- Those who directly benefited from the programs of roughly \$1.3 million.
- Other governments and organizations that subsidized certain programs with grants of roughly \$2.3 million.

The following pie chart shows the City's revenues by source for the primary government governmental activities for 2017.

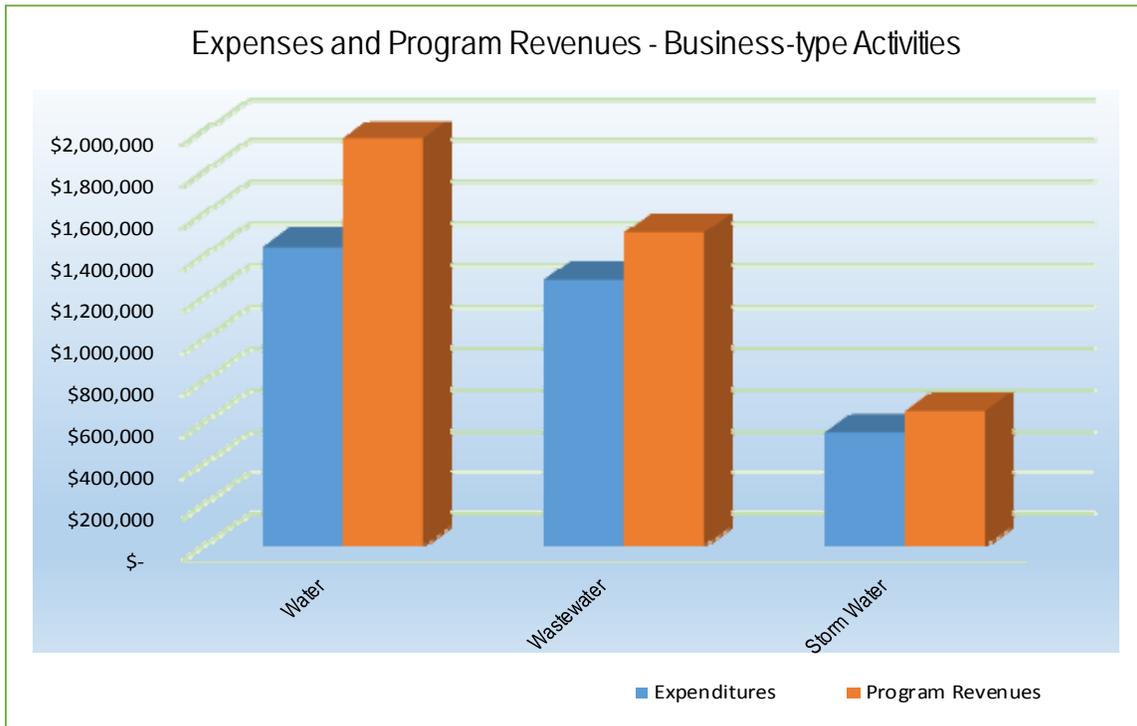


Revenue Source	Amount
Taxes	\$ 8,263,656
TIF Increments	1,018,053
Intergovernmental Not Restricted	1,804,545
Public Gifts or Grants	115,250
Investment Income	399,542
Miscellaneous	348,987
Charges for Services	1,254,412
Operating Grants and Contributions	1,370,352
Capital Grants and Contributions	902,604
Total	\$ 15,477,401

City of Baraboo
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended December 31, 2017

Financial Analysis (Continued)

The following graph shows a comparison between the expenses by business-type activities and the revenues generated that are specific to those activities.



	2017	
	Expenditures	Program Revenues
Water	\$ 1,441,948	\$ 1,961,691
Wastewater	1,282,548	1,507,960
Storm Water	553,077	655,264
Total	\$ 3,277,573	\$ 4,124,915

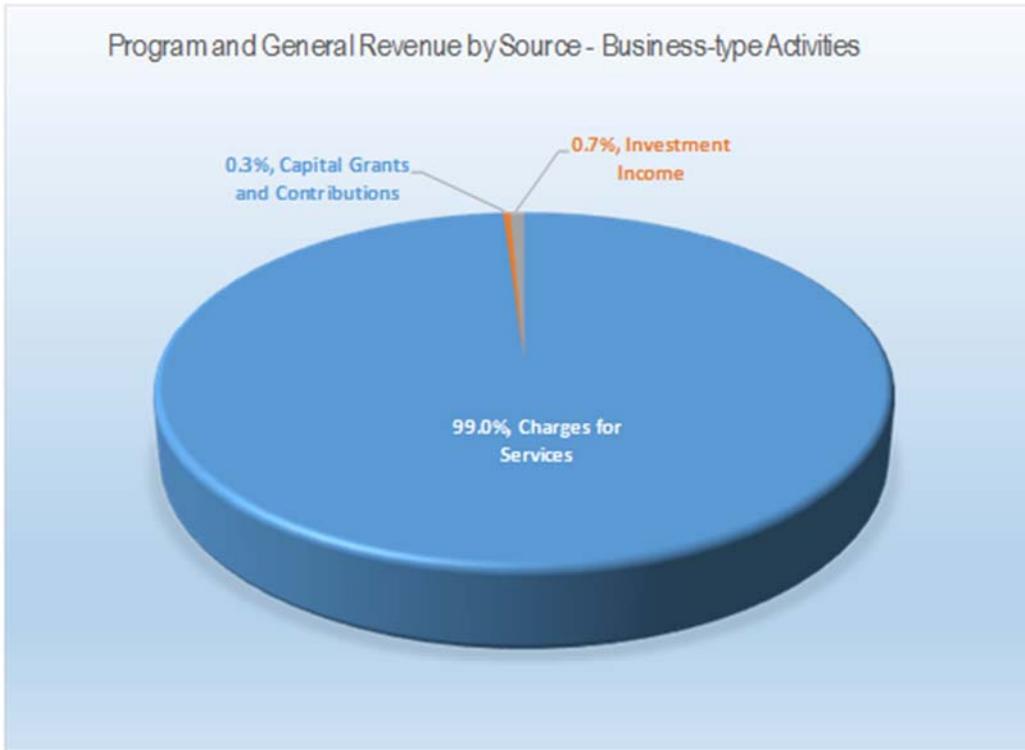
The cost of all business-type activities this year was roughly \$3.3 million. Business-type activities are not supported by taxes. The expenditures are supported by:

- Those who directly benefited from the programs of roughly \$4.1 million.
- Other governments and organizations that subsidized certain programs with grants of roughly \$15 thousand.
- Investment income of roughly \$30 thousand

City of Baraboo
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended December 31, 2017

Financial Analysis (Continued)

The following pie chart shows the City's revenues by source for the primary government business-type activities for 2017.

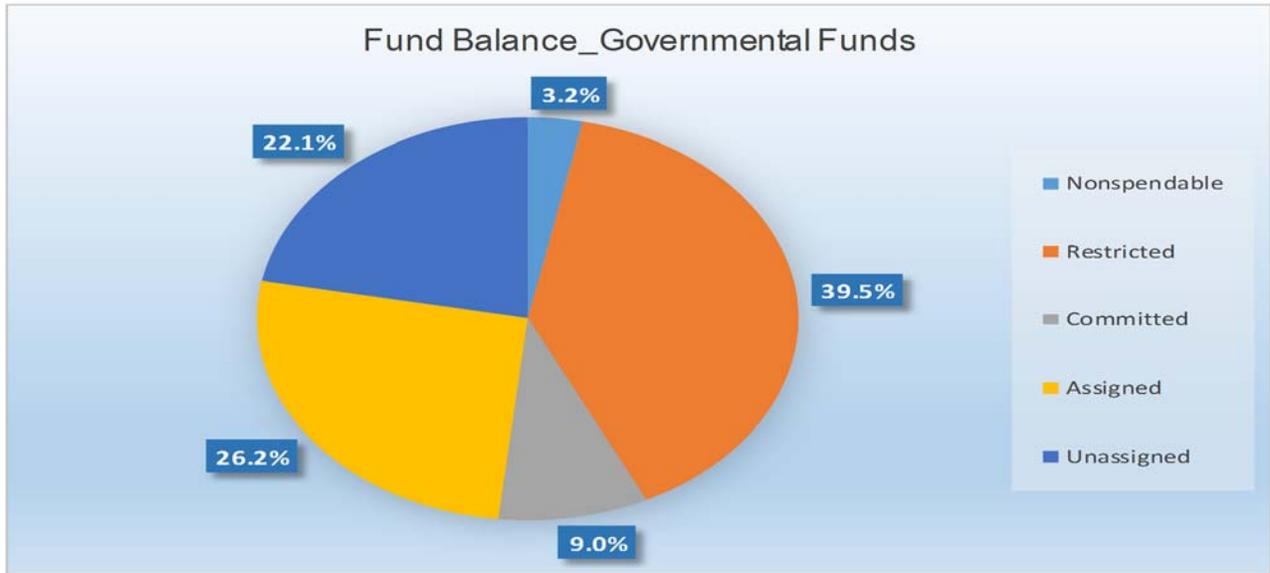


Revenue Source	Amount
Charges for Services	\$ 4,110,375
Capital Grants and Contributions	14,540
Investment Income	30,214
Total	<u>\$ 4,155,129</u>

City of Baraboo
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended December 31, 2017

Financial Analysis (Continued)

At December 31, 2017, total fund balance for all governmental funds was \$13,519,646, an increase of \$968,928 over prior year. Below is a pie chart for the fund balance for all governmental funds:



Type	Amount
Nonspendable	\$ 440,279
Restricted	5,342,140
Committed	1,213,530
Assigned	3,542,003
Unassigned	2,981,694
	<u>\$13,519,646</u>

Financial Analysis of the City's Major Funds

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

Governmental funds – The focus of the City'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'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.

As the City completed the year 2017, its governmental funds reported a combined fund balance of roughly \$13.5 million, an increase of roughly \$1 million, or 7.7 percent over prior year. Unassigned fund balance was roughly \$3 million, and is available for spending at the government's discretion. The remaining roughly \$10.5 million is for nonspendable, restricted, committed and assigned purposes, thus not available for new spending.

The General Fund is the chief operating fund of the City. At December 31, 2017, unassigned fund balance of the General Fund was roughly \$3.8 million. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance to total expenditures. Unassigned fund balance represents 34.8 percent of total General Fund expenditures.

City of Baraboo
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

Financial Analysis of the City's Major Funds (Continued)

The following schedule presents the governmental funds summary of revenues for the years ended December 31, 2017 and 2016:

Revenues by Source	2017	Percent of Total	2016	Amount of Increase/ (Decrease)	Percent of Increase/ (Decrease)
Taxes	9,281,709	60.16	8,979,416	302,293	3.40
Intergovernmental	3,409,483	22.10	4,953,885	(1,544,402)	(31.20)
Licenses and permits	325,194	2.11	329,160	(3,966)	(1.20)
Fines, forfeits and penalties	87,270	0.57	82,899	4,371	5.30
Public charges for services	532,935	3.45	606,620	(73,685)	(12.10)
Intergovernmental charges for services	235,232	1.52	221,961	13,271	6.00
Special assessments	214,807	1.39	281,684	(66,877)	(23.70)
Investment income	376,376	2.44	248,401	127,975	51.50
Miscellaneous	966,115	6.26	865,855	100,260	11.60
Total revenues	<u>15,429,121</u>	<u>100.00</u>	<u>16,569,881</u>	<u>(1,140,760)</u>	<u>(6.90)</u>

Total revenues decreased roughly \$1.1 million, or 6.9 percent over prior year. Taxes, investments and miscellaneous make up the significant increases over prior year of roughly \$500 thousand offset by decreases attributed to intergovernmental, public charges for services and special assessments of roughly \$1.6 million. The roughly \$1.5 million decrease in intergovernmental was primarily attributable to Public Works WISDOT railroad reconstruction grant received in 2016 which wasn't received in 2017.

The following schedule presents the governmental funds summary of expenditures for the years ended December 31, 2017 and 2016:

Expenditure by Function	2017	Percent of Total	2016	Amount of Increase/ (Decrease)	Percent of Increase/ (Decrease)
General government	\$ 1,282,426	5.06	\$ 1,520,914	\$ (238,488)	(15.68)
public safety	4,762,982	18.80	4,500,111	262,871	5.84
Public works	3,055,076	12.06	4,899,277	(1,844,201)	(37.64)
Health and human services	30,247	0.12	29,969	278	0.93
Culture, recreation and education	2,567,031	10.13	2,530,061	36,970	1.46
Conservation and development	274,643	1.08	426,579	(151,936)	(35.62)
Capital outlay	10,076,222	39.78	1,972,088	8,104,134	410.94
Debt Service:					
Principal	2,400,292	9.48	4,332,865	(1,932,573)	(44.60)
Interest and fiscal charges	883,345	3.49	621,159	262,186	42.21
Total expenditures	<u>\$ 25,332,264</u>	<u>100.00</u>	<u>\$ 20,833,023</u>	<u>\$ 4,499,241</u>	<u>21.60</u>

City of Baraboo
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

Financial Analysis of the City's Major Funds (Continued)

Total expenditures increased roughly \$4.5 million, or 21.6 percent over prior year. Public safety, culture, recreation and education, capital outlay and interest and fiscal charges increased in aggregate of roughly \$8.7 million. This increase was offset by an aggregate decrease of roughly \$4.2 million in general government, public works, conservation and development and debt service principal. Public Works decreased roughly \$1.8 million over prior year primarily due to one-time expenditures related to the WISDOT railroad reconstruction grant project in 2016 of roughly \$1.4 million. Debt Service principal decreased roughly \$1.9 million over prior year primarily attributable to a refunding that took place in 2016.

The Debt Service Fund total fund balance at year-end was roughly \$300 thousand, all of which is restricted for the payment of debt service. The fund balance decreased over prior year by \$45 thousand, or 13.6 percent.

Capital Projects Fund total fund balance at year-end was roughly \$900 thousand all of which is restricted or assigned for capital projects. The fund balance increased over prior year by roughly \$300 thousand, or 55 percent.

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

General Fund Budgetary Highlights

The following schedule is an overview of the budget. The schedule shows the City's original budget, amended or final budget and compares the final budget to the actual results:

	Original Budget	Amended or Final Budget	Actual	Variance with Final Budget Positive/ (Negative)	Variance with Final Budget Positive/ (Negative) as a Percentage
Revenues	\$ 10,889,180	\$ 10,932,863	\$ 11,019,359	\$ 86,496	100.80
Expenditures	11,460,624	11,517,443	10,877,011	640,432	94.40
Net revenue/(Expenditures)	(571,444)	(584,580)	142,348	726,928	
Other financing sources and (uses)					
Sales of City property	11,300	11,300	16,880	5,580	149.40
Transfers in - tax equivalent	306,010	306,000	324,467	18,467	106.00
Transfers in	89,000	37,506	226,273	188,767	603.30
Transfers out	(393,644)	(407,114)	(407,114)	-	100.00
Net change in fund balance	\$ (558,778)	\$ (636,888)	\$ 302,854	\$ 939,742	

During the year the City spent 94.4 percent of the final amount appropriated in the General Fund. Revenues exceeded budget by 0.8 percent. Transfers in exceeded budget due to forming the Airport Commission and closing the operating fund which was the City's investment.

Capital Asset and Debt Administration

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017, was roughly \$90.7 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, machinery and equipment, infrastructure and intangibles.

City of Baraboo
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

Capital Asset and Debt Administration (Continued)

The following schedule is the primary government capital assets (net of depreciation) by activity as of December 31, 2017 and 2016:

Primary Government Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 8,600,642	\$ 8,636,989	\$ 279,834	\$ 279,834	\$ 8,880,476	\$ 8,916,823
Construction in Progress	9,391,076	546,455	182,559	-	9,573,635	546,455
Land Improvements	2,387,657	2,129,683	-	-	2,387,657	2,129,683
Buildings	13,139,997	13,228,474	-	-	13,139,997	13,228,474
Machinery and equipment	5,566,230	5,110,449	6,784,271	7,180,917	12,350,501	12,291,366
Infrastructure	26,149,404	26,089,708	18,203,284	18,482,381	44,352,688	44,572,089
Intangibles	-	-	52,770	56,730	52,770	56,730
Total	\$ 65,235,006	\$ 55,741,758	\$ 25,502,718	\$ 25,999,862	\$ 90,737,724	\$ 81,741,620

The City's capital assets, net of accumulated depreciation, for the governmental activities increased roughly \$9.5 million, or 17 percent over prior year. The increase was primarily attributed to construction in progress of roughly \$9 million for the new public safety building.

The City's business-type activities capital assets decreased roughly \$500 thousand, or 1.9 percent over prior year. While there was an increase in construction in progress of roughly \$180 thousand, the increase was offset by decreases in machinery and equipment and infrastructure in aggregate of roughly \$680 thousand.

Major capital asset additions during the current fiscal year included the following:

	Governmental	Business-Type	Total
Land	\$ 98,653	\$ -	\$ 98,653
Construction in progress	8,856,440	182,559	9,038,999
Land improvements	570,092	-	570,092
Buildings	216,812	-	216,812
Machinery and equipment	1,061,522	213,859	1,275,381
Infrastructure	712,861	29,861	742,722
Intangibles	-	-	-
Total	\$ 11,516,380	\$ 426,279	\$ 11,942,659

Additional information on the City of Baraboo's capital assets can be found in Note III of this report.

City of Baraboo
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

Capital Asset and Debt Administration (Continued)

Long-term Debt – The City's total general obligation and revenue bond debt outstanding at December 31, 2017 was roughly \$21 million. This debt is backed by the full faith and credit of the City. The following schedule is the primary government outstanding debt by issue as of December 31, 2017 and 2016:

			Primary Government Outstanding Debt General Obligation and Revenue Bonds					
			Governmental Activities		Business-type Activities		Total	
Issue			2017	2016	2017	2016	2017	2016
Date	Maturity	Issue						
2011	2021	Baraboo State Bank	\$ 411,119	\$ 463,248	\$ -	\$ -	\$ 411,119	\$ 463,248
2008	2028	Series 2008	-	80,000	-	60,000	-	140,000
2008	2026	Board of Commissioners of Public Lands Trust Fund_2008	50,969	67,939	-	-	50,969	67,939
1999	2019	State of Wisconsin Environmental Improvement Fund_4153-02	-	-	-	165,125	-	165,125
2006	2026	State of Wisconsin Environmental Improvement Fund_4153-03	-	-	1,483,612	1,630,008	1,483,612	1,630,008
2010	2025	Series 2010B	-	85,000	-	40,000	-	125,000
2010	2030	Series 2010A	1,340,000	1,415,000	-	-	1,340,000	1,415,000
2012	2026	Series 2012A	3,440,000	3,685,000	665,000	870,000	4,105,000	4,555,000
2013	2023	Community First Bank Note_2013	154,315	178,794	-	-	154,315	178,794
2013	2026	Series 2013A	1,925,000	2,210,000	-	-	1,925,000	2,210,000
2013	2025	Series 2013B	1,065,000	1,185,000	-	-	1,065,000	1,185,000
2014	2028	Series 2014A	2,635,000	2,725,000	185,000	190,000	2,820,000	2,915,000
2015	2035	Series 2015A	2,765,000	2,855,000	-	-	2,765,000	2,855,000
2016	2035	Series 2016A	4,065,000	4,875,000	415,000	420,000	4,480,000	5,295,000
2017	2022	Baraboo State Bank LOC	460,000	-	-	-	460,000	-
2016	2017	Promisory Note	-	192,500	-	-	-	192,500
Total			\$ 18,311,403	\$ 20,017,481	\$ 2,748,612	\$ 3,375,133	\$ 21,060,015	\$ 23,392,614

The City of Baraboo's bond rating is Aa3 from Moody's Investors Services.

The State imposes a legal limit of 5 percent of total equalized assessed valuation on the amount of general bond indebtedness. The City further limits their indebtedness, by ordinance, to 60 percent of the State limit. As of December 31, 2017, the City's indebtedness was roughly \$5.0 million less than the City self-imposed limit and \$21.6 million less than the State limit.

Additional information on the City of Baraboo's long-term debt can be found in Note III of this report.

Economic Factors and Next Year's Budget and Rates

The City of Baraboo's economy is diversified with manufacturing, retail and food services as its primary base. While the national economy is showing signs of recovery, the local economic environment and the impact it has on the City's available revenue continues to present a challenge. The City must continue to carefully balance its priorities to maintain the quality of services and public infrastructure.

The City's goal in developing the 2018 budget was to continue offering citizens basic services, economic development efforts, and fiscal stability. Development and adoption of the 2018 budget was premised on maintaining staffing and service levels equivalent to 2017 and making significant capital investment.

City of Baraboo
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

Economic Factors and Next Year's Budget and Rates (Continued)

Budgeted revenues for the General Fund are roughly \$12.2 million, including roughly \$100 thousand for transfers in and roughly \$500 thousand for applied fund balance.

Budgeted expenditures in the General Fund are \$12.2 million, including \$250 thousand for transfers out. Major spending changes by account type for 2018 are:

- Salaries and wages increased roughly \$180 thousand as a result of contract increases and a 1% wage increase.
- Fringe Benefits increased roughly \$100 thousand due to increases to wages, insurance and pension funding.
- Contractual and supply accounts increased roughly \$100 thousand due to an increase in professional and special services and an increase in repairs and maintenance.
- Supplies and expenses increased roughly \$250 thousand due to public works street maintenance.
- Capital outlay increased roughly \$350 thousand due to planned street reconstruction and Public Works capital equipment.

In December 2017, the City Council approved the proposed budget. This budget allows the City to maintain the necessary fund and cash balances, as well as allowing the 2019 budget process to begin on a sound financial footing.

Requests for information

This financial report is designed to provide a general overview of the City of Baraboo's finances for all those with an interest in the Government's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 101 South Boulevard, Baraboo, Wisconsin, 53913.

CITY OF BARABOO

STATEMENT OF NET POSITION
As of December 31, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Major	Nonmajor
				Community Development Authority	Business Improvement District
ASSETS					
Cash and investments	\$ 14,437,421	\$ 3,466,924	\$ 17,904,345	\$ 187,664	\$ 87,619
Receivables (net)					
Taxes	9,708,904	-	9,708,904	-	-
Delinquent personal property taxes	850	-	850	-	-
Accounts	185,360	898,196	1,083,556	118,661	-
Special assessments	212,627	-	212,627	-	8,530
Loans	1,967,138	-	1,967,138	-	-
Lease	-	-	-	9,756,226	-
Accrued interest	45,074	6,112	51,186	160,125	-
Due from other governmental units	255,556	-	255,556	-	-
Due from component units	39,558	-	39,558	-	-
Internal balances	(309,889)	309,889	-	-	-
Inventories and prepaid items	119,673	126,616	246,289	-	-
Advances to component unit	320	-	320	-	-
Restricted					
Cash and investments	-	1,038,747	1,038,747	5,992,485	-
Investment in mutual insurance company	320,000	-	320,000	-	-
Investment in joint ventures	1,562,019	-	1,562,019	-	-
Capital assets					
Land and right of way	8,600,642	279,834	8,880,476	201,364	-
Construction in progress	9,391,076	182,559	9,573,635	-	-
Other capital assets, net of accumulated depreciation	47,243,288	25,040,325	72,283,613	2,919,324	-
Total Assets	<u>93,779,617</u>	<u>31,349,202</u>	<u>125,128,819</u>	<u>19,335,849</u>	<u>96,149</u>
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on debt refunding	457,471	19,745	477,216	-	-
Pension related amounts	2,370,295	361,785	2,732,080	59,139	-
Total Deferred Outflows of Resources	<u>2,827,766</u>	<u>381,530</u>	<u>3,209,296</u>	<u>59,139</u>	<u>-</u>
LIABILITIES					
Accounts payable	249,082	40,939	290,021	1,844,986	6,004
Accrued liabilities	805,100	11,399	816,499	4,191	-
Liabilities payable from restricted assets	-	-	-	210,433	-
Due to other governmental units	367,781	-	367,781	-	-
Due to primary government	-	-	-	39,005	553
Advances from primary government	-	-	-	320	-
Deposits	7,823	-	7,823	-	-
Noncurrent liabilities					
Due within one year	2,871,843	564,530	3,436,373	134,942	-
Due in more than one year	27,239,740	2,549,219	29,788,959	13,888,422	-
Total Liabilities	<u>31,541,369</u>	<u>3,166,087</u>	<u>34,707,456</u>	<u>16,122,299</u>	<u>6,557</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned antenna rent	-	41,938	41,938	-	-
Pension related amounts	953,374	151,334	1,104,708	23,392	-
Property taxes levied for next period	9,693,336	-	9,693,336	-	-
Total Deferred Inflows of Resources	<u>10,646,710</u>	<u>193,272</u>	<u>10,839,982</u>	<u>23,392</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	39,445,020	22,754,535	61,112,503	2,989,268	-
Restricted for:					
Debt service	168,846	103,958	272,804	-	-
Grant activities	2,804,642	-	2,804,642	-	-
Trust activities	1,210,401	-	1,210,401	-	-
Special purposes	2,112,043	-	2,112,043	-	-
Equipment replacement	-	928,941	928,941	-	-
Unrestricted	8,678,352	4,583,939	14,349,343	260,029	89,592
TOTAL NET POSITION	<u>\$ 54,419,304</u>	<u>\$ 28,371,373</u>	<u>\$ 82,790,677</u>	<u>\$ 3,249,297</u>	<u>\$ 89,592</u>

See accompanying notes to financial statements

CITY OF BARABOO

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position								
	Expenses	Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Community Development Authority	Business Improvement District
								Major	Nonmajor
Primary Government									
Governmental Activities									
General government	\$ 1,460,690	\$ 226,421	\$ -	\$ -	\$ (1,234,269)	\$ -	\$ (1,234,269)	\$ -	\$ -
Public safety	5,117,227	366,162	153,945	78,310	(4,518,810)	-	(4,518,810)	-	-
Public works	3,797,905	315,468	918,276	824,294	(1,739,867)	-	(1,739,867)	-	-
Health and human services	30,247	-	-	-	(30,247)	-	(30,247)	-	-
Culture, recreation and education	2,612,160	339,776	273,248	-	(1,999,136)	-	(1,999,136)	-	-
Conservation and development	329,385	6,585	24,883	-	(297,917)	-	(297,917)	-	-
Interest and fiscal charges	1,122,945	-	-	-	(1,122,945)	-	(1,122,945)	-	-
Total Governmental Activities	<u>14,470,559</u>	<u>1,254,412</u>	<u>1,370,352</u>	<u>902,604</u>	<u>(10,943,191)</u>	<u>-</u>	<u>(10,943,191)</u>	<u>-</u>	<u>-</u>
Business-type Activities									
Water	1,441,948	1,953,001	-	8,690	-	519,743	519,743	-	-
Sewer	1,282,548	1,502,110	-	5,850	-	225,412	225,412	-	-
Stormwater	553,077	655,264	-	-	-	102,187	102,187	-	-
Total Business-type Activities	<u>3,277,573</u>	<u>4,110,375</u>	<u>-</u>	<u>14,540</u>	<u>-</u>	<u>847,342</u>	<u>847,342</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 17,748,132</u>	<u>\$ 5,364,787</u>	<u>\$ 1,370,352</u>	<u>\$ 917,144</u>	<u>(10,943,191)</u>	<u>847,342</u>	<u>(10,095,849)</u>	<u>-</u>	<u>-</u>
Component Units									
Community Development Authority	\$ 1,425,887	\$ 377,662	\$ 75,455	\$ 150,022	-	-	-	(822,748)	-
Business Improvement District	37,375	46,900	1,074	-	-	-	-	-	10,599
Total Component Units	<u>\$ 1,463,262</u>	<u>\$ 424,562</u>	<u>\$ 76,529</u>	<u>\$ 150,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(822,748)</u>	<u>10,599</u>
General Revenues									
Taxes									
Property taxes, levied for general purposes					6,814,600	-	6,814,600	-	-
Property taxes, levied for debt service					1,264,834	-	1,264,834	-	-
Property taxes, levied for TIF district					1,018,053	-	1,018,053	-	-
Other taxes					184,222	-	184,222	-	-
Intergovernmental revenues not restricted to specific programs					1,804,545	-	1,804,545	-	-
Public gifts and grants					115,250	-	115,250	-	-
Investment income					399,542	30,214	429,756	627,898	-
Miscellaneous					348,987	-	348,987	34,827	-
Transfers					294,606	(294,606)	-	-	-
Total General Revenues and Transfers					<u>12,244,639</u>	<u>(264,392)</u>	<u>11,980,247</u>	<u>662,725</u>	<u>-</u>
Change in net position					<u>1,301,448</u>	<u>582,950</u>	<u>1,884,398</u>	<u>(160,023)</u>	<u>10,599</u>
NET POSITION - Beginning of Year					<u>53,117,856</u>	<u>27,788,423</u>	<u>80,906,279</u>	<u>3,409,320</u>	<u>78,993</u>
NET POSITION - ENDING					<u>\$ 54,419,304</u>	<u>\$ 28,371,373</u>	<u>\$ 82,790,677</u>	<u>\$ 3,249,297</u>	<u>\$ 89,592</u>

See accompanying notes to financial statements.

CITY OF BARABOO

BALANCE SHEET - GOVERNMENTAL FUNDS
As of December 31, 2017

	General	General Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 5,285,703	\$ 286,589	\$ 924,804	\$ 7,850,552	\$14,347,648
Receivables					
Taxes	7,105,085	1,505,693	-	1,098,126	9,708,904
Delinquent taxes	850	-	-	-	850
Accounts (net)	115,579	-	-	46,612	162,191
Special assessments	-	-	-	212,627	212,627
Loans	-	-	-	1,967,138	1,967,138
Interest	8,854	-	-	36,220	45,074
Due from other funds	212,063	-	-	-	212,063
Due from component units	39,558	-	-	-	39,558
Due from other governments	19,192	-	59,113	177,251	255,556
Inventories	109,314	-	-	-	109,314
Prepaid items	6,325	-	-	4,034	10,359
Advances to other funds	319,756	-	-	26,000	345,756
TOTAL ASSETS	\$ 13,222,279	\$ 1,792,282	\$ 983,917	\$11,418,560	\$27,417,038
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 166,692	\$ -	\$ 380	\$ 35,140	\$ 202,212
Accrued liabilities	527,191	-	-	-	527,191
Due to other governments	33,190	-	72,344	262,247	367,781
Due to other funds	15,599	-	-	153,831	169,430
Deposits	7,823	-	-	-	7,823
Advances from other funds	-	-	-	732,191	732,191
Total Liabilities	<u>750,495</u>	<u>-</u>	<u>72,724</u>	<u>1,183,409</u>	<u>2,006,628</u>
Deferred Inflows of Resources					
Property taxes levied for next period	7,089,517	1,505,693	-	1,098,126	9,693,336
Unavailable revenue	-	-	-	2,197,428	2,197,428
Total Deferred Inflows of Resources	<u>7,089,517</u>	<u>1,505,693</u>	<u>-</u>	<u>3,295,554</u>	<u>11,890,764</u>
Fund Balances					
Nonspendable	436,245	-	-	4,034	440,279
Restricted	-	286,589	463,168	4,592,383	5,342,140
Committed	-	-	-	1,213,530	1,213,530
Assigned	1,159,609	-	448,025	1,934,369	3,542,003
Unassigned (deficit)	3,786,413	-	-	(804,719)	2,981,694
Total Fund Balances	<u>5,382,267</u>	<u>286,589</u>	<u>911,193</u>	<u>6,939,597</u>	<u>13,519,646</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 13,222,279	\$ 1,792,282	\$ 983,917	\$11,418,560	\$27,417,038

See accompanying notes to financial statements.

CITY OF BARABOO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of December 31, 2017

Total fund balances for governmental funds	\$ 13,519,646
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements.	
Land and right of way	8,600,642
Construction in progress	9,391,076
Other capital assets, net of accumulated depreciation	47,243,288
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	
Special assessments not yet due	212,627
Receivables not available within 60 days after year-end	17,663
Loans receivable	1,967,138
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	
	2,370,295
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	
	(953,374)
The City's equity interest in joint ventures is reported on the statement of net position.	
	1,562,019
Governmental funds report premiums and discounts associated with the issuance of long-term debt as other financing sources and uses, but these items are amortized over the life of the debt issue on the statement of activities. Similarly, losses on refundings of debt are recorded as expenditures in the governmental funds, but amortized over the life of the debt issuance on the statement of activities.	
Unamortized loss on debt refunding	457,471
Unamortized premium on debt issuance	(141,167)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.	
Bonds and notes payable	(18,311,403)
Capital lease payable	(9,756,226)
Compensated absences and post-employment benefits	(1,600,494)
Accrued interest	(277,909)
Net pension liability	(302,293)
Less: internal service fund long-term liabilities and accrued interest	424,182
Internal service fund net position deficit is reported in the statement of net position	<u>(3,877)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES AS REPORTED ON THE STATEMENT OF POSITION	<u>\$ 54,419,304</u>

See accompanying notes to financial statements.

CITY OF BARABOO

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

	General	General Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 6,998,822	\$ 1,264,834	\$ -	\$ 1,018,053	\$ 9,281,709
Intergovernmental	2,906,421	-	59,113	443,949	3,409,483
Licenses and permits	325,194	-	-	-	325,194
Fines, forfeitures and penalties	87,270	-	-	-	87,270
Public charges for services	204,245	-	-	328,690	532,935
Intergovernmental charges for services	231,132	-	-	4,100	235,232
Special assessments	-	-	-	214,807	214,807
Investment income	71,665	-	-	304,711	376,376
Miscellaneous	194,610	44,455	-	727,050	966,115
Total Revenues	<u>11,019,359</u>	<u>1,309,289</u>	<u>59,113</u>	<u>3,041,360</u>	<u>15,429,121</u>
EXPENDITURES					
Current					
General government	1,269,096	-	-	13,330	1,282,426
Public safety	4,748,633	-	-	14,349	4,762,982
Public works	2,267,508	-	-	787,568	3,055,076
Health and human services	30,247	-	-	-	30,247
Culture, recreation and education	2,391,237	-	-	175,794	2,567,031
Conservation and development	165,435	-	-	109,208	274,643
Capital Outlay	4,855	-	9,314,100	757,267	10,076,222
Debt Service					
Principal	-	1,061,767	476,555	861,970	2,400,292
Interest and fiscal charges	-	278,293	399,972	205,080	883,345
Total Expenditures	<u>10,877,011</u>	<u>1,340,060</u>	<u>10,190,627</u>	<u>2,924,566</u>	<u>25,332,264</u>
Excess (deficiency) of revenues over expenditures	<u>142,348</u>	<u>(30,771)</u>	<u>(10,131,514)</u>	<u>116,794</u>	<u>(9,903,143)</u>
OTHER FINANCING SOURCES (USES)					
Sale of city property	16,880	-	-	30,442	47,322
Debt issued	-	-	590,000	-	590,000
Capital leases issued	-	-	9,910,282	-	9,910,282
Transfer in - tax equivalent	324,467	-	-	-	324,467
Transfers in	226,273	-	-	786,697	1,012,970
Transfers out	(407,114)	(14,229)	(45,413)	(546,214)	(1,012,970)
Total Other Financing Sources (Uses)	<u>160,506</u>	<u>(14,229)</u>	<u>10,454,869</u>	<u>270,925</u>	<u>10,872,071</u>
Net Change in Fund Balance	302,854	(45,000)	323,355	387,719	968,928
FUND BALANCES - Beginning	<u>5,079,413</u>	<u>331,589</u>	<u>587,838</u>	<u>6,551,878</u>	<u>12,550,718</u>
FUND BALANCES - ENDING	<u>\$ 5,382,267</u>	<u>\$ 286,589</u>	<u>\$ 911,193</u>	<u>\$ 6,939,597</u>	<u>\$ 13,519,646</u>

See accompanying notes to financial statements.

CITY OF BARABOO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ 968,928
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide statements	10,076,222
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	944,332
Depreciation is reported in the government-wide statements	(1,827,795)
Contributed capital assets are reported as revenues in the government-wide financial statements	484,007
Net book value of assets retired	(183,518)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements, but are recognized as revenue when earned in the government-wide financial statements.	(403,189)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid	2,400,292
Debt issued	(590,000)
Capital lease issued	(9,910,282)

Governmental funds report premiums associated with the issuance of long-term debt as other financing sources and uses, but these items are amortized over the life of the debt issue on the statement of activities. Similarly, losses on debt refundings are recorded as expenditures in the governmental funds, but amortized over the life of the debt issue on the statement of activities.

Amortization of losses on debt refunding	(85,791)
Amortization/adjustment of premium on debt	(34,680)

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(56,212)
Accrued interest on debt and capital lease	(119,129)
Net pension liability	297,792
Deferred outflows of resources related to pensions	(994,683)
Deferred inflows of resources related to pensions	309,495

Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund is reported with governmental activities.	<u>25,659</u>
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NET CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,301,448</u>
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CITY OF BARABOO

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

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Stormwater Utility	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash and investments	\$ 1,549,245	\$ 1,254,487	255,951	\$ 3,059,683	\$ 89,773
Receivables					
Accounts	385,080	349,815	163,301	898,196	23,169
Interest	1,962	3,656	494	6,112	-
Due from other funds	7,788	6,928	3,816	18,532	-
Inventories	54,532	9,595	62,489	126,616	-
Restricted Assets - redemption account	-	109,806	-	109,806	-
Total Current Assets	<u>1,998,607</u>	<u>1,734,287</u>	<u>486,051</u>	<u>4,218,945</u>	<u>112,942</u>
NONCURRENT ASSETS					
Restricted Assets - replacement account	-	928,941	-	928,941	-
Capital Assets					
Land	77,143	72,298	130,393	279,834	-
Construction work in progress	-	182,559	-	182,559	-
Property and equipment	16,183,086	13,448,036	10,580,927	40,212,049	-
Accumulated depreciation	(6,038,735)	(6,861,910)	(2,271,079)	(15,171,724)	-
Other Assets					
Depreciation account	-	194,969	-	194,969	-
Replacement account	-	-	212,272	212,272	-
Advances to other funds	160,837	79,010	146,588	386,435	33,913
Advances to component units	-	-	-	-	320
Investment in mutual insurance company	-	-	-	-	320,000
Total Noncurrent Assets	<u>10,382,331</u>	<u>8,043,903</u>	<u>8,799,101</u>	<u>27,225,335</u>	<u>354,233</u>
Total Assets	<u>12,380,938</u>	<u>9,778,190</u>	<u>9,285,152</u>	<u>31,444,280</u>	<u>467,175</u>
Deferred Outflows of Resources					
Unamortized loss on debt refunding	-	-	19,745	19,745	-
Deferred outflows - Pension	169,944	131,195	60,646	361,785	-
Total Deferred outflows	<u>169,944</u>	<u>131,195</u>	<u>80,391</u>	<u>381,530</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Current Liabilities					
Accounts payable	21,355	18,832	752	40,939	46,870
Compensated absences	47,626	38,789	4,838	91,253	-
Current portion of pension and benefit reserve	1,862	-	-	1,862	-
Accrued interest	2,362	-	3,189	5,551	13,063
Due to other funds	32,987	23,126	5,052	61,165	-
Current portion of general obligation debt and notes payable	145,000	-	170,000	315,000	50,488
Liabilities Payable From Restricted Assets					
Current maturities of revenue bonds	-	149,858	-	149,858	-
Accrued interest	-	5,848	-	5,848	-
Total Current Liabilities	<u>251,192</u>	<u>236,453</u>	<u>183,831</u>	<u>671,476</u>	<u>110,421</u>
Noncurrent Liabilities					
Revenue bonds	-	1,333,754	-	1,333,754	-
Advances from other funds	24,883	9,030	-	33,913	-
General obligation debt payable	325,000	-	625,000	950,000	360,631
Compensated absences	93,152	96,866	13,177	203,195	-
Unamortized premium on debt issuance	5,055	-	14,261	19,316	-
Net pension liability	21,918	17,889	9,704	49,511	-
Total Noncurrent Liabilities	<u>470,008</u>	<u>1,457,539</u>	<u>662,142</u>	<u>2,589,689</u>	<u>360,631</u>
Total Liabilities	<u>721,200</u>	<u>1,693,992</u>	<u>845,973</u>	<u>3,261,165</u>	<u>471,052</u>
Deferred Inflows of Resources					
Unearned antenna rent	41,938	-	-	41,938	-
Pension related amounts	69,516	56,186	25,632	151,334	-
Total Deferred Inflows of Resources	<u>111,454</u>	<u>56,186</u>	<u>25,632</u>	<u>193,272</u>	<u>831,683</u>
NET POSITION (DEFICIT)					
Net investment in capital assets	9,746,439	5,357,371	7,650,725	22,754,535	-
Restricted for:					
Debt service	-	103,958	-	103,958	-
Equipment replacement	-	928,941	-	928,941	-
Unrestricted (deficit)	<u>1,971,789</u>	<u>1,768,937</u>	<u>843,213</u>	<u>4,583,939</u>	<u>(3,877)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ 11,718,228</u>	<u>\$ 8,159,207</u>	<u>\$ 8,493,938</u>	<u>\$ 28,371,373</u>	<u>\$ (3,877)</u>

See accompanying notes to financial statements.

CITY OF BARABOO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Stormwater Utility	Total	
OPERATING REVENUES					
Charges for service	\$ 1,860,411	\$ 1,490,863	650,054	\$ 4,001,328	\$ 150,796
Miscellaneous	91,708	11,247	5,210	108,165	-
Total Operating Revenues	<u>1,952,119</u>	<u>1,502,110</u>	<u>655,264</u>	<u>4,109,493</u>	<u>150,796</u>
OPERATING EXPENSES					
Operation and maintenance	1,022,436	886,421	384,010	2,292,867	132,423
Depreciation	411,160	358,432	142,772	912,364	-
Total Operating Expenses	<u>1,433,596</u>	<u>1,244,853</u>	<u>526,782</u>	<u>3,205,231</u>	<u>132,423</u>
Operating Income	<u>518,523</u>	<u>257,257</u>	<u>128,482</u>	<u>904,262</u>	<u>18,373</u>
NONOPERATING REVENUES (EXPENSES)					
Merchandising and jobbing	882	-	-	882	-
Investment income	10,456	16,419	3,339	30,214	23,238
Interest expense	(10,177)	(37,695)	(17,100)	(64,972)	(15,952)
Amortization of premium on debt	1,825	-	-	1,825	-
Loss on disposal of asset	-	-	(650)	(650)	-
Amortization of loss on debt refunding	-	-	(8,545)	(8,545)	-
Total Nonoperating Revenues (Expenses)	<u>2,986</u>	<u>(21,276)</u>	<u>(22,956)</u>	<u>(41,246)</u>	<u>7,286</u>
Income (Loss) Before Contributions and Transfers	<u>521,509</u>	<u>235,981</u>	<u>105,526</u>	<u>863,016</u>	<u>25,659</u>
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	8,690	5,850	-	14,540	-
Capital contributions - municipal	-	8,376	21,485	29,861	-
Transfers	(324,467)	-	-	(324,467)	-
Total Contributions and Transfers	<u>(315,777)</u>	<u>14,226</u>	<u>21,485</u>	<u>(280,066)</u>	<u>-</u>
Change in Net Position	<u>205,732</u>	<u>250,207</u>	<u>127,011</u>	<u>582,950</u>	<u>25,659</u>
TOTAL NET POSITION (DEFICIT) - Beginning	<u>11,512,496</u>	<u>7,909,000</u>	<u>8,366,927</u>	<u>27,788,423</u>	<u>(29,536)</u>
TOTAL NET POSITION (DEFICIT) - ENDING	<u>\$ 11,718,228</u>	<u>\$ 8,159,207</u>	<u>\$ 8,493,938</u>	<u>\$ 28,371,373</u>	<u>\$ (3,877)</u>

See accompanying notes to financial statements.

CITY OF BARABOO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Stormwater Utility	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 1,697,155	\$ 1,466,501	653,660	\$ 3,817,316	\$ -
Received from city for services	289,307	-	-	289,307	149,827
Paid to suppliers for goods and services	(574,123)	(517,857)	(129,647)	(1,221,627)	(87,708)
Paid to and on behalf of employees for services	(412,042)	(332,399)	(254,025)	(998,466)	-
Net Cash Flows From Operating Activities	<u>1,000,297</u>	<u>616,245</u>	<u>269,988</u>	<u>1,886,530</u>	<u>62,119</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Marketable securities purchased	-	(650,604)	-	-	-
Investments sold and matured	(495,783)	493,425	-	(2,358)	-
Investment income	9,219	13,704	3,163	26,086	23,239
Net Cash Flows From Investing Activities	<u>(486,564)</u>	<u>(143,475)</u>	<u>3,163</u>	<u>23,728</u>	<u>23,239</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Debt retired	-	-	-	-	(52,129)
Interest paid	-	-	-	-	(17,609)
Received on advances from other funds	-	-	-	-	9,170
Paid to municipality for tax equivalent	(324,467)	-	-	(324,467)	-
Net Cash Flows From Noncapital Financing Activities	<u>(324,467)</u>	<u>-</u>	<u>-</u>	<u>(324,467)</u>	<u>(60,568)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(140,000)	(311,521)	(175,000)	(626,521)	-
Interest paid on long-term debt and advances	(10,875)	(38,999)	(20,646)	(70,520)	-
Acquisition and construction of capital assets	(160,291)	(182,810)	(385)	(343,486)	-
Capital contributions	1,975	5,850	-	7,825	-
Net Cash Flows From Capital and Related Financing Activities	<u>(309,191)</u>	<u>(527,480)</u>	<u>(196,031)</u>	<u>(1,032,702)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(119,925)	(54,710)	77,120	(97,515)	24,790
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>693,195</u>	<u>1,438,603</u>	<u>391,103</u>	<u>2,522,901</u>	<u>64,983</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 573,270</u>	<u>\$ 1,383,893</u>	<u>\$ 468,223</u>	<u>\$ 2,425,386</u>	<u>\$ 89,773</u>

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Stormwater Utility	Total	
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income	\$ 518,523	\$ 257,257	128,482	\$ 904,262	\$ 18,373
Nonoperating revenue	882	-	-	882	-
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities					
Depreciation	411,160	358,432	142,772	912,364	-
Depreciation charged to other funds	40,821	(40,821)	-	-	-
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows					
Accounts receivable	(7,182)	4,844	(1,480)	(3,818)	(969)
Other receivables	1,318	1,242	-	2,560	-
Due from other funds	(3,493)	(874)	(123)	(4,490)	-
Inventories	(2,066)	(400)	(4,215)	(6,681)	-
Accounts payable	1,981	(2,101)	(15,537)	(15,657)	44,715
Due to other funds	3,389	2,592	1,796	7,777	-
Compensated absences and pension benefits reserve	1,217	10,492	879	12,588	-
Pension related deferrals and liabilities	31,750	25,582	17,414	74,746	-
Unearned revenue	1,997	-	-	1,997	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 1,000,297	\$ 616,245	\$ 269,988	\$ 1,886,530	\$ 62,119
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and equivalents	\$ 1,549,245	\$ 1,254,487	255,951	\$ 3,059,683	\$ 89,773
Redemption account	-	109,806	-	109,806	-
Depreciation account	-	194,969	-	194,969	-
Replacement account	-	928,941	212,272	1,141,213	-
Total Cash and Investments	1,549,245	2,488,203	468,223	4,505,671	89,773
Less: Noncash equivalents	(975,975)	(1,104,310)	-	(2,080,285)	-
CASH AND CASH EQUIVALENTS	\$ 573,270	\$ 1,383,893	\$ 468,223	\$ 2,425,386	\$ 89,773
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Developer financed additions to utility plant	\$ 6,955	\$ -	\$ -	\$ 6,955	\$ -
Municipal financed additions to utility plant	\$ -	\$ 8,376	\$ 21,485	\$ 29,861	\$ -
Amortization	\$ -	\$ -	\$ (8,545)	\$ (8,545)	\$ -

See accompanying notes to financial statements.

CITY OF BARABOO

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

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 8,539,695
Taxes receivable	3,234,153
Prepaid items	<u>16,523</u>
TOTAL ASSETS	<u>\$ 11,790,371</u>
LIABILITIES	
Accounts payable	\$ 8,101
Due to component unit	8,530
Due to other governments	11,756,920
Due to other entities	<u>16,820</u>
TOTAL LIABILITIES	<u>\$ 11,790,371</u>

See accompanying notes to financial statements.

CITY OF BARABOO

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CITY OF BARABOO

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Baraboo, Wisconsin ("City") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board ("GASB").

A. REPORTING ENTITY

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely Presented Component Units

Community Development Authority

The government-wide financial statements include the Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the CDA, and also create a potential financial benefit to or burden on the City. See Note III.I. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2017. The CDA does not issue separate financial statements.

CITY OF BARABOO

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

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units (cont.)

Business Improvement District

The government-wide financial statements include the Business Improvement District ("BID") as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the BID and also create a potential financial benefit to or burden on the City. See Note III.I. As a component unit, the BID's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2017. The Business Improvement District does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditure/expenses.

CITY OF BARABOO

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- General – 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.
- General Debt Service – accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise fund debt.
- Capital Projects – accounts for the financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

The City reports the following major enterprise funds:

- Water Utility – accounts for operations of the water system
- Sewer Utility – accounts for operations of the sewer system
- Stormwater Utility – accounts for operations of the stormwater system

The City reports the following nonmajor governmental funds:

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

Economic Development	Alma Waite	Library Building
Community Development	Library	Capital Catalyst
Block Grant	Parks	1979 Community Development
Park Development	Fire Department Retirement	Block Grant
Impact Fees	Ochsner Park House	Economic Development Grant
Public Safety Impact Fees	Library Impact Fees	Wisconsin Community
Forest Management	Airport	Development Block Grant
Lead Service Grant	BID Pocket Park	TIF Incentive
Taxi Grant	Kuenzi Estate	

CITY OF BARABOO

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

Tax Incremental District (TID) No. 6	Special Assessment Projects
Tax Incremental District (TID) No. 7	Urban Development
Tax Incremental District (TID) No. 8	Land Development
Tax Incremental District (TID) No. 9	Capital Equipment
Fire Equipment	Airport Capital Improvement
Emergency Management Equipment	

In addition, the City reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

Liability Insurance	Unfunded Pension Liability
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Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund	Friends of the Library
UW Campus	

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer 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.

CITY OF BARABOO

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

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Government-Wide Financial Statements (cont.)

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

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met and recorded as liabilities. Amounts received in advance of making time requirements are recorded as deferred inflows.

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

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

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, and stormwater utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 BARABOO

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

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

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

1. Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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

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

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

The City has adopted an investment policy. That policy follows the state statute for allowable investments.

The City's investment policy addresses custodial credit risk. The City's deposits must be collateralized at 102% of the value of the principal and accrued interest. The collateral must be held by an independent third party.

Concentration of credit risk is also addressed by the City's investment policy. With the exception of U.S. Treasury Securities and authorized investment pools, no more than 50% of the City's total investment portfolio will be invested in a single security type with a single financial institution. The City's policy also addresses interest rate risk. The City will not directly invest in securities maturing more than five years from the date of purchase. The City has adopted weighted average maturity limitations (which often range from 90 days to three years).

The other risks disclosed in Note III.A. are not specifically addressed in the City's investment policy.

CITY OF BARABOO

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

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

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

1. Deposits and Investments (cont.)

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III.A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool ("LGIP") is part of the State Investment Fund ("SIF"), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III.A. for further information.

2. Receivables

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

Property Tax Calendar - 2017 Tax Roll:

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

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, sewer, and stormwater utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

CITY OF BARABOO

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

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

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

2. Receivables (cont.)

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has not been reduced by an allowance for uncollectible accounts.

It is the City's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as assigned fund balance in the fund financial statements.

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

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

CITY OF BARABOO

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

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

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$3,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost, if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No 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 capital 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	30 - 75 Years
Land improvements	30 Years
Machinery and equipment	3 - 15 Years
Utility system	15 - 100 Years
Infrastructure	20 - 50 Years

Fund Financial Statements

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

6. Other Assets

Equity interests in joint ventures are presented as assets in the government-wide financial statements. See Note IV.D.

The City has set aside a depreciation account in the sewer utility to fund plant renewals and replacement or to make up potential future deficiencies in the redemption account.

The stormwater utility has a replacement account to set aside funds for future equipment replacement needs.

CITY OF BARABOO

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

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

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

7. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

8. 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, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2017, are determined on the basis of current salary rates and include salary related payments.

9. 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.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line or effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net position.

CITY OF BARABOO

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

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

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

9. Long-Term Obligations/Conduit Debt (cont.)

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 \$5,500,000, made up of one issue.

10. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that future time.

11. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definitions of "restricted" or "net investment in capital assets."

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets," and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 39,445,020	\$ 22,754,535	\$ (1,087,052)	\$ 61,112,503
Unrestricted	8,678,352	4,583,939	1,087,052	14,349,343

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.

CITY OF BARABOO

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

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

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

11. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The City has adopted a financial policy authorizing the Director of Finance to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

CITY OF BARABOO

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

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

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

12. Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin on October 3, 2016, and placed into effect by the water utility on January 1, 2017. The rates were designed to provide a 2% return.

Sewer Utility

Current sewer rates were approved by the City and placed into effect with the first quarter billing of 2017.

Stormwater Utility

Current stormwater rates were approved by the City and placed into effect on January 1, 2012.

13. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund, general debt service fund, special revenue funds including: taxi, park development, public safety, parks, and Alma Waite, the capital projects fund, and special assessment capital projects fund. Budgets have not been formally adopted for other special revenue and capital projects funds not listed above. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. As of December 31, 2017, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Taxi Grant	\$ 5,987	Excess expenditures over revenues
Tax Incremental District #7	295,563	Excess expenditures over revenues
Tax Incremental District #8	355,447	Excess expenditures over revenues
Urban Development	38,260	Excess expenditures over revenues
Airport Capital Improvement	105,428	Excess expenditures over revenues
Unfunded Pension Liability	320,731	Excess expenses over revenues

CITY OF BARABOO

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

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

B. DEFICIT BALANCES (cont.)

These fund deficits are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

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

C. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the City's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the City's funds.

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

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risks</u>
Deposits	\$ 20,591,327	\$ 19,819,659	Custodial credit
U.S. Agencies – explicitly guaranteed	1,309,174	1,309,174	Custodial credit, interest rate
U.S. Agencies – implicitly guaranteed	1,750,857	1,750,857	Custodial credit, credit, interest rate, concentration of credit
Mutual funds – other than bond funds	1,097,870	1,097,870	N/A
Mutual funds – bond funds	104,740	104,740	Credit, interest rate
LGIP	2,627,619	1,627,619	Credit
Petty cash	1,200	-	N/A
	<u> </u>	<u> </u>	
Total Deposits and Investments	<u>\$ 27,482,787</u>	<u>\$ 25,709,919</u>	

CITY OF BARABOO

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Reconciliation to financial statements:

Per statement of net position		
Unrestricted cash and investments	\$	17,904,345
Restricted cash and investments		1,038,747
Per statement of assets and liabilities –		
Agency funds		<u>8,539,695</u>
Total Deposits and Investments	\$	<u>27,482,787</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The City maintains collateral agreements with its banks. At December 31, 2017, the banks had pledged various government securities in the amount of \$8,676,467 to secure the City's deposits.

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

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

- > Mutual funds are readily priced in active markets
- > U.S. Agencies are priced at month-end using "round lot" pricing from similar observable inputs

Investment Type	December 31, 2017			
	Level 1	Level 2	Level 3	Total
U.S. Agencies – explicitly guaranteed	\$ -	\$ 1,309,174	\$ -	\$ 1,309,174
U.S. Agencies – implicitly guaranteed	-	1,750,857	-	1,750,857
Mutual Funds – other than bond funds	1,097,870	-	-	1,097,870
Mutual Funds – bond funds	<u>104,740</u>	<u>-</u>	<u>-</u>	<u>104,740</u>
Totals	<u>\$ 1,202,610</u>	<u>\$ 3,060,031</u>	<u>\$ -</u>	<u>\$ 4,262,641</u>

CITY OF BARABOO

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

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

As of December 31, 2017, \$458,531 of the City's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 458,531</u>
--------------------------------	-------------------

Investments

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

The City does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

At December 31, 2017, the City's investments were rated as follows:

Investment Type	Moody's Investor Services	Standard and Poor's
U.S. Agencies - implicitly guaranteed	AAA	AA+

The City had investments in mutual bond funds and the external Wisconsin Local Government Investment Pool which are not rated.

Interest Rate Risk

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

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

Type of Investment	Fair Value	Investment Maturities (in Years)	
		1-4	More Than 4
U.S. Agencies – explicitly guaranteed	\$ 1,309,174	\$ 146,798	\$ 1,162,376
U.S. Agencies – implicitly guaranteed	1,750,857	1,093,395	657,462
Mutual funds – bond funds	104,740	-	104,740
Totals	<u>\$ 3,164,771</u>	<u>\$ 1,240,193</u>	<u>\$ 1,924,578</u>

CITY OF BARABOO

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. At December 31, 2017, the investment portfolio included 9% of investments in FMAC.

See Note 1.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year with the exception of: delinquent personal property taxes of \$850 reported in the general fund and loans of \$1,967,138 reported in nonmajor governmental funds.

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable	\$ -	\$ 9,693,336	\$ 9,693,336
Special assessments not yet due	212,627	-	212,627
Grants receivable	17,663	-	17,663
Loans receivable	<u>1,967,138</u>	<u>-</u>	<u>1,967,138</u>
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 2,197,428</u>	<u>\$ 9,693,336</u>	<u>\$ 11,890,764</u>

For economic development loans, the City is limited by the Wisconsin Department of Administration to the amount of program income from economic development loans that it may retain and loan to other businesses and the amount of time for which funds may be held without use. Program income includes the principal and interest received from economic development loans repayments.

At December 31, 2017, the City has not exceeded the maximum amount that it may retain or time established. When it does, a liability to the state will be recorded.

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

Redemption used to segregate resources accumulated for debt service payments over the next twelve months.

CITY OF BARABOO

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

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

C. RESTRICTED ASSETS (cont.)

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

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

	Restricted Assets
Bond redemption	\$ 109,806
Equipment replacement account	928,941
Total Restricted Assets	\$ 1,038,747

D. CAPITAL ASSETS

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 8,636,989	\$ 98,653	\$ 135,000	\$ 8,600,642
Construction in progress	546,455	8,856,440	11,819	9,391,076
Total Capital Assets Not Being Depreciated	9,183,444	8,955,093	146,819	17,991,718
Capital assets being depreciated				
Land improvements	4,018,133	570,092	20,050	4,568,175
Buildings	17,380,667	216,812	1,046	17,596,433
Machinery and equipment	9,859,921	1,061,522	239,154	10,682,289
Infrastructure	37,392,124	712,861	22,325	38,082,660
Total Capital Assets Being Depreciated	68,650,845	2,561,287	282,575	70,929,557
Total Capital Assets	77,834,289	11,516,380	429,394	88,921,275
Less: Accumulated depreciation for				
Land improvements	(1,888,450)	(312,117)	20,049	(2,180,518)
Buildings	(4,152,193)	(305,189)	946	(4,456,436)
Machinery and equipment	(4,749,472)	(563,272)	196,685	(5,116,059)
Infrastructure	(11,302,416)	(647,217)	16,377	(11,933,256)
Total Accumulated Depreciation	(22,092,531)	(1,827,795)	234,057	(23,686,269)
Net Capital Assets Being Depreciated	46,558,314	733,492	48,518	47,243,288
Total Capital Assets, Net of Accumulated Depreciation	\$ 55,741,758	\$ 9,688,585	\$ 195,337	\$ 65,235,006

CITY OF BARABOO

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

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General governmental	\$ 43,287
Public safety	210,084
Public works, which includes the depreciation of infrastructure	1,193,022
Culture, education and recreation	<u>381,402</u>
 Total Governmental Activities Depreciation Expense	 <u>\$ 1,827,795</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 279,834	\$ -	\$ -	\$ 279,834
Construction work in progress	<u>-</u>	<u>182,559</u>	<u>-</u>	<u>182,559</u>
Total Capital Assets Not Being Depreciated	<u>279,834</u>	<u>182,559</u>	<u>-</u>	<u>462,393</u>
Capital assets being depreciated				
Machinery and equipment – stormwater	773,125	-	-	773,125
Infrastructure – stormwater	9,783,465	21,485	1,107	9,803,843
Source of supply – water	517,881	-	-	517,881
Pumping – water	2,098,804	9,156	2,968	2,104,992
Water treatment	85,717	-	2,061	83,656
Transmission and distribution – water	12,701,573	57,574	12,706	12,746,441
Collection system and pumping – sewer	380,179	-	-	380,179
Collecting system – sewer	3,933,409	8,376	3,320	3,938,465
Treatment and disposal – sewer	8,239,959	19,709	12,839	8,246,829
Intangibles	56,730	-	-	56,730
General	<u>1,772,725</u>	<u>127,420</u>	<u>340,237</u>	<u>1,559,908</u>
Total Capital Assets Being Depreciated	<u>40,343,567</u>	<u>243,720</u>	<u>375,238</u>	<u>40,212,049</u>
Total Capital Assets	<u>40,623,401</u>	<u>426,279</u>	<u>375,238</u>	<u>40,674,442</u>
Less: Accumulated depreciation for Water, sewer, and stormwater plant	<u>(14,623,539)</u>	<u>(912,364)</u>	<u>364,179</u>	<u>(15,171,724)</u>
Net Capital Assets Being Depreciated	<u>25,720,028</u>	<u>(668,644)</u>	<u>11,059</u>	<u>25,040,325</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 25,999,862</u>	<u>\$ (486,085)</u>	<u>\$ 11,059</u>	<u>\$ 25,502,718</u>

CITY OF BARABOO

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

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities		
Water		\$ 411,160
Sewer		358,432
Stormwater		<u>142,772</u>
Total Business-type Activities Depreciation Expense		<u>\$ 912,364</u>

Depreciation expense may be different from business-type capital asset additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental funds	\$ 150,898
General	Sewer Utility	23,126
Water Utility	Nonmajor governmental funds	2,901
Sewer Utility	General	6,896
Stormwater Utility	General	3,816
General	Stormwater Utility	5,052
Water Utility	General	4,887
General	Water Utility	32,987
Sewer Utility	Nonmajor governmental funds	<u>32</u>
Total - Fund Financial Statements		230,595
Less: Fund eliminations		(150,898)
Add: Interfund advances		(352,522)
Less: Government-wide eliminations		<u>(37,064)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ (309,889)</u>
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 95,078
Business-type Activities	Governmental Activities	<u>(404,967)</u>
Total Government-Wide Financial Statements		<u>\$ (309,889)</u>

CITY OF BARABOO

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

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

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

Interfund Receivables/Payables (cont.)

All amounts are due within one year.

The principal purpose of these interfunds resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances

The general and utility funds are advancing amounts to TID No. 7 and No. 8 until sufficient TID increments are generated. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the funds' inceptions. No repayment schedules have been established. Various other funds have advances to other funds as detailed below. Interest may be charged on some of these advances. No repayment schedules have been established.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General	TID No. 8	\$ 152,767	\$ 152,767
General	Urban Development	36,717	36,717
General	Airport	26,000	26,000
Water Utility	TID No. 7	57,837	57,837
Airport	Airport Capital Improvements	26,000	26,000
Water Utility	TID No. 8	103,000	103,000
Sewer Utility	TID No. 8	79,010	79,010
Stormwater Utility	TID No. 8	146,588	146,588
Unfunded Pension Liability	Water Utility	24,883	24,883
Unfunded Pension Liability	Sewer Utility	9,030	9,030
General	TID No. 7	104,272	104,272
Total - Fund Financial Statements		766,104	
Less: Fund eliminations		(345,756)	
Less: government-wide fund eliminations		(772,870)	
Total – Interfund Advances		\$ (352,522)	

CITY OF BARABOO

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

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	Water Utility	\$ 324,467	Tax equivalent
General	Nonmajor Governmental Funds	212,044	Various operating uses
General	General Debt Service	14,229	Reallocate levy
Nonmajor Governmental Funds	General	407,114	Annual contributions to the capital funds; airport operating/capital fund; fire benefit fund
Nonmajor Governmental Funds	Capital Projects	45,413	Contribution for street and sidewalk reconstruction
Nonmajor Governmental Funds	Nonmajor Governmental Funds	334,170	Various operating uses
Total - Fund Financial Statements		1,337,437	
Less: Fund eliminations		(1,012,970)	
Less: Government-wide eliminations		(29,861)	
Total Transfers - Government-Wide Statement of Activities		\$ 294,606	

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

CITY OF BARABOO

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

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

F. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 20,017,481	\$ 590,000	\$ 2,296,078	\$ 18,311,403	\$ 2,358,062
Lease Payable	-	9,910,282	154,056	9,756,226	-
Notes payable	2,287	-	2,287	-	-
Premium on debt	106,487	84,438	49,758	141,167	32,736
Sub-totals	20,126,255	10,584,720	2,502,179	28,208,796	2,390,798
Other Liabilities					
Vested compensated absences	1,544,282	460,576	415,751	1,589,107	472,581
Post-employment benefits	-	22,970	11,583	11,387	8,464
Net pension liability	600,085	-	297,792	302,293	-
Total Other Liabilities	2,144,367	483,546	725,126	1,902,787	481,045
Total Governmental Activities Long-Term Obligations	\$ 22,270,622	\$ 11,068,266	\$ 3,227,305	\$ 30,111,583	\$ 2,871,843
	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,580,000	\$ -	\$ 315,000	\$ 1,265,000	\$ 315,000
Revenue bonds	1,795,133	-	311,521	1,483,612	149,858
Premium on debt	21,526	6,743	8,953	19,316	6,557
Sub-totals	3,396,659	6,743	635,474	2,767,928	471,415
Other Liabilities					
Vested compensated absences	266,266	123,568	95,386	294,448	91,253
Pension and benefits reserve	9,997	-	8,135	1,862	1,862
Net pension liability	95,997	-	46,486	49,511	-
Total Other Liabilities	372,260	123,568	150,007	345,821	93,115
Total Business-type Activities Long-Term Obligations	\$ 3,768,919	\$ 130,311	\$ 785,481	\$ 3,113,749	\$ 564,530

CITY OF BARABOO

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

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

F. LONG-TERM OBLIGATIONS (cont.)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2017, was \$41,272,890. Total general obligation debt outstanding at year-end was \$19,707,823, which includes the \$131,420 state trust fund loan recorded in the CDA.

General Obligation Debt

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

Governmental Activities General Obligation Debt	Date of Issue	Interest Rates	Date of Maturity	Original Indebtedness	Balance 12/31/17
State trust fund loan	12/03/08	4.75%	03/15/26	\$ 229,057	\$ 50,969
Taxable general obligation corporate purpose bonds	12/27/10	1.75 - 6.10%	12/01/30	1,690,000	1,340,000
Promissory note	06/29/11	3.75%	03/01/21	705,000	411,119
General obligation refunding bonds	04/19/12	2.00 - 2.65%	04/01/26	4,535,000	3,440,000
General obligation corporate purpose bonds	03/06/13	0.30 - 2.10%	02/01/25	1,545,000	1,065,000
Taxable general obligation refunding bonds	03/06/13	0.40 - 2.95%	08/01/26	2,660,000	1,925,000
General obligation promissory note	05/01/13	1.45%	05/01/23	250,000	154,315
General obligation corporate purpose bonds	08/12/14	0.08 - 3.05%	09/01/28	2,795,000	2,635,000
General obligation UW system campus bonds	04/01/15	2.78%	04/01/35	3,040,000	2,765,000
General obligation corporate purpose bonds	07/21/16	2.00 - 2.50%	12/01/35	4,875,000	4,065,000
General obligation promissory note	12/1/17	2.70%	1/31/22	460,000	<u>460,000</u>
Total Governmental Activities – General Obligation Debt					<u>\$ 18,311,403</u>

CITY OF BARABOO

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-Type Activities General Obligation Debt	Date of Issue	Interest Rates	Date of Maturity	Original Indebtedness	Balance 12/31/17
General obligation refunding bonds	04/19/12	2.00 - 2.65%	03/01/21	\$ 1,630,000	\$ 665,000
General obligation corporate purpose bonds	08/12/14	0.80 - 3.05%	12/01/20	200,000	185,000
General obligation corporate purpose bonds	07/21/16	2.00 - 2.50%	12/01/35	420,000	<u>415,000</u>
Total Business-Type Activities – General Obligation Debt					<u><u>\$ 1,265,000</u></u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2018	\$ 2,358,062	\$ 422,413	\$ 315,000	\$ 21,698
2019	1,630,833	394,439	310,000	15,988
2020	1,853,544	360,794	325,000	10,048
2021	1,800,835	322,174	100,000	5,338
2022	1,672,720	283,851	60,000	3,700
2023-2027	6,090,409	851,468	155,000	4,150
2028-2032	2,055,000	276,959	-	-
2033-2035	850,000	35,939	-	-
Totals	<u><u>\$ 18,311,403</u></u>	<u><u>\$ 2,948,037</u></u>	<u><u>\$ 1,265,000</u></u>	<u><u>\$ 60,922</u></u>

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the sewer utility.

CITY OF BARABOO

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

The sewer utility has pledged future sewer revenues, net of specified operating expenses, to repay \$2,914,814 in revenue bonds issued in 2006. Proceeds from the bonds provided financing for the sewer utility. The bonds are payable solely from utility revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 12.1% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$1,646,968. Principal and interest paid for the current year and total customer gross revenues were \$350,521 and \$1,518,529, respectively.

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

Business-type Activities Revenue Debt

<u>Sewer Utility</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/17</u>
Clean Water Fund Loan	06/28/06	2.365%	05/01/26	2,914,814	<u>\$ 1,483,612</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 149,858	\$ 33,315	\$ 183,173
2019	153,403	29,729	183,132
2020	157,031	26,058	183,089
2021	160,744	22,301	183,045
2022	164,546	18,454	183,000
2023 - 2026	698,030	33,499	731,529
Totals	<u>\$ 1,483,612</u>	<u>\$ 163,356</u>	<u>\$ 1,646,968</u>

CITY OF BARABOO

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of compensated absences, post-employment benefits, and customer advances for construction are not included in the debt service requirement schedules. The compensated absences and net pension liabilities attributable to governmental activities will be liquidated primarily by the general fund. The postemployment benefits are attributable to governmental activities and will be liquidated primarily by the general fund.

A statutory mortgage lien upon the sewer utility's system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The sewer utility's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The City believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

G. LEASE DISCLOSURES

The City of Baraboo has entered into an agreement with the Community Development Authority of the City of Baraboo (CDA) for the public safety and administration building. In 2017, the CDA issued lease revenue bonds totaling \$13,725,000.

The future minimum lease obligations and the net present value on the minimum lease payments as of December 31, 2017, are as follows:

Years	Governmental Activities		
	Principal	Interest	Totals
2018	\$ -	\$ 480,376	\$ 480,376
2019	9,756,226	240,188	9,996,414
Totals	<u>\$ 9,756,226</u>	<u>\$ 720,564</u>	<u>\$ 10,476,790</u>

CITY OF BARABOO

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

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

H. NET POSITION/FUND BALANCES

Governmental Activities

Net position reported on the government wide statement of Net Position at December 31, 2017, includes the following:

Net investment in capital assets	
Land	\$ 8,600,642
Construction in progress	9,391,076
Other capital assets, net of accumulated depreciation	47,243,288
Less: Long-term debt outstanding	(18,311,403)
Less: Capital lease outstanding	(9,756,226)
Less: Unamortized debt premium	(141,167)
Plus: Utility related capital debt	1,087,052
Plus: Unamortized loss on debt refunding	457,471
Plus: Unspent capital related debt proceeds	463,168
Plus: Noncapital debt outstanding	411,119
Total Net Investment in Capital Assets	<u>39,445,020</u>
Restricted	
Debt service	168,846
Grant activities	2,804,642
Trust activities	1,210,401
Special purposes (parks, library, public safety, donations)	2,112,043
Total Restricted	<u>6,295,932</u>
Unrestricted	<u>8,678,352</u>
Total Governmental Activities Net Position	<u>\$ 54,419,304</u>

CITY OF BARABOO

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

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

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

FUND BALANCES	General	General Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
Nonspendable:					
Inventories	\$ 109,314	\$ -	\$ -	\$ -	\$ 109,314
Prepaid items	6,325	-	-	4,034	10,359
Advances	319,756	-	-	-	319,756
Delinquent items	850	-	-	-	850
Total Nonspendable	<u>436,245</u>	<u>-</u>	<u>-</u>	<u>4,034</u>	<u>440,279</u>
Restricted for:					
Debt service	-	286,589	-	-	286,589
Community development block grant	-	-	-	446,933	446,933
Park development impact fees	-	-	-	109,506	109,506
Public safety impact fees	-	-	-	165,759	165,759
Alma Waite	-	-	-	1,167,077	1,167,077
Library	-	-	-	1,834,712	1,834,712
BID pocket park	-	-	-	2,064	2,064
Kuenzi estate	-	-	-	43,324	43,324
Capital catalyst	-	-	-	18,301	18,301
Economic development grants	-	-	-	4,804	4,804
TIF project plans	-	-	-	799,903	799,903
Capital projects (unspent debt)	-	-	463,168	-	463,168
Total Restricted	<u>-</u>	<u>286,589</u>	<u>463,168</u>	<u>4,592,383</u>	<u>5,342,140</u>
Committed to:					
Economic development	-	-	-	134,698	134,698
Parks	-	-	-	61,571	61,571
Fire department retirement	-	-	-	114,920	114,920
Ochsner Park house	-	-	-	20,358	20,358
Library building	-	-	-	881,983	881,983
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,213,530</u>	<u>1,213,530</u>
Assigned to:					
Employee separation	421,015	-	-	-	421,015
Airport operations	138,702	-	-	-	138,702
Bicycle safety	907	-	-	-	907
Police	16,362	-	-	-	16,362
Fire	3,508	-	-	-	3,508
Library	43,581	-	-	-	43,581
Applied to subsequent budget	504,533	-	-	-	504,533
Carryforwards	31,001	-	-	-	31,001
Future capital projects	-	-	448,025	101,579	549,604
Land development	-	-	-	98,281	98,281
Capital equipment	-	-	-	1,734,509	1,734,509
Total Assigned	<u>1,159,609</u>	<u>-</u>	<u>448,025</u>	<u>1,934,369</u>	<u>3,542,003</u>
Unassigned (deficit):					
	<u>3,786,413</u>	<u>-</u>	<u>-</u>	<u>(804,719)</u>	<u>2,981,694</u>
Total	<u>\$ 5,382,267</u>	<u>\$ 286,589</u>	<u>\$ 911,193</u>	<u>\$ 6,939,597</u>	<u>\$ 13,519,646</u>

CITY OF BARABOO

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

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 279,834
Construction in progress	182,559
Plant in service	40,212,049
Less: Accumulated depreciation	(15,171,724)
Less: Long-term debt outstanding	(2,748,612)
Less: Unamortized premium	(19,316)
Plus: Unamortized loss on debt refunding	19,745
Total Net Investment in Capital Assets	<u>22,754,535</u>
Restricted	
Debt service	103,958
Equipment replacement	928,941
Total Restricted	<u>1,032,899</u>
Unrestricted	
	<u>4,583,939</u>
Total Business-type Activities Net Position	<u>\$ 28,371,373</u>

I. COMPONENT UNITS

Community Development Authority

This report contains the Community Development Authority ("CDA"), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The CDA follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 156,499	\$ 193,342	Custodial credit risk
LGIP	6,023,300	6,023,300	Credit
Petty cash	<u>350</u>	<u>-</u>	Not applicable
Total Deposits and Investments	<u>\$ 6,180,149</u>	<u>\$ 6,216,642</u>	

CITY OF BARABOO

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

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

I. *COMPONENT UNITS* (cont.)

Community Development Authority (cont.)

b. Deposits and Investments (cont.)

Reconciliation to statement of net position:

Unrestricted cash and investments	\$	187,664
Restricted cash and investments		<u>5,992,485</u>
Total Deposits and Investments	\$	<u>6,180,149</u>

Custodial Credit Risk

Deposits

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

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

Investments

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

The CDA does not have any investments exposed to custodial credit risk.

See Note 1.D.1. for further information on deposit and investment policies.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The CDA held investments in the external Wisconsin Local Government Investment Pool which is not rated.

CITY OF BARABOO

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

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

I. COMPONENT UNITS (cont.)

Community Development Authority (cont.)

c. Restricted Assets

The CDA has established restricted cash and investment accounts to satisfy statutory and debt requirements. Following is a list of restricted assets at December 31, 2017:

	Donahue Terrace Apartments	Corson Square	Admin Building	Total
Security deposits	\$ 22,283	\$ 18,358	\$ -	\$ 40,641
Prepaid rent	5,474	3,264	-	8,738
Construction account	-	-	5,216,722	5,216,722
Reserve account – accrued interest	-	-	726,384	726,384
Totals	\$ 27,757	\$ 21,622	\$ 5,943,106	\$ 5,992,485

d. Capital Assets

	Beginning Balance	Additions	Disposals	Ending Balance	Useful Lives (Years)
Land	\$ 201,364	\$ -	\$ -	\$ 201,364	N/A
Land Improvements	307,620	-	-	307,620	20
Buildings	5,628,643	178,925	52,530	5,755,038	70-100
Equipment	607,366	5,733	-	613,099	5-15
Less: Accumulated depreciation	(3,663,607)	(123,805)	(30,979)	(3,756,433)	
Construction in progress	2,746	-	2,746	-	N/A
Totals	\$ 3,084,132	\$ 60,853	\$ 24,297	\$ 3,120,688	

CITY OF BARABOO

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

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

I. COMPONENT UNITS (cont.)

Community Development Authority (cont.)

e. Long-Term Obligations

	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable					
General obligation debt	\$ 160,000	\$ -	\$ 28,580	\$ 131,420	\$ 30,950
Premium on debt	-	176,229	34,827	141,402	94,268
Revenue bonds	-	13,725,000	-	13,725,000	-
Sub-totals	160,000	13,901,229	63,407	13,997,822	125,218
Other Liabilities					
Compensated absences	40,862	-	22,222	18,640	9,724
Net pension liability	14,473	-	7,571	6,902	-
Total Other Liabilities	55,335	-	29,793	25,542	9,724
 Total Long-Term Obligations	\$ 215,335	\$ 13,901,229	\$ 93,200	\$ 14,023,364	\$ 134,942

General Obligation Debt

The general obligation debt payable of the CDA is made up of one state trust fund loan issued on January 5, 2016. Original indebtedness of the loan was \$160,000 with a 4% interest rate. Final maturity is March 15, 2021. The debt will be retired by future operating revenues of the CDA. Debt service requirements to maturity are as follows:

Years	Principal	Interest
2018	\$ 30,950	\$ 5,257
2019	32,188	4,019
2020	33,468	2,739
2021	34,814	1,393
 Totals	\$ 131,420	\$ 13,408

CITY OF BARABOO

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

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

I. COMPONENT UNITS (cont.)

Community Development Authority (cont.)

e. Long-Term Obligations (cont.)

Revenue Bonds

The revenue bonds payable for the CDA are made up of one issue, which was issued on April 18, 2017. Original indebtedness of the interim bonds was \$13,725,000 with 3.5% interest rate. Proceeds from the bonds provided financing for the construction of the public safety and administration building. The bonds are payable solely from the lease revenues and are payable through 2019. The total principal and interest remaining to be paid on the bonds is \$14,445,564. Interest paid for the current year was \$177,472. No principal was due in the current year. Total customer net revenues were \$560,097.

Debt service requirements to maturity are as follows:

Years	Principal	Interest
2018	\$ -	\$ 480,376
2019	13,725,000	240,188
Totals	\$ 13,725,000	\$ 720,564

f. Employee Retirement System

The employees of the City administer the CDA programs and are included in the Wisconsin Retirement System a cost-sharing, multiple-employer, defined benefit, public employee retirement system, as part of the primary government's plan. See Note IV. A.

g. Net Position

Net Investment in Capital Assets	
Land	\$ 201,364
Other capital assets	6,675,757
Less: Accumulated depreciation	(3,756,433)
Less: Capital related debt	(131,420)
Net Investment in Capital Assets	\$ 2,989,268
Unrestricted	
Donahue Terrace	\$ 138,108
Corson Square	121,921
Total Unrestricted	\$ 260,029

Business Improvement District

This report contains the Business Improvement District ("BID"), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities. In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

CITY OF BARABOO

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

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

I. COMPONENT UNITS (cont.)

Business Improvement District (cont.)

a. Basis of Accounting/Measurement Focus

The BID follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

	<u>Carrying Value</u>	<u>Bank Balances</u>	<u>Associated Risks</u>
Deposits	<u>\$ 87,619</u>	<u>\$ 87,619</u>	Custodial credit risk

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the BID's deposits may not be returned to the BID. The BID does not have any deposits exposed to custodial credit risk.

See Note 1.D.1. for further information on deposit and investment policies.

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

CITY OF BARABOO

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

The WRS also provides death and disability benefits for employees.

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

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

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

CITY OF BARABOO

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

During the reporting period, the WRS recognized \$416,185 in contributions from the City and CDA. For purpose of Note IV.A. when the City is referenced it is intended to include the CDA. Contribution rates as of December 31, 2017 are:

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

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

At December 31, 2017, the City reported a liability of \$358,706 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City's proportion was 0.04351969%, which was a decrease of 0.00020730% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$943,215.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 136,774	\$ 1,128,100
Changes of actuarial assumptions	375,041	-
Net differences between projected and actual earnings on pension plan investments	1,785,524	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,757	-
Employer contributions subsequent to the measurement date	474,123	-
Totals	\$ 2,791,219	\$ 1,128,100

CITY OF BARABOO

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$474,123 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 842,127	\$ 360,162
2019	842,125	360,162
2020	689,932	360,162
2021	(57,780)	47,614
2022	692	-

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

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

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

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

CITY OF BARABOO

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

CITY OF BARABOO

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 4,719,009	\$ 358,706	\$ (2,998,925)

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

At December 31, 2017, the City reported a payable to the pension plan of \$69,486, which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. The City participates in a public entity risk pool called to provide coverage for losses from torts, errors, and omissions. However, other risks, such as (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees) are accounted for and financed by the City in the general fund.

Public Entity Risk Pool

Wisconsin Municipal Insurance Commission ("WMIC") Cities and Villages Mutual Insurance Company ("CVMIC")

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC, and has numerous cities and villages as members.

The CVMIC is a municipal mutual insurance company established on September 19, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

CITY OF BARABOO

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

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The City's share of such losses is less than 1%.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The City does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC are available from: Cities and Village Mutual Insurance Company, 1250 South Sunnyslope Road, Suite 105, Brookfield, WI 53005.

The initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$320,000 in the liability insurance internal service fund.

The City pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the City's retained liability. The City's retained liability is limited to \$25,000 per occurrence and an annual aggregate limit of \$100,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2017. A total liability of \$44,765 at December 31, 2017, was recorded as claims payable, which is included in the accounts payable balance in the liability insurance internal service fund. Changes in the fund's claims loss liability follow:

Years	Beginning Balance	Incurred Claims	Claims Paid/ Settled	Ending Balance
2017	\$ -	\$ 323,747	\$ 278,982	\$ 44,765
2016	-	266,776	266,776	-

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

CITY OF BARABOO

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

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The City has active construction projects as of December 31, 2017. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The City, through the CDA, has the following encumbrance outstanding at year-end expected to be honored upon performance by the vendor:

Capital Projects:	<u>\$ 1,373,945</u>
-------------------	---------------------

D. JOINT VENTURES

Baraboo Ambulance District

The City of Baraboo and seven other villages and towns jointly operate the local EMS District, which is called the Baraboo Ambulance District. The communities share in the annual operation of the district. The 2017 share of operations was:

City of Baraboo	67%
Seven villages and towns	33%

The district adopts its own budget. Net operating costs including debt service are shared by the three communities based on the ratio of population. The department is governed by the Baraboo EMS Commission. The board consists of the citizens from each community. City of Baraboo representatives are appointed by the mayor with council approval. The City made a payment to the district in 2017 of \$264,286. Financial information of the district may be obtained directly from the district's office.

The City's equity interest in the EMS District is equal to its percentage share of participation. The equity interest is reported in the governmental activities column of the government-wide statement of net position. Changes in the equity interest are reported on the statement of activities.

UW Campus

The City of Baraboo and Sauk County jointly own and maintain the buildings of the UW Campus. They share the cost on an annual basis, respectively. The buildings owned by the City of Baraboo are part of the City's capital assets on the statement of net position. The debt outstanding on the purchase of the assets is included in the City's long-term liabilities on the statement of net position. Summary financial information of the joint operation is not available. Total expenditures by the City in 2017 were \$131,000 in the general fund.

The City accounts for its share of operating costs in the general fund. The City has an equity interest in the organization equal to its percentage share of participation. The City's equity interest is reported as capital assets in the governmental activities amounts.

E. ECONOMIC DEPENDENCY

The water utility has one significant customer who was responsible for 23% of operating revenues in 2017.

CITY OF BARABOO

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

NOTE IV - OTHER INFORMATION (cont.)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

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

When they become effective, application of these standards may restate portions of these financial statements.

G. DEVELOPER AGREEMENT

The City and Developer entered into a developer agreement that guaranteed specific development values at essential milestones. The debt repayment schedules were timed with anticipated development in order to meet annual debt obligations without use of general tax levy outside of the TID. The developer agreement made provisions for development that fell short of expectations and was insufficient to cover the annual debt payments. The Developer is required to contribute an additional \$135,865 in 2017 toward the scheduled debt payments. Contributions through 2017 related to this agreement were \$280,642.

H. SUBSEQUENT EVENTS

In April 2018, the City approved the issuance of a clean water fund project loan for improvements to the sewer treatment plant. The sewer utility is authorized to issue up to \$2,555,252 at an interest rate of 1.76%. Through June 29, 2018, the sewer utility requested and received \$260,655 in proceeds with a final maturity in 2037.

On January 24, 2018, the City approved refinancing the 2011 promissory note in the amount of \$411,119. The interest rate being charged on this debt is 2.95% with final maturity in 2025.

On February 1, 2018 the City issued \$2,040,000 of General Obligation Corporate Purpose Bonds, Series 2018A to provide financing for street projects, stormwater projects, and airport projects. The interest rate being charged on this debt is 2.2-3.2% with final maturity in 2038.

The City of Baraboo and Village of Lake Delton signed an operation agreement and addendum for the Airport Commission of the Baraboo-Wisconsin Dells Regional Airport effective January 1, 2018. As of the effective date of the agreement, the airport will be managed by the commission.

In June 2018, the CDA approved the issuance of \$12,380,000 in Community Development Lease Revenue Refunding Bonds to refinance the 2017 CDA revenue bonds. The refunding bonds are payable through 2058 with an interest rate of 2.75%. The CDA and City also approved lease agreements to apply the terms of the refinancing bonds within the existing lease receivable of the CDA payable by the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BARABOO

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Property taxes	\$ 6,814,602	\$ 6,814,602	\$ 6,814,600	\$ (2)
Managed forest land taxes	10	10	61	51
Mobile home fees	104,181	104,181	106,722	2,541
Room tax	8,019	8,019	7,252	(767)
Payment in lieu of taxes	59,836	59,836	62,742	2,906
Omitted taxes	6,177	6,177	6,192	15
Interest and penalties on taxes	100	100	1,253	1,153
Total Taxes	<u>6,992,925</u>	<u>6,992,925</u>	<u>6,998,822</u>	<u>5,897</u>
INTERGOVERNMENTAL				
Shared taxes	1,723,894	1,655,494	1,657,543	2,049
Exempt computer aid	53,791	53,791	46,544	(7,247)
Municipal services	87,083	87,083	81,053	(6,030)
DNR grant	800	800	992	192
Police grant	16,000	16,000	27,725	11,725
General highways	559,703	559,703	558,492	(1,211)
Connecting highways	87,938	87,938	87,938	-
Recycling grant	30,000	30,000	35,080	5,080
Forestry grant	8,000	7,578	7,578	-
SCLS aid	260,153	262,375	262,375	-
Library aid	10,873	10,873	10,873	-
Medical transport aid	-	68,400	68,377	(23)
Other local government grants	5,000	5,000	5,000	-
Fire grant	53,562	53,562	56,851	3,289
Total Intergovernmental Revenues	<u>2,896,797</u>	<u>2,898,597</u>	<u>2,906,421</u>	<u>7,824</u>
LICENSES AND PERMITS				
Beverage licenses	21,160	21,160	21,943	783
Television license	160,000	160,000	160,255	255
Other licenses	33,597	33,597	34,701	1,104
Permits	66,500	66,500	108,295	41,795
Total Licenses and Permits	<u>281,257</u>	<u>281,257</u>	<u>325,194</u>	<u>43,937</u>
FINES, FORFEITURES AND PENALTIES				
Court fines and penalties	50,000	50,000	56,820	6,820
Parking violations	35,000	35,000	30,450	(4,550)
Total Fines, Forfeitures and Penalties	<u>85,000</u>	<u>85,000</u>	<u>87,270</u>	<u>2,270</u>
PUBLIC CHARGES FOR SERVICES				
General government	6,460	6,460	8,355	1,895
Publication fees	700	700	797	97
Police	2,500	2,500	3,319	819
Fire protection fees	300	300	1,374	1,074
Weather radios	270	270	26	(244)
Public works	20,000	24,709	27,524	2,815
Dog park fees	5,900	5,900	5,382	(518)
Library	27,000	27,000	26,903	(97)
Parks	11,350	11,350	10,338	(1,012)
Zoo	4,800	4,800	4,572	(228)
Development review fees	-	-	776	776
Recreation programs	126,330	126,862	114,879	(11,983)
Total Public Charges for Service	<u>205,610</u>	<u>210,851</u>	<u>204,245</u>	<u>(6,606)</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF BARABOO

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
INTERGOVERNMENTAL CHARGES FOR SERVICE				
Fire services	\$ 197,508	\$ 197,508	\$ 176,652	\$ (20,856)
General government	22,560	22,560	22,560	-
Water utility	10,640	10,640	10,640	-
Sewer utility	10,640	10,640	10,640	-
Stormwater utility	10,640	10,640	10,640	-
Total Intergovernmental Charges for Service	<u>251,988</u>	<u>251,988</u>	<u>231,132</u>	<u>(20,856)</u>
INVESTMENT INCOME				
Interest on investments	56,958	56,958	70,899	13,941
Interest on special assessments	1,300	1,300	586	(714)
Interest on advances to other funds	150	150	180	30
Total Investment Income	<u>58,408</u>	<u>58,408</u>	<u>71,665</u>	<u>13,257</u>
MISCELLANEOUS				
Rent	101,223	101,223	103,159	1,936
Insurance recoveries	12,000	32,944	36,664	3,720
Donations	6,330	3,330	13,416	10,086
Insurance dividends	44,890	44,890	29,566	(15,324)
Other miscellaneous	(47,248)	(28,550)	11,675	40,225
Refund of prior year expenditures	-	-	130	130
Total Miscellaneous	<u>117,195</u>	<u>153,837</u>	<u>194,610</u>	<u>40,773</u>
Total Revenues	<u>10,889,180</u>	<u>10,932,863</u>	<u>11,019,359</u>	<u>86,496</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Common Council	39,930	39,930	37,843	2,087
Mayor	14,181	14,181	12,091	2,090
Attorney	136,636	126,048	119,655	6,393
City Clerk	387,935	391,371	391,348	23
Administrator	207,751	205,291	202,157	3,134
Personnel	12,550	17,010	16,509	501
Elections	24,298	17,353	17,347	6
Data processing	75,832	82,363	76,719	5,644
Independent auditing	38,700	38,901	38,901	-
Treasurer	95,380	94,926	94,359	567
Assessment of property	40,607	39,520	39,515	5
Municipal buildings	213,051	213,575	147,509	66,066
Insurance	61,300	84,800	69,486	15,314
Illegal taxes	3,000	3,000	2,780	220
Judgment and losses	50,000	50,000	-	50,000
Other	3,363	3,363	2,877	486
Total General Government	<u>1,404,514</u>	<u>1,421,632</u>	<u>1,269,096</u>	<u>152,536</u>
PUBLIC SAFETY				
Police department	2,720,235	2,723,533	2,698,481	25,052
Fire department	592,169	600,925	589,150	11,775
Administration	889,393	892,266	843,645	48,621
K-9 unit	2,330	2,330	3,237	(907)
Hydrant rental	289,307	289,307	289,307	-
Ambulance	264,286	264,286	264,286	-
Inspection	82,796	85,796	52,429	33,367
Sealer of weights and measures	5,200	5,200	5,200	-
Emergency government	4,164	3,956	2,898	1,058
Total Public Safety	<u>4,849,880</u>	<u>4,867,599</u>	<u>4,748,633</u>	<u>118,966</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF BARABOO

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC WORKS				
Highway administration	201,939	211,354	199,737	11,617
Shop operations	430,648	417,748	366,044	51,704
Machinery operation and maintenance	308,040	305,060	273,750	31,310
Buildings	102,807	111,521	116,598	(5,077)
Street maintenance	317,409	304,266	261,126	43,140
Tree and brush removal	145,433	161,157	149,832	11,325
Snow and ice control	288,061	272,297	195,293	77,004
Garages and sheds	78,451	80,751	47,409	33,342
Street lighting	138,200	168,797	163,406	5,391
Sidewalks, without street reconstruction	61,341	56,006	53,112	2,894
Parking facilities	33,039	27,560	7,363	20,197
Docks and harbors	38,628	28,628	27,644	984
Refuse and garbage collection	90,540	98,421	94,751	3,670
Solid waste disposal	199,500	208,687	208,527	160
Recycling	90,330	97,054	93,598	3,456
Weed and nuisance control	20,201	12,901	9,318	3,583
Total Public Works	<u>2,544,567</u>	<u>2,562,208</u>	<u>2,267,508</u>	<u>294,700</u>
HEALTH AND HUMAN SERVICES				
Animal control	\$ 1,600	\$ 1,750	\$ 1,247	\$ 503
Cemetery	29,000	29,000	29,000	-
Total Health and Human Services	<u>30,600</u>	<u>30,750</u>	<u>30,247</u>	<u>503</u>
CULTURE, RECREATION AND EDUCATION				
Library	877,302	896,644	896,495	149
Civic center	243,797	243,306	233,811	9,495
Parks	582,655	592,485	579,242	13,243
Recreation	184,899	180,712	170,756	9,956
Zoo	230,803	241,444	237,891	3,553
Pool	121,304	117,321	109,129	8,192
Celebration and entertainment	1,250	1,250	913	337
UW campus	131,000	131,000	131,000	-
Cable television	32,000	32,000	32,000	-
Total Culture, Recreation and Education	<u>2,405,010</u>	<u>2,436,162</u>	<u>2,391,237</u>	<u>44,925</u>
CONSERVATION AND DEVELOPMENT				
Forestry	83,179	85,720	85,715	5
Zoning	732	732	43	689
Economic development	129,698	102,226	76,886	25,340
Public Housing	600	600	600	-
Planning	5,707	2,707	2,191	516
Total Conservation and Development	<u>219,916</u>	<u>191,985</u>	<u>165,435</u>	<u>26,550</u>
CAPITAL OUTLAY				
Highway and street construction	2,000	2,355	350	2,005
Sidewalk construction	4,137	4,752	4,505	247
Total Capital Outlay	<u>6,137</u>	<u>7,107</u>	<u>4,855</u>	<u>2,252</u>
Total Expenditures	<u>11,460,624</u>	<u>11,517,443</u>	<u>10,877,011</u>	<u>640,432</u>
Excess (deficiency) of revenues over expenditures	<u>(571,444)</u>	<u>(584,580)</u>	<u>142,348</u>	<u>726,928</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF BARABOO

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Sales of city property	\$ 11,300	\$ 11,300	\$ 16,880	\$ 5,580
Transfer in - tax equivalent	306,000	306,000	324,467	18,467
Transfers in	89,000	37,506	226,273	188,767
Transfer out	(393,644)	(407,114)	(407,114)	-
Total Other Financing Sources (Uses)	<u>12,656</u>	<u>(52,308)</u>	<u>160,506</u>	<u>212,814</u>
Net Change in Fund Balance	(558,788)	(636,888)	302,854	939,742
FUND BALANCES - Beginning	<u>5,079,413</u>	<u>5,079,413</u>	<u>5,079,413</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 4,520,625</u>	<u>\$ 4,442,525</u>	<u>\$ 5,382,267</u>	<u>\$ 939,742</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF BARABOO

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) (CITY/CDA) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/17	0.04351969%	\$ 358,706	\$ 5,490,903	6.53%	99.12%
12/31/16	0.04372699%	710,555	5,420,907	13.11%	98.20%
12/31/15	0.04426960%	(1,087,382)	5,317,046	20.45%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS (CITY/CDA) - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/17	\$ 474,123	\$ 474,123	\$ -	\$ 5,710,374	8.30%
12/31/16	434,001	434,001	-	5,490,903	7.90%
12/31/15	429,434	429,434	-	5,420,907	7.92%

See independent auditors' report and accompanying notes to the required supplementary information.

CITY OF BARABOO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2017

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented include any amendments made. The City may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

Appropriations lapse at year-end unless specifically carried over. Carryovers to the following year were \$655,076. Budgets are adopted at the department level of expenditure.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The City is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

CITY OF BARABOO

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

	Special Revenue Funds										
	Economic Development	Community Development Block Grant	Park Development Impact Fees	Public Safety Impact Fees	Lead Service Grant	Taxi Grant	Alma Waite	Library	Parks	Fire Department Retirement	Ochsner Park House
ASSETS											
Cash and investments	\$ 134,466	\$ 5	\$ 109,316	\$ 165,759	\$ -	\$ -	\$ 1,162,172	\$ 1,771,066	\$ 70,372	\$ 114,721	\$ 25,191
Receivables											
Taxes	-	-	-	-	-	-	3,045	-	-	-	-
Accounts	-	-	8,550	33,030	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	5,180	-	-	-	-
Loans	69,577	-	-	-	-	-	-	-	-	-	-
Interest	232	-	190	-	-	-	4,905	64	-	199	-
Due from other governments	-	-	-	-	2,837	43,382	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 204,275	\$ 5	\$ 118,056	\$ 198,789	\$ 2,837	\$ 43,382	\$ 1,175,302	\$ 1,771,130	\$ 70,372	\$ 114,920	\$ 25,191
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES											
Liabilities											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,879	\$ -	\$ 926	\$ 1,223	\$ -	\$ 4,833
Due to other governments	-	-	-	-	-	13,962	-	-	-	-	-
Due to other funds	-	-	-	-	2,837	9,866	-	-	7,578	-	-
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	2,837	42,707	-	926	8,801	-	4,833
Deferred Inflows of Resources											
Property taxes levied for next period	-	-	-	-	-	-	3,045	-	-	-	-
Unavailable revenue	69,577	-	8,550	33,030	-	6,662	5,180	-	-	-	-
Total Deferred Inflows of Resources	69,577	-	8,550	33,030	-	6,662	8,225	-	-	-	-
Fund Balances											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	5	109,506	165,759	-	-	1,167,077	1,770,204	-	-	-
Committed	134,698	-	-	-	-	-	-	-	61,571	114,920	20,358
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	(5,987)	-	-	-	-	-
Total Fund Balances	134,698	5	109,506	165,759	-	(5,987)	1,167,077	1,770,204	61,571	114,920	20,358
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 204,275	\$ 5	\$ 118,056	\$ 198,789	\$ 2,837	\$ 43,382	\$ 1,175,302	\$ 1,771,130	\$ 70,372	\$ 114,920	\$ 25,191

CITY OF BARABOO

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

	Special Revenue Funds									
	Library Impact Fees	Airport	BID Pocket Park	Kuenzi Estate	Library Building	Capital Catalyst	1979 Community Development Block Grant	Economic Development Grant	Wisconsin Community Development Block Grant	TIF Incentive
ASSETS										
Cash and investments	\$ 64,508	\$ 361	\$ 2,064	\$ 43,207	\$ 880,995	\$ 2,011	\$ 72,466	\$ 2,054	\$ 368,668	\$ 437,180
Receivables										
Taxes	-	-	-	-	-	-	-	-	-	-
Accounts	3,320	1,712	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	81,246	626,298	85,000	1,075,150	29,867
Interest	-	-	-	117	1,647	18,173	4,897	2,750	732	100
Due from other governments	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	4,034	-	-	-	-	-	-	-	-
Advances to other funds	-	26,000	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 67,828	\$ 32,107	\$ 2,064	\$ 43,324	\$ 882,642	\$ 101,430	\$ 703,661	\$ 89,804	\$ 1,444,550	\$ 467,147
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -	\$ 6,107	\$ -	\$ -	\$ 659	\$ 1,883	\$ -	\$ -	\$ 65	\$ -
Due to other governments	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Advances from other funds	-	26,000	-	-	-	-	-	-	-	-
Total Liabilities	-	32,107	-	-	659	1,883	-	-	65	-
Deferred Inflows of Resources										
Unearned property taxes	-	-	-	-	-	-	-	-	-	-
Unavailable revenue	3,320	-	-	-	-	81,246	626,068	85,000	1,075,150	29,867
Total Deferred Inflows of Resources	3,320	-	-	-	-	81,246	626,068	85,000	1,075,150	29,867
Fund Balances										
Nonspendable	-	4,034	-	-	-	-	-	-	-	-
Restricted	64,508	-	2,064	43,324	-	18,301	77,593	4,804	369,335	437,280
Committed	-	-	-	-	881,983	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	(4,034)	-	-	-	-	-	-	-	-
Total Fund Balances	64,508	-	2,064	43,324	881,983	18,301	77,593	4,804	369,335	437,280
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 67,828	\$ 32,107	\$ 2,064	\$ 43,324	\$ 882,642	\$ 101,430	\$ 703,661	\$ 89,804	\$ 1,444,550	\$ 467,147

CITY OF BARABOO

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

	Capital Project Funds											Total Nonmajor Governmental Funds
	Tax Incremental District #6	Tax Incremental District #7	Tax Incremental District #8	Tax Incremental District #9	Fire Equipment	Emergency Management Equipment	Special Assessment Projects	Urban Development	Land Development	Capital Equipment	Airport Capital Improvement	
ASSETS												
Cash and investments	\$ 362,623	\$ 23	\$ 123,746	\$ -	\$ 989,991	\$ 14,867	\$ 112,871	\$ -	\$ 98,294	\$ 721,555	\$ -	\$ 7,850,552
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	866,901	216,688	-	1,741	-	-	9,751	-	-	-	-	1,098,126
Accounts	-	-	-	-	-	-	-	-	-	-	-	46,612
Special assessments	6,417	135,865	-	-	-	-	65,165	-	-	-	-	212,627
Loans	-	-	-	-	-	-	-	-	-	-	-	1,967,138
Interest	-	-	-	-	2,214	-	-	-	-	-	-	36,220
Due from other governments	-	-	2,797	-	5,882	-	-	-	-	-	122,353	177,251
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	4,034
Advances to other funds	-	-	-	-	-	-	-	-	-	-	-	26,000
TOTAL ASSETS	\$ 1,235,941	\$ 352,576	\$ 126,543	\$ 1,741	\$ 998,087	\$ 14,867	\$ 187,787	\$ -	\$ 98,294	\$ 721,555	\$ 122,353	\$ 11,418,560
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES												
Liabilities												
Accounts payable	\$ -	\$ -	\$ 552	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13	\$ -	\$ -	\$ 35,140
Due to other governments	-	-	-	-	-	-	44,961	1,543	-	-	201,781	262,247
Due to other funds	-	133,477	73	-	-	-	-	-	-	-	-	153,831
Advances from other funds	-	162,109	481,365	-	-	-	-	36,717	-	-	26,000	732,191
Total Liabilities	-	295,586	481,990	-	-	-	44,961	38,260	13	-	227,781	1,183,409
Deferred Inflows of Resources												
Unearned property taxes	866,901	216,688	-	1,741	-	-	9,751	-	-	-	-	1,098,126
Unavailable revenue	6,417	135,865	-	-	-	-	31,496	-	-	-	-	2,197,428
Total Deferred Inflows of Resources	873,318	352,553	-	1,741	-	-	41,247	-	-	-	-	3,295,554
Fund Balances												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	4,034
Restricted	362,623	-	-	-	-	-	-	-	-	-	-	4,592,383
Committed	-	-	-	-	-	-	-	-	-	-	-	1,213,530
Assigned	-	-	-	-	998,087	14,867	101,579	-	98,281	721,555	-	1,934,369
Unassigned (deficit)	-	(295,563)	(355,447)	-	-	-	-	(38,260)	-	-	(105,428)	(804,719)
Total Fund Balances	362,623	(295,563)	(355,447)	-	998,087	14,867	101,579	(38,260)	98,281	721,555	(105,428)	6,939,597
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,235,941	\$ 352,576	\$ 126,543	\$ 1,741	\$ 998,087	\$ 14,867	\$ 187,787	\$ -	\$ 98,294	\$ 721,555	\$ 122,353	\$ 11,418,560

CITY OF BARABOO

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

	Special Revenue Funds								
	Economic Development Grant	Community Development Block Grant	Park Development Impact Fees	Public Safety Impact Fees	Forest Management	Lead Service Grant	Taxi Grant	Alma Waite	Library
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	2,837	252,735	-	-
Public charges for services	-	-	17,446	25,690	-	-	267,673	-	-
Intergovernmental charges for services	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	9,752	-
Investment income	4,619	-	693	350	-	-	-	14,064	198,911
Miscellaneous	-	-	-	-	-	-	-	-	54,274
Total Revenues	4,619	-	18,139	26,040	-	2,837	520,408	23,816	253,185
EXPENDITURES									
Current									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	2,837	522,008	-	-
Culture, recreation and education	-	-	11,880	-	-	-	-	9,000	19,376
Conservation and development	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	19,000	-	-	-	-	-
Debt Service									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	11,880	19,000	-	2,837	522,008	9,000	19,376
Excess (deficiency) of revenues over expenditures	4,619	-	6,259	7,040	-	-	(1,600)	14,816	233,809
OTHER FINANCING SOURCES (USES)									
Sale of city property	-	-	-	-	-	-	4,900	-	-
Transfers in	-	-	-	-	-	-	17,470	-	-
Transfers out	-	-	(3,000)	-	(23)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(3,000)	-	(23)	-	22,370	-	-
Net Change in Fund Balances	4,619	-	3,259	7,040	(23)	-	20,770	14,816	233,809
FUND BALANCES (DEFICIT) - Beginning of Year	130,079	5	106,247	158,719	23	-	(26,757)	1,152,261	1,536,395
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 134,698	\$ 5	\$ 109,506	\$ 165,759	\$ -	\$ -	\$ (5,987)	\$ 1,167,077	\$ 1,770,204

CITY OF BARABOO

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

	Special Revenue Funds								
	Parks	Fire Department Retirement	Ochsner Park House	Library Impact Fees	Airport	BID Pocket Park	Kuenzi Estate	Library Building	Capital Catalyst
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-
Public charges for services	-	-	-	5,810	12,071	-	-	-	-
Intergovernmental charges for services	-	-	-	-	4,100	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-
Investment income	537	841	127	128	1,012	4	406	6,221	7,365
Miscellaneous	36,113	-	300	-	55,369	75	-	66,455	799
Total Revenues	36,650	841	427	5,938	72,552	79	406	72,676	8,164
EXPENDITURES									
Current									
General government	-	-	-	-	-	-	-	-	1,898
Public safety	-	14,349	-	-	-	-	-	-	-
Public works	-	-	-	-	120,340	-	-	-	-
Culture, recreation and education	50,348	-	7,330	-	-	100	659	77,101	-
Conservation and development	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	472	-	-	-	-	-
Debt Service									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total Expenditures	50,348	14,349	7,330	472	120,340	100	659	77,101	1,898
Excess (deficiency) of revenues over expenditures	(13,698)	(13,508)	(6,903)	5,466	(47,788)	(21)	(253)	(4,425)	6,266
OTHER FINANCING SOURCES (USES)									
Sale of city property	-	-	-	-	-	-	-	183	-
Transfers in	-	12,000	-	-	50,144	-	-	-	-
Transfers out	(7,578)	-	-	-	(174,515)	-	-	-	-
Total Other Financing Sources (Uses)	(7,578)	12,000	-	-	(124,371)	-	-	183	-
Net Change in Fund Balances	(21,276)	(1,508)	(6,903)	5,466	(172,159)	(21)	(253)	(4,242)	6,266
FUND BALANCES (DEFICIT) - Beginning of Year	82,847	116,428	27,261	59,042	172,159	2,085	43,577	886,225	12,035
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 61,571	\$ 114,920	\$ 20,358	\$ 64,508	\$ -	\$ 2,064	\$ 43,324	\$ 881,983	\$ 18,301

CITY OF BARABOO

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

	Special Revenue Funds				Capital Project Funds				
	1979 Community Development Block Grant	Economic Development Grant	Wisconsin Community Development Block Grant	TIF Incentive	Tax Incremental District #6	Tax Incremental District #7	Tax Incremental District #8	Tax Incremental District #9	Fire Equipment
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 832,839	\$ 185,214	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	13,585	5,279	19,319	-	52,621
Public charges for services	-	-	-	-	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	3,985	136,173	-	-	-
Investment income	26,362	2,608	10,089	12,562	4,494	-	922	-	8,992
Miscellaneous	74,158	-	79,157	350,633	-	-	-	-	-
Total Revenues	100,520	2,608	89,246	363,195	854,903	326,666	20,241	-	61,613
EXPENDITURES									
Current									
General government	913	525	7,394	-	650	650	650	650	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Culture, recreation and education	-	-	-	-	-	-	-	-	-
Conservation and development	45,000	35,000	-	-	409	917	26,366	1,467	-
Capital Outlay	-	-	-	-	-	-	-	-	647,413
Debt Service	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	355,000	271,970	235,000	-	-
Interest and fiscal charges	-	-	-	-	48,913	64,639	91,528	-	-
Total Expenditures	45,913	35,525	7,394	-	404,972	338,176	353,544	2,117	647,413
Excess (deficiency) of revenues over expenditures	54,607	(32,917)	81,852	363,195	449,931	(11,510)	(333,303)	(2,117)	(585,800)
OTHER FINANCING SOURCES (USES)									
Sale of city property	-	-	-	-	-	-	-	-	8,011
Transfers in	-	-	-	-	-	-	332,053	2,117	200,000
Transfers out	-	-	-	-	(334,170)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	(334,170)	-	332,053	2,117	208,011
Net Change in Fund Balances	54,607	(32,917)	81,852	363,195	115,761	(11,510)	(1,250)	-	(377,789)
FUND BALANCES (DEFICIT) - Beginning of Year	22,986	37,721	287,483	74,085	246,862	(284,053)	(354,197)	-	1,375,876
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 77,593	\$ 4,804	\$ 369,335	\$ 437,280	\$ 362,623	\$ (295,563)	\$ (355,447)	\$ -	\$ 998,087

CITY OF BARABOO

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

	Capital Project Funds						Total Nonmajor Governmental Funds
	Emergency Management Equipment	Special Assessment Projects	Urban Development	Land Development	Capital Equipment	Airport Capital Improvement	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,018,053
Intergovernmental	-	-	-	-	-	97,573	443,949
Public charges for services	-	-	-	-	-	-	328,690
Intergovernmental charges for services	-	-	-	-	-	-	4,100
Special assessments	-	61,863	3,034	-	-	-	214,807
Investment income	20	1,946	-	227	1,211	-	304,711
Miscellaneous	-	-	-	9,600	117	-	727,050
Total Revenues	20	63,809	3,034	9,827	1,328	97,573	3,041,360
EXPENDITURES							
Current							
General government	-	-	-	-	-	-	13,330
Public safety	-	-	-	-	-	-	14,349
Public works	-	-	-	-	5,120	137,263	787,568
Culture, recreation and education	-	-	-	-	-	-	175,794
Conservation and development	-	-	-	49	-	-	109,208
Capital Outlay	-	90,382	-	-	-	-	757,267
Debt Service							
Principal	-	-	-	-	-	-	861,970
Interest and fiscal charges	-	-	-	-	-	-	205,080
Total Expenditures	-	90,382	-	49	5,120	137,263	2,924,566
Excess (deficiency) of revenues over expenditures	20	(26,573)	3,034	9,778	(3,792)	(39,690)	116,794
OTHER FINANCING SOURCES (USES)							
Sale of city property	-	-	-	-	17,348	-	30,442
Transfers in	5,000	45,413	-	-	115,000	7,500	786,697
Transfers out	-	-	-	(17,528)	(9,400)	-	(546,214)
Total Other Financing Sources (Uses)	5,000	45,413	-	(17,528)	122,948	7,500	270,925
Net Change in Fund Balances	5,020	18,840	3,034	(7,750)	119,156	(32,190)	387,719
FUND BALANCES (DEFICIT) - Beginning of Year	9,847	82,739	(41,294)	106,031	602,399	(73,238)	6,551,878
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 14,867	\$ 101,579	\$ (38,260)	\$ 98,281	\$ 721,555	\$ (105,428)	\$ 6,939,597

CITY OF BARABOO

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of December 31, 2017

	Liability Insurance	Unfunded Pension Liability	Total
ASSETS			
Current Assets			
Cash and investments	\$ 20,555	\$ 69,218	\$ 89,773
Receivables			
Accounts	<u>23,169</u>	<u>-</u>	<u>23,169</u>
Total Current Assets	<u>43,724</u>	<u>69,218</u>	<u>112,942</u>
Noncurrent Assets			
Other Assets			
Advances to other funds	-	33,913	33,913
Advances to component units	-	320	320
Investment in mutual insurance company	<u>320,000</u>	<u>-</u>	<u>320,000</u>
Total Noncurrent Assets	<u>320,000</u>	<u>34,233</u>	<u>354,233</u>
Total Assets	<u>363,724</u>	<u>103,451</u>	<u>467,175</u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	46,870	-	46,870
Accrued interest	-	13,063	13,063
Current portion of general obligation debt and notes payable	<u>-</u>	<u>50,488</u>	<u>50,488</u>
Total Current Liabilities	<u>46,870</u>	<u>63,551</u>	<u>110,421</u>
Noncurrent Liabilities			
General obligation debt payable	<u>-</u>	<u>360,631</u>	<u>360,631</u>
Total Noncurrent Liabilities	<u>-</u>	<u>360,631</u>	<u>360,631</u>
Total Liabilities	<u>46,870</u>	<u>424,182</u>	<u>471,052</u>
NET POSITION			
Unrestricted (deficit)	<u>316,854</u>	<u>(320,731)</u>	<u>(3,877)</u>
TOTAL NET POSITION	<u>\$ 316,854</u>	<u>\$ (320,731)</u>	<u>\$ (3,877)</u>

CITY OF BARABOO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS For the Year Ended December 31, 2017

	<u>Liability Insurance</u>	<u>Unfunded Pension Liability</u>	<u>Total</u>
OPERATING REVENUES			
Charges for service	\$ 80,020	\$ 70,776	\$ 150,796
OPERATING EXPENSES			
Operation and maintenance	<u>132,423</u>	<u>-</u>	<u>132,423</u>
Operating Income (Loss)	<u>(52,403)</u>	<u>70,776</u>	<u>18,373</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	23,168	70	23,238
Interest expense	<u>-</u>	<u>(15,952)</u>	<u>(15,952)</u>
Total Nonoperating Revenues (Expenses)	<u>23,168</u>	<u>(15,882)</u>	<u>7,286</u>
Change in Net Position	(29,235)	54,894	25,659
TOTAL NET POSITION (DEFICIT) - Beginning	<u>346,089</u>	<u>(375,625)</u>	<u>(29,536)</u>
TOTAL NET POSITION (DEFICIT) - ENDING	<u>\$ 316,854</u>	<u>\$ (320,731)</u>	<u>\$ (3,877)</u>

CITY OF BARABOO

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017

	Liability Insurance	Unfunded Pension Liability	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from other funds	\$ 79,051	\$ 70,776	\$ 149,827
Payments to suppliers for goods and services	<u>(87,708)</u>	<u>-</u>	<u>(87,708)</u>
Net Cash Flows From Operating Activities	<u>(8,657)</u>	<u>70,776</u>	<u>62,119</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>23,169</u>	<u>70</u>	<u>23,239</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Debt retired	-	(52,129)	(52,129)
Interest paid	-	(17,609)	(17,609)
Received on advances to other funds	<u>-</u>	<u>9,170</u>	<u>9,170</u>
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>(60,568)</u>	<u>(60,568)</u>
Net Change in Cash and Cash Equivalents	14,512	10,278	24,790
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>6,043</u>	<u>58,940</u>	<u>64,983</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 20,555</u>	<u>\$ 69,218</u>	<u>\$ 89,773</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (52,403)	\$ 70,776	\$ 18,373
Adjustment to reconcile operating income (loss) to net cash flows from operating activities			
Change in assets and liabilities			
Accounts receivable	(969)	-	(969)
Accounts payable	<u>44,715</u>	<u>-</u>	<u>44,715</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (8,657)</u>	<u>\$ 70,776</u>	<u>\$ 62,119</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
None			

CITY OF BARABOO

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

	<u>Tax Collection Fund</u>	<u>UW Campus</u>	<u>Friends of the Library</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and investments	\$ 8,298,302	\$ 218,844	\$ 22,549	\$ 8,539,695
Taxes receivable	3,234,153	-	-	3,234,153
Prepaid items	-	16,523	-	16,523
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 11,532,455</u>	<u>\$ 235,367</u>	<u>\$ 22,549</u>	<u>\$ 11,790,371</u>
LIABILITIES				
Accounts payable	\$ 8	\$ 2,364	\$ 5,729	\$ 8,101
Due to component unit	8,530	-	-	8,530
Due to other governments	11,523,917	233,003	-	11,756,920
Due to other entities	-	-	16,820	16,820
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 11,532,455</u>	<u>\$ 235,367</u>	<u>\$ 22,549</u>	<u>\$ 11,790,371</u>

CITY OF BARABOO

STATEMENT OF CASH FLOWS
 COMPONENT UNITS
 For the Year Ended December 31, 2017

	Business Improvement District	Community Development Authority	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 48,077	\$ 275,584	\$ 323,661
Payments to suppliers for goods and services	(35,102)	(349,531)	(384,633)
Paid to employees for services	-	(263,652)	(263,652)
Paid to municipality for tax equivalent	-	(26,187)	(26,187)
Net Cash Flows From Operating Activities	<u>12,975</u>	<u>(363,786)</u>	<u>(350,811)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments sold and matured	-	13	13
Investment income	-	67,802	67,802
Net Cash Flows From Investing Activities	<u>-</u>	<u>67,815</u>	<u>67,815</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances repaid	-	(1,906)	(1,906)
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>(1,906)</u>	<u>(1,906)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	-	(28,580)	(28,580)
Debt issued	-	13,725,000	13,725,000
Debt premium	-	176,229	176,229
Interest paid on long term debt and issuance costs	-	(508,467)	(508,467)
Capital lease receivable issued	-	(7,523,324)	(7,523,324)
Capital contributions	-	75,651	75,651
Capital grants received	-	150,022	150,022
Acquisition and construction of capital assets	-	(160,360)	(160,360)
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>5,906,171</u>	<u>5,906,171</u>
Net Change in Cash and Cash Equivalents	12,975	5,608,294	5,621,269
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>74,644</u>	<u>531,214</u>	<u>605,858</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 87,619</u>	<u>\$ 6,139,508</u>	<u>\$ 6,227,127</u>

	Business Improvement District	Community Development Authority	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 10,599	\$ (360,201)	\$ (349,602)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Non-operating income	-	(21,552)	\$ (21,552)
Flows from Operating Activities			
Depreciation	-	123,805	123,805
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows			
Accounts receivable	-	(82,092)	(82,092)
Accounts payable	2,534	(11,962)	(9,428)
Deposits	-	1,566	1,566
Due to/from primary government	(158)	3,884	3,726
Pension related deferrals and liabilities	-	6,950	6,950
Other liabilities	-	(24,184)	(24,184)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 12,975	\$ (363,786)	\$ (350,811)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and investments	\$ 87,619	\$ 187,664	\$ 275,283
Restricted cash and investments	-	5,992,485	5,992,485
Total Cash and Investments	87,619	6,180,149	6,267,768
Less: Noncash equivalents	-	(40,641)	(40,641)
CASH AND CASH EQUIVALENTS	\$ 87,619	\$ 6,139,508	\$ 6,227,127
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Accounts payable related to the lease receivable	\$ -	\$ 1,832,930	\$ 1,832,930
Interest income on the lease receivable	\$ -	\$ 399,972	\$ 399,972
Accrued interest receivable/payable and interest expense/revenue	\$ -	\$ 160,125	\$ 160,125
Amortization of the premium	\$ -	\$ 34,827	\$ 34,827

CITY OF BARABOO

COMBINING STATEMENT OF NET POSITION
COMMUNITY DEVELOPMENT AUTHORITY
As of December 31, 2017

	Major Funds			Total Community Development Authority
	Donahue Terrace Apartments	Corson Square	Admin Building	
ASSETS AND DEFERRED OUTFLOWS				
Current Assets				
Cash and investments	\$ 105,535	\$ 82,129	\$ -	\$ 187,664
Accounts receivable	59,184	59,477	-	118,661
Total Current Assets	<u>164,719</u>	<u>141,606</u>	<u>-</u>	<u>306,325</u>
Noncurrent Assets				
Restricted Assets				
Cash and investments	27,757	21,622	5,943,106	5,992,485
Lease receivable	-	-	9,756,226	9,756,226
Accrued interest	-	-	160,125	160,125
Capital Assets				
Land	44,000	157,364	-	201,364
Capital assets, net of depreciation	<u>900,272</u>	<u>2,019,052</u>	<u>-</u>	<u>2,919,324</u>
Total Noncurrent Assets	<u>972,029</u>	<u>2,198,038</u>	<u>15,859,457</u>	<u>19,029,524</u>
Total Assets	<u>1,136,748</u>	<u>2,339,644</u>	<u>15,859,457</u>	<u>19,335,849</u>
Deferred Outflows of Resources				
Pension related amounts	<u>33,601</u>	<u>25,538</u>	<u>-</u>	<u>59,139</u>
LIABILITIES AND NET POSITION				
Current Liabilities				
Accounts payable	7,414	4,642	1,832,930	1,844,986
Accrued interest	4,191	-	-	4,191
Due to primary government	21,310	17,695	-	39,005
General obligation debt payable	30,950	-	-	30,950
Current portion of compensated absences	4,596	5,128	-	9,724
Unamortized premium on debt	-	-	94,268	94,268
Advances from primary government	195	125	-	320
Liabilities Payable from Restricted Assets				
Accrued interest	-	-	160,125	160,125
Other liabilities	<u>5,474</u>	<u>3,264</u>	<u>-</u>	<u>8,738</u>
Total Current Liabilities	<u>74,130</u>	<u>30,854</u>	<u>2,087,323</u>	<u>2,192,307</u>
Noncurrent Liabilities				
Liabilities Payable from Restricted Assets				
Deposits	22,895	18,675	-	41,570
General obligation debt payable	100,470	-	-	100,470
Revenue bonds payable	-	-	13,725,000	13,725,000
Long-term portion of compensated absences	4,373	4,543	-	8,916
Unamortized premium on debt	-	-	47,134	47,134
Net pension liability	<u>3,722</u>	<u>3,180</u>	<u>-</u>	<u>6,902</u>
Total Noncurrent Liabilities	<u>131,460</u>	<u>26,398</u>	<u>13,772,134</u>	<u>13,929,992</u>
Total Liabilities	<u>205,590</u>	<u>57,252</u>	<u>15,859,457</u>	<u>16,122,299</u>
Deferred Inflows of Resources				
Pension related amounts	<u>13,799</u>	<u>9,593</u>	<u>-</u>	<u>23,392</u>
NET POSITION				
Net investment in capital assets	812,852	2,176,416	-	2,989,268
Unrestricted	<u>138,108</u>	<u>121,921</u>	<u>-</u>	<u>260,029</u>
TOTAL NET POSITION	<u>\$ 950,960</u>	<u>\$ 2,298,337</u>	<u>\$ -</u>	<u>\$ 3,249,297</u>

CITY OF BARABOO

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
 COMMUNITY DEVELOPMENT AUTHORITY
 For the Year Ended December 31, 2017

	Major Funds			Total Community Development Authority
	Donahue Terrace Apartments	Corson Square	Admin Building	
OPERATING REVENUES				
Charges for service	\$ 212,366	\$ 149,726	\$ -	\$ 362,092
Miscellaneous	10,496	5,074	-	15,570
Total Operating Revenues	<u>222,862</u>	<u>154,800</u>	<u>-</u>	<u>377,662</u>
OPERATING EXPENSES				
Legal and administrative	163,048	161,498	-	324,546
Operating expenses	65,437	34,003	-	99,440
Maintenance	101,073	62,812	-	163,885
Depreciation	69,749	54,056	-	123,805
Taxes	14,696	11,491	-	26,187
Total Operating Expenses	<u>414,003</u>	<u>323,860</u>	<u>-</u>	<u>737,863</u>
Operating Loss	<u>(191,141)</u>	<u>(169,060)</u>	<u>-</u>	<u>(360,201)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental revenues	120,252	105,225	-	225,477
Investment income	964	795	626,139	627,898
Interest expense	(5,507)	-	(337,597)	(343,104)
Debt issuance costs	-	-	(323,369)	(323,369)
Amortization of premium on debt	-	-	34,827	34,827
Amortization of loss on debt refunding	(21,551)	-	-	(21,551)
Total Nonoperating Revenues (Expenses)	<u>94,158</u>	<u>106,020</u>	<u>-</u>	<u>200,178</u>
Net Change in Net Position	<u>(96,983)</u>	<u>(63,040)</u>	<u>-</u>	<u>(160,023)</u>
TOTAL NET POSITION - Beginning of Year	<u>1,047,943</u>	<u>2,361,377</u>	<u>-</u>	<u>3,409,320</u>
TOTAL NET POSITION - ENDING	<u>\$ 950,960</u>	<u>\$ 2,298,337</u>	<u>\$ -</u>	<u>\$ 3,249,297</u>

CITY OF BARABOO

COMBINING STATEMENT OF CASH FLOWS
COMMUNITY DEVELOPMENT AUTHORITY
For the Year Ended December 31, 2017

	Major Funds			Total Community Development Authority
	Donahue Terrace Apartments	Corson Square	Admin Building	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers/agencies	\$ 155,024	\$ 120,560	\$ -	\$ 275,584
Payments to suppliers for goods and services	(229,067)	(120,464)	-	(349,531)
Paid to employees for services	(107,078)	(156,574)	-	(263,652)
Paid to municipality for tax equivalent	(14,696)	(11,491)	-	(26,187)
Net Cash Flows From Operating Activities	(195,817)	(167,969)	-	(363,786)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	964	796	66,042	67,802
Marketable securities sold	(1,072)	1,085	-	13
Net Cash Flows From Investing Activities	(108)	1,881	66,042	67,815
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances repaid	(1,239)	(667)	-	(1,906)
Net Cash Flows From Noncapital Financing Activities	(1,239)	(667)	-	(1,906)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(28,580)	-	-	(28,580)
Debt issued	-	-	13,725,000	13,725,000
Debt premium	-	-	176,229	176,229
Interest paid on long-term debt and issuance costs	(7,626)	-	(500,841)	(508,467)
Capital lease receivable issued	-	-	(7,523,324)	(7,523,324)
Capital contributions	196	75,455	-	75,651
Capital grants received	120,252	29,770	-	150,022
Acquisition and construction of capital assets	(123,294)	(37,066)	-	(160,360)
Net Cash Flows From Capital and Related Financing Activities	(39,052)	68,159	5,877,064	5,906,171
Net Change in Cash and Cash Equivalents	(236,216)	(98,596)	5,943,106	5,608,294
CASH AND CASH EQUIVALENTS - Beginning of Year	347,225	183,989	-	531,214
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 111,009	\$ 85,393	\$ 5,943,106	\$ 6,139,508

	Major Funds			Total Community Development Authority
	Donahue Terrace Apartments	Corson Square	Admin Building	
RECONCILIATION OF OPERATING LOSS TO NET FLOWS FROM OPERATING ACTIVITIES				
Operating loss	\$ (191,141)	\$ (169,060)	\$ -	\$ (360,201)
Adjustments to Reconcile Operating Loss to Net Cash				
Non-operating income	(21,552)	-	-	(21,552)
Flows from Operating Activities				
Depreciation	69,749	54,056	-	123,805
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows				
Accounts receivable	(47,470)	(34,622)	-	(82,092)
Accounts payable	3,094	(15,056)	-	(11,962)
Deposits	1,184	382	-	1,566
Due to/from primary government	2,514	1,370	-	3,884
Pension related deferrals and liabilities	3,666	3,284	-	6,950
Other current liabilities	(15,861)	(8,323)	-	(24,184)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (195,817)	\$ (167,969)	\$ -	\$ (363,786)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and investments	\$ 105,535	\$ 82,129	\$ -	\$ 187,664
Restricted cash and investments	27,757	21,622	5,943,106	5,992,485
Total Cash and Investments	133,292	103,751	5,943,106	6,180,149
Less: Noncash equivalents	(22,283)	(18,358)	-	(40,641)
CASH AND CASH EQUIVALENTS	\$ 111,009	\$ 85,393	\$ 5,943,106	\$ 6,139,508
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Accounts payable related to the lease receivable	\$ -	\$ -	\$ 1,832,930	\$ 1,832,930
Interest income on the lease receivable	\$ -	\$ -	\$ 399,972	\$ 399,972
Accrued interest receivable/payable and interest expense/revenue	\$ -	\$ -	\$ 160,125	\$ 160,125
Amortization of the premium	\$ -	\$ -	\$ 34,827	\$ 34,827