

CITY OF SUN PRAIRIE
Sun Prairie, Wisconsin

FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2013

CITY OF SUN PRAIRIE

TABLE OF CONTENTS As of and for the Year Ended December 31, 2013

	<u>Page(s)</u>
Independent Auditors' Report	i - iii
Management's Discussion and Analysis	iv - xvi
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10 - 11
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 14
Statement of Net Position - Fiduciary Funds	15
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	16
Index to Notes to Financial Statements	17
Notes to Financial Statements	18 - 65
Required Supplementary Information	
General Fund	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	66 - 69
Notes to Required Supplementary Information	70
Pension and Other Postemployment Benefits Plan Information	71
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	72 - 75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	76 - 79
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	80
Statement of Cash Flows - Component Unit	81

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Sun Prairie
Sun Prairie, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sun Prairie, Wisconsin, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Sun Prairie'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. 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 relevant to the City of Sun Prairie'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 Sun Prairie'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.

To the City Council
City of Sun Prairie

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sun Prairie, Wisconsin, as of December 31, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note I, the City of Sun Prairie adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

As discussed in Note I, the City of Sun Prairie adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other postemployment benefits plan 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.

To the City Council
City of Sun Prairie

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sun Prairie's basic financial statements. The combining financial statements and statement of cash flows - component unit as listed in the table of contents are presented for purposes of additional analysis and are 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 combining financial statements and statement of cash flows - component unit are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 31, 2014

**CITY OF SUN PRAIRIE
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2013**

The following discussion and analysis is intended to provide readers an overview of the financial activities of the City of Sun Prairie (the City) for the fiscal year ended December 31, 2013. The information should be read in conjunction with the city's financial statements, which begin with the following section.

FINANCIAL HIGHLIGHTS

- The combined net position increased by 3.0% in 2013 to \$205,174,470. The city's net investment in capital assets was \$184,303,964 at the end of 2013. An additional \$12,772,024 was held for restricted purposes with \$8,098,482 in unrestricted net position.
- At the end of 2013, the city's governmental activities reported a negative balance in unrestricted net position of \$9,936,972. This is due in part to expenditures for project costs for Tax Increment Financing District (TID) #8 from 2001 to 2013. These costs include significant non-capitalized redevelopment expenditures, which will be recovered through future tax increments. A large part of the unrestricted net position deficit is also due to a general obligation refunding bond issuance that occurred near the end of the year. The proceeds were restricted for the actual refunding which did not take place until February of the following year.
- The city's general fund had a positive net change in fund balance of \$333,466 for 2013. The general fund's unassigned fund balance at the end of 2013 was \$3,182,687. The unassigned fund balance amount at the end of 2013 is at 16.4% of the general fund revenue budget. This is within the city's goal for unassigned fund balance of 12.0% to 18.0% of the general fund revenue budget.
- The city has experienced a stabilization of property values in the past year. Equalized value increased by .63% in 2013 following a decrease of 3.7% in 2012. The city adopted a balanced budget for 2014 that includes the use of \$120,000 of unassigned fund balance. The total property tax levy for the 2013-2014 tax year is \$19,067,756. This represents the fifth consecutive year in which the city tax levy has not been increased.
- The City adopted the provision of GASB Statement No. 65 effective January 1, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of four sections:

- Management's Discussion and Analysis
- Basic Financial Statements
 - Government-wide Financial Statements
 - Fund Financial Statements
 - Notes to Financial Statements

- Required Supplementary Information
- Supplementary Information

The basic financial statements include two kinds of statements that present different views of the city. The first two statements are government-wide financial statements that provide both long-term and short-term information about the city's overall financial status. The remaining statements are fund financial statements that focus on individual parts of city government and report the city's operations in more detail than the government-wide statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, this financial report includes combining statements that provide details about the city's non-major governmental funds. The non-major funds are added together and presented in single columns in the basic financial statements.

Government-wide Statements

Government-wide financial statements report information about the city as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all government assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The first of these government-wide statements is the Statement of Net Position. This is the city-wide statement of position presenting information that includes all of the city's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city as a whole is improving or deteriorating. Evaluation of the overall health of the city should extend to other non-financial factors such as the diversification of the tax base or the condition of city infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the city's net position changed during the current fiscal year. All current revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the city's distinct activities or functions on revenues provided by the city's taxpayers.

Both government-wide financial statements distinguish governmental activities of the city that are principally supported by taxes and intergovernmental revenues, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, culture, recreation and education, and conservation and development. Business-type activities include the city's electric, water, telecommunications, wastewater, and storm water utilities. Fiduciary activities, such as tax collection and the Multijurisdictional Public Safety Information System Commission (MPSISC), are not included in the government-wide statements since these assets are not available to fund city programs.

The government-wide financial statements include the Community Development Authority (CDA). The CDA is a legally separate organization (component unit) that is presented as a discrete column separate from the primary government.

In addition to this city financial report, separate financial reports have been issued for the city's electric, water, telecommunications, and wastewater utilities. These reports provide additional detail on the operation of these entities.

Fund Financial Statements

The fund financial statements provide detailed information about the city's significant funds. Funds are accounting devices that the city uses to keep track of specific sources of funding and spending for particular purposes. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The city has three kinds of funds:

Governmental Funds – are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. The focus, however, is different with fund statements providing a distinctive view of the city's governmental funds. These statements report short-term fiscal accountability focusing on near-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

Proprietary Funds – are reported in the fund financial statements and generally report services for which the city charges customers a fee. The city has three proprietary funds – the electric, water and telecommunications, wastewater, and storm water utilities. Proprietary fund statements offer short and long-term financial information about activities the city operates like a business.

Fiduciary Funds – are reported in the fiduciary fund statements, but excluded from the government-wide reporting because these assets cannot be used to finance city operations. The city is the trustee, or fiduciary agent, for collection of all property taxes within the city for all taxing jurisdictions, including the Sun Prairie and Deforest School Districts, Dane County, State of Wisconsin, and Madison Area Technical College and they are also the fiduciary agent for MPSISC.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As of December 31, 2013, the city had a total net position (assets plus deferred outflows of resources less liabilities less deferred inflows of resources) of \$205,174,470. This includes total assets of \$323,044,357 and total liabilities of \$95,353,635. Capital assets, which include land, buildings, building improvements, machinery and equipment, infrastructure, and construction in progress, account for 78.1% of the city's total assets. This represents both the city's investment in capital assets as well as improvements dedicated to the city by developers. Non-current

liabilities account for 94.6% of city liabilities. This amount is comprised primarily of long-term debt that has been incurred to finance capital assets.

The following table provides a summary of the City's net position for 2013 and 2012:

CITY OF SUN PRAIRIE NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 43,742,303	\$ 39,347,551	\$ 27,093,464	\$ 25,399,696	\$ 70,835,767	\$ 64,747,247
Capital assets	<u>117,166,969</u>	<u>117,215,202</u>	<u>135,041,621</u>	<u>135,943,671</u>	<u>252,208,590</u>	<u>253,158,873</u>
Total assets	160,909,272	156,562,753	162,135,085	161,343,367	323,044,357	317,906,120
Deferred outflows of resources	<u>415,809</u>	-	<u>44,998</u>	<u>58,817</u>	<u>460,807</u>	<u>58,817</u>
Non-current liabilities	69,283,159	69,603,960	20,961,059	22,321,533	90,244,218	91,925,493
Current and other liabilities	<u>2,442,942</u>	<u>2,347,807</u>	<u>2,666,475</u>	<u>2,551,405</u>	<u>5,109,417</u>	<u>4,899,212</u>
Total Liabilities	71,726,101	71,951,767	23,627,534	24,872,938	95,353,635	96,824,705
Deferred inflows of resources	<u>22,917,684</u>	<u>21,786,484</u>	<u>59,375</u>	<u>59,375</u>	<u>22,977,059</u>	<u>21,845,859</u>
Net position:						
Net investment in capital assets	67,381,966	61,862,029	116,921,998	118,394,172	184,303,964	180,256,201
Restricted	9,236,302	5,646,556	3,535,722	3,109,415	12,772,024	8,755,971
Unrestricted (deficit)	<u>(9,936,972)</u>	<u>(4,684,083)</u>	<u>18,035,454</u>	<u>14,966,284</u>	<u>8,098,482</u>	<u>10,282,201</u>
	<u>\$ 66,681,296</u>	<u>\$ 62,824,502</u>	<u>\$ 138,493,174</u>	<u>\$ 136,469,871</u>	<u>\$ 205,174,470</u>	<u>\$ 199,294,373</u>

The total net position of the city's governmental activities was \$66,681,296 at the end of 2013. The total net position is either restricted as to the purposes for which it can be used or is invested in capital assets. Consequently, the unrestricted portion of the net position had a deficit balance of \$9,936,972 at the end of the year. This deficit does not indicate a lack of resources on the city's part to pay its obligations. Rather, it is the result of having long-term commitments that are greater than currently available resources. Specifically, the city has incurred significant non-capitalized redevelopment expenditures in TID No. 8 for the acquisition, demolition, and remediation of property located in the city's downtown revitalization area. These improvements were financed through long-term borrowing, which will be repaid through future tax increments. As of January 1, 2013, TID No. 8 had an equalized value increment of \$65,241,900. Based on current projections, TID No. 8 is projected to generate sufficient tax increment to pay off its debt obligations.

Change in Net Position

The city's combined net position increased by \$5,880,097 from fiscal year 2012 to 2013, an increase of 3.0%. Of this increase, the net position of the city's governmental activities increased by 6.3%, or \$3,856,794. The net position of the business-type activities increased by 1.5%, or \$2,023,303.

The following table provides a more detailed analysis of the City's change in net position:

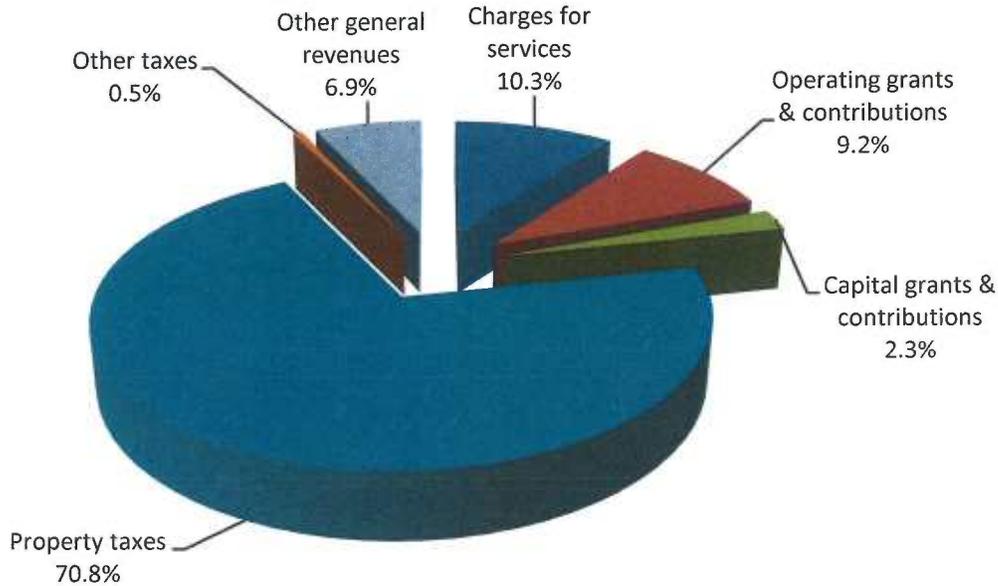
CITY OF SUN PRAIRIE CHANGE IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 3,096,358	\$ 2,792,201	\$ 33,678,836	\$ 32,890,297	\$ 36,775,194	\$ 35,682,498
Operating grants & contributions	2,783,205	3,143,746	-	-	2,783,205	3,143,746
Capital grants & contributions	703,799	5,492,320	1,111,652	1,445,721	1,815,451	6,938,041
General revenues						
Property taxes	21,378,283	21,686,361	-	-	21,378,283	21,686,361
Other taxes	160,760	160,657	-	-	160,760	160,657
Other general revenues	2,083,538	1,962,518	835,070	862,202	2,918,608	2,824,720
Total revenues	<u>30,205,943</u>	<u>35,237,803</u>	<u>35,625,558</u>	<u>35,198,220</u>	<u>65,831,501</u>	<u>70,436,023</u>
Expenses						
General government	3,869,075	3,875,278	-	-	3,869,075	3,875,278
Public safety	9,554,009	9,240,152	-	-	9,554,009	9,240,152
Public works	7,687,487	6,382,496	-	-	7,687,487	6,382,496
Culture, recreation and education	3,692,024	3,720,586	-	-	3,692,024	3,720,586
Conservation and development	637,646	1,167,660	-	-	637,646	1,167,660
Interest and fiscal charges	2,570,548	2,537,354	-	-	2,570,548	2,537,354
Electric utility	-	-	24,453,874	23,794,207	24,453,874	23,794,207
Water utility	-	-	2,343,216	2,234,925	2,343,216	2,234,925
Telecommunications utility	-	-	353,206	342,225	353,206	342,225
Wastewater utility	-	-	3,285,324	3,156,687	3,285,324	3,156,687
Stormwater utility	-	-	1,504,995	1,423,332	1,504,995	1,423,332
Total expenses	<u>28,010,789</u>	<u>26,923,526</u>	<u>31,940,615</u>	<u>30,951,376</u>	<u>59,951,404</u>	<u>57,874,902</u>
Increase in net position before transfers	2,195,154	8,314,277	3,684,943	4,246,844	5,880,097	12,561,121
Transfers	1,661,640	1,670,093	(1,661,640)	(1,670,093)	-	-
Change in net position	<u>3,856,794</u>	<u>9,984,370</u>	<u>2,023,303</u>	<u>2,576,751</u>	<u>5,880,097</u>	<u>12,561,121</u>
Net position - beginning of the year	<u>62,824,502</u>	<u>52,840,132</u>	<u>136,469,871</u>	<u>133,893,120</u>	<u>199,294,373</u>	<u>186,733,252</u>
Net position - end of the year	<u>\$ 66,681,296</u>	<u>\$ 62,824,502</u>	<u>\$ 138,493,174</u>	<u>\$ 136,469,871</u>	<u>\$ 205,174,470</u>	<u>\$ 199,294,373</u>

Governmental Activities

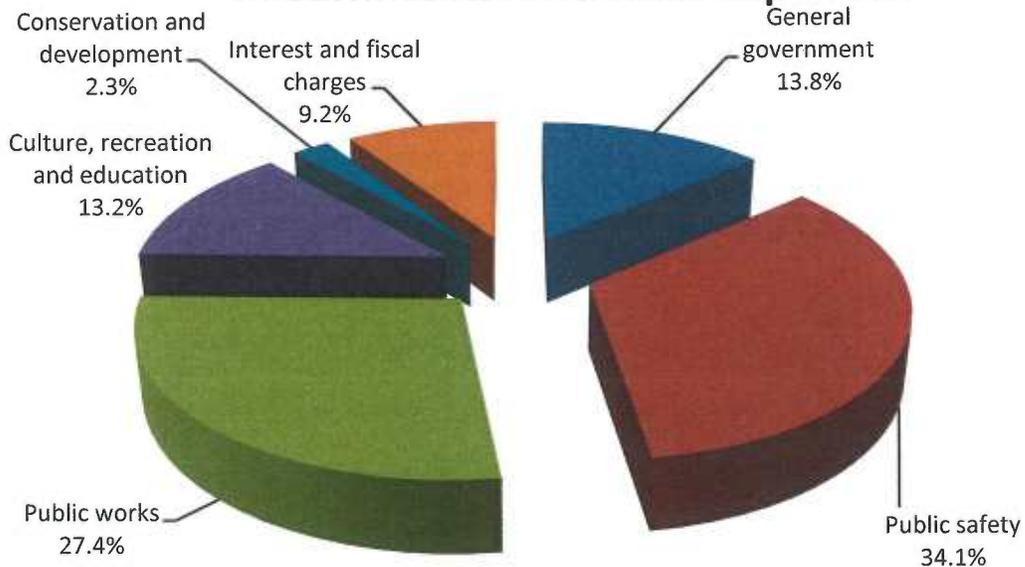
The City of Sun Prairie received a total of \$30,205,943 in governmental activities revenues in 2013. This was a decrease of \$5,031,860 from the prior year. Property taxes remain the largest source of governmental activities revenues representing 70.8% of the total in 2013. Property tax revenue is used to finance the city's general fund, debt service, and TIF districts.

Governmental Activities Revenues



Total governmental activities expenses were \$28,010,789 in 2013. Public safety, including police, EMS, building inspection, and fire services, accounts for the largest share of city expenses at 34.1%. This is followed by public works with 27.4%, general government with 13.8%, culture, recreation and education with 13.2%, and conservation and development at 2.3%. Interest & fiscal charges make up the remaining 9.2%.

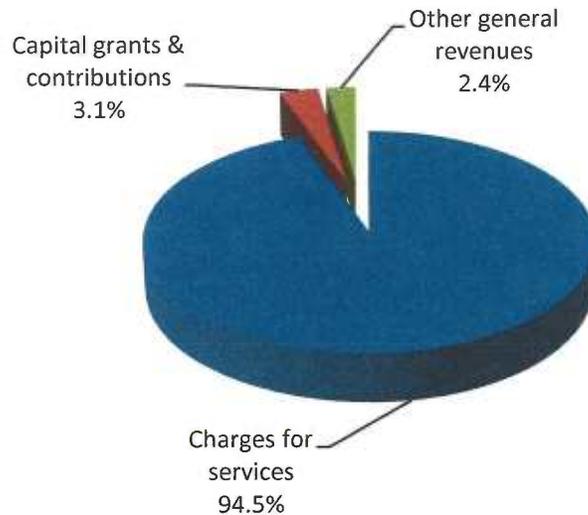
Governmental Activities Expenses



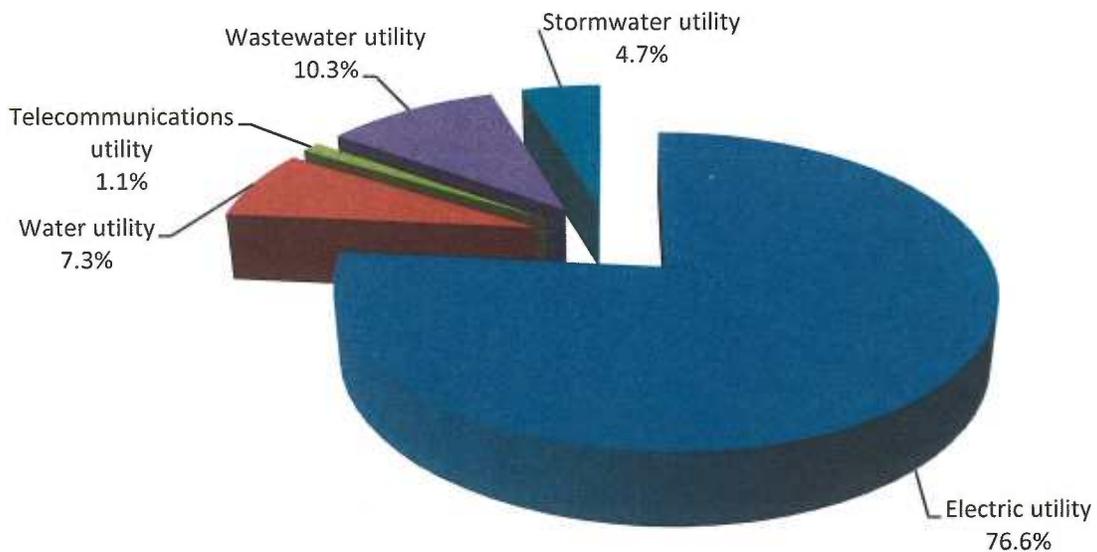
Business-type Activities

Business-type activities include the city's water, electric and telecommunications, wastewater, and storm water utilities. In 2013, revenue for business-type activities totaled \$35,625,558. Charges for services were the largest revenue source for these operations, representing 94.5% of business-type activity revenues. Capital grants and contributions accounted for 3.1% of revenues with other general revenues representing 2.4%.

Business-Type Activities Revenues



Business-Type Activities Expenses



The net position of Sun Prairie's electric, water and telecommunications utility increased by \$951,226, which represents a 1.6% increase over 2012. Combined operating revenues for the utility increased by 2.0%, or \$556,033. Operating expenses for the utility increased by \$708,147, or 2.7% from 2012.

The net position of the wastewater utility increased by \$990,892, which represents a 2.6% increase from 2012. Wastewater utility operating revenues increased by \$154,144 in 2013. Operating expenses of the utility increased by \$137,157, or 4.8%, from 2012.

The net position of the storm water utility increased by \$81,185 during 2013, an increase of 0.2%. Storm water utility operating revenues increased by \$78,362, or 5.6% while operating expenses increased by \$79,663, or 5.7%.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the city's governmental funds is to provide information regarding near-term inflows, outflows, and spendable resources. Such information can be useful in addressing the city's financing requirements. In particular, the level of unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of 2013, the combined fund balances for the city's governmental funds was \$18,203,116, as detailed below:

CITY OF SUN PRAIRIE GOVERNMENTAL FUND BALANCE

	2013	2012
Nonspendable	\$ 2,296,345	\$ 2,967,670
Restricted, reported in:		
Special revenue funds	3,291,858	2,975,089
Debt service funds	4,313,375	18,336
Capital project funds	2,537,097	2,558,749
Permanent funds	375,080	337,580
Assigned, reported in:		
General fund	3,481,595	3,267,320
Capital project funds	-	83,237
Unassigned, reported in:		
General fund	3,182,687	3,241,713
Special revenue funds	(24,682)	
Capital project funds	(1,250,239)	(589,074)
Total fund balance	\$ 18,203,116	\$ 14,860,620

General Fund: The general fund is the primary operating fund of the city. Total fund balance as of December 31, 2013 was \$8,960,627, of which \$2,296,345 was nonspendable. Included in this amount is \$1,930,968 representing advances to TIF District funds. Assigned fund balance

to the general fund from the electric and water utility represents \$1,657,239 of the assigned fund balance. Unassigned fund balance in the general fund at the end of 2013 was \$3,182,687, which represents 16.4% of the total general fund revenue budget. This is within the city's target range of 12% to 18% to provide sufficient cash flow, stabilization, and emergency reserves.

General Debt Service Fund: The general debt service fund accounts for the accumulation of funds for the payment of long-term debt principal, interest, and related costs. The restricted fund balance in the general debt service fund at the end of 2013 was \$4,234,362 as a result of a general obligation refunding bond issuance at the end of the 2013. The payment for the bonds that were called did not take place until early 2014. The annual revenue budget for the debt service fund is set to meet the current year obligations. As such, the city is not required to maintain a large ongoing fund balance.

General Capital Projects Fund: The general capital projects fund is used to account for major capital improvement projects relating to city-owned capital assets. The fund balance at the end of 2013 was (\$451,439). The total deficit fund balance consists of project costs that will be borrowed for in 2014. The City declared the intent to borrow for these projects in 2013.

GENERAL FUND BUDGETARY ANALYSIS

The general fund budget is adopted at the function level of expenditure. In 2013, the general fund experienced a net increase in fund balance of \$333,466.

Total general fund revenues exceeded the budget by \$384,118. Significant revenue variances for 2013 are noted below:

- **Intergovernmental Revenues: Surplus \$ 20,451**

Intergovernmental revenues represent general state aids, federal or state grants, county aids and the Sun Prairie School District's share of the Police Department Liaison. The largest variances were an increase of \$50,949 for exempt computer aids, a decrease of state expenditure restraint funds of \$51,811 and an increase in state aid for roads by \$21,795. The remaining surplus is an accumulation of minor variances in various local and state aid payments.

- **Licenses and Permits: Surplus \$ 223,690**

Licenses and permits consist of liquor licenses, business licenses, dog licenses, building-related permits, street opening permits, zoning and plat approval fees, and cable television franchise fees. Building-related permits account for \$162,674 of the revenue surplus, due to an increase in construction overall in the City during 2013. Cable TV franchise fees account for another \$20,845 of the surplus.

- **Public Charges for Services: Deficit \$ (49,576)**

Public charges for services represent fees charged for various city services including ambulance calls, recycling fees, recreation programs, inspections, and fees from the Family Aquatic Center. EMS ambulance fee revenue for 2013 fell short of the budget by \$62,280.

- **Investment Income: Deficit \$ (41,461)**

Investment income fell short of the 2013 budget by \$41,461 due to lower interest rates on investments.

- **Miscellaneous Revenues: Surplus \$ 186,602**

Miscellaneous revenues consist of sales of equipment and materials, donations, insurance dividends, and reimbursement from the Wastewater Utility and Stormwater Utility for city services. In 2013, the city received an unanticipated workers compensation insurance dividend of \$60,489. Engineering chargebacks to the water and storm water utilities contributed \$42,244 to the surplus in miscellaneous revenues. Additionally the city received a surplus of \$33,575 from the sale of equipment and materials.

Total general fund expenditures were \$64,592 under budget in 2013. Areas that experienced significant variances from the budget are noted below:

- **Public Works Department: Deficit \$ (296,807)**

Due to the heavy snowfalls at the end of 2013, the Public Works snow and ice control costs exceeded the budget by \$213,498. Traffic control costs exceeded the budgeted amount by \$38,818 in 2013.

- **Information Technology: Surplus \$ 121,700**

The information technology division experienced a savings of \$114,100 due to the delay of purchasing equipment. The server replacement was delayed to the following year.

- **Building Maintenance: Surplus \$ 122,394**

The building maintenance division experienced a savings of \$67,373 due to the reduction of the replacement of machinery and equipment.

- **Family Aquatic Center: Deficit \$ (36,918)**

The Family Aquatic Center (FAC) expenditures were under the budget by \$10,168 for 2013. Total FAC revenues were less than the budget by \$47,086, leaving a net deficit of \$36,918.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the city of Sun Prairie had an investment in capital assets of \$252,208,590, net of accumulated depreciation, for all governmental and business-type activities of the city. This represents a decrease of .4% from the end of 2012.

Major capital asset improvements within the city's governmental activities included \$1,980,030 for street additions. The city also purchased \$1,527,437 in machinery and equipment assets including snow plow vehicles, police squad cars and dispatch equipment.

In the city's business-type activities, major capital additions (prior to depreciation) include \$1,390,635 for the electric distribution plant, and \$1,213,656 for the stormwater infrastructure. These additions include dedications in new developments.

The following table provides a summary of the city's changes in capital assets:

CITY OF SUN PRAIRIE CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land/right-of-ways/easements	\$ 41,562,781	\$ 41,562,781	\$ 7,983,192	\$ 8,000,046	\$ 49,545,973	\$ 49,562,827
Land improvements	3,602,896	3,582,349	-	-	3,602,896	3,582,349
Buildings	28,222,463	28,138,506	-	-	28,222,463	28,138,506
Equipment	13,992,116	12,801,447	-	-	13,992,116	12,801,447
Infrastructure	77,279,894	75,271,676	-	-	77,279,894	75,271,676
Electric system	-	-	36,983,472	35,886,331	36,983,472	35,886,331
Water system	-	-	38,363,064	37,737,342	38,363,064	37,737,342
Telecommunications system	-	-	2,302,640	2,239,441	2,302,640	2,239,441
Wastewater system	-	-	55,955,245	55,655,463	55,955,245	55,655,463
Stormwater system	-	-	38,874,787	37,850,483.00	38,874,787	37,850,483
Construction in progress	83,341	49,894	275,230	362,950	358,571	412,844
Total capital assets	164,743,491	161,406,653	180,737,630	177,732,056	345,481,121	339,138,709
Less: Accumulated depreciation	(47,576,522)	(44,191,451)	(45,696,009)	(41,788,385)	(93,272,531)	(85,979,836)
Capital assets net of depreciation	<u>\$ 117,166,969</u>	<u>\$ 117,215,202</u>	<u>\$ 135,041,621</u>	<u>\$ 135,943,671</u>	<u>\$ 252,208,590</u>	<u>\$ 253,158,873</u>

Additional detail about the changes in capital assets can be found in Note IV.D of the financial statements.

Long Term Debt

The city's outstanding general obligation debt as of December 31, 2013 totaled \$50,039,345. In addition, the city had revenue debt outstanding of \$18,802,003 that is backed by revenues generated from the City's electric, water, and wastewater utilities. There were also outstanding capital leases in the amount of \$18,865,000 that are supported from revenues from the city's tax increment finance districts.

The city issued \$13,080,000 of long-term general obligation debt in 2013. Of this amount, \$11,265,000 was used to refund prior years' debt for interest savings. The remaining \$1,815,000 was used to finance 2013 capital project expenditures.

The city's outstanding general obligation bonds are rated Aa2 by Moody's Investors Service. Moody's defines an Aa2 rating as representing "high quality and very low credit risk." In its May 22, 2014 rating analysis, Moody's stated that factors contributing to the city's high rating include "stable finances and healthy General Fund reserve levels. Revenue bonds of the city's water and electric utility are rated A1. Debt issued by the Sun Prairie Community Development Authority carries an A1 bond rating.

Wisconsin state statutes limit the amount of general obligation debt that a governmental entity may issue to 5.0% of its total equalized valuation. Based on the city's 2013 equalized valuation of \$2,368,668,500 the city's statutory debt limit is \$118,433,425. The city was at 42.3% of its legal debt limit as of December 31, 2013.

The following table provides a summary of all outstanding debt and lease obligations:

CITY OF SUN PRAIRIE OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds and notes	\$ 48,389,345	\$ 47,810,803	\$ 1,650,000	\$ 1,485,000	\$ 50,039,345	\$ 49,295,803
Revenue bonds	-	-	18,802,003	20,374,201	18,802,003	20,374,201
Capital leases	18,865,000	20,130,000	-	-	18,865,000	20,130,000
Total assets	<u>\$ 67,254,345</u>	<u>\$ 67,940,803</u>	<u>\$ 20,452,003</u>	<u>\$ 21,859,201</u>	<u>\$ 87,706,348</u>	<u>\$ 89,800,004</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Sun Prairie is an economically stable community located in northeastern Dane County and shares a border with the City of Madison, which is the state capital. This location has contributed to the city's rapid growth and strong economic position. As of January 1, 2013, the population is estimated at 30,395. This is an increase of 10,026 since 2000. During this period, the city's population has grown by 49.22% making it one of the fastest growing municipalities in the State of Wisconsin. Major development projects in the city include a light industrial business park, redevelopment of the downtown area, a new Westside commercial center, and a mixed-use TIF district that features an emergency medical facility. The Westside commercial center continues to grow with the additions of a Target Retail Store. Future projects include a Marcus Theaters and Cabela's which will be completed in 2014 and 2015 respectively.

From 2000 to 2008, Sun Prairie's tax base experienced average growth of 12.8% per year. From 2008 to 2013, the growth in Sun Prairie has leveled off. The economic downturn that began late in 2008 has resulted in an average decrease in total property value of 1.5% per year since the 2009 assessment year. The city's equalized property valuation increased by .6% in 2013 to a total of \$2,368,668,500.

Despite the recent decline in property values, the local economy remains strong compared to state and national averages. Unemployment in the Madison area is consistently below the state average and national average, while Sun Prairie's adjusted gross income per return continues to average above the state as a whole. The Dane County unemployment rate was 3.8% in 2013, below the state and federal rates of 6.2% and 6.7% respectively.

Beginning with the 2006 budget, the City has been subject to state-imposed property tax limits which restrict the growth of the tax levy to the greater of the percentage of net new construction growth plus the increase in debt service or a state valuation factor. Due to the City's growth and the increase in debt service costs, the allowable 2014 property tax levy was \$19,067,756. The approved levy is within this limit.

The Sun Prairie City Council approved the 2014 budget which authorized general fund expenditures of \$21,970,676. The combined property tax levy was \$19,067,756. The City's portion of the mill rate increased by 2.0% to \$8.42 per \$1,000 of assessed value.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is intended to provide a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. Requests for additional information regarding the City's finances or questions concerning any of the information found in this report should be addressed to the City of Sun Prairie Director of Administrative Services at 300 E Main Street, Sun Prairie, Wisconsin 53590. Other information related to the City can be found on the City's website at www.cityofsunprairie.com.

CITY OF SUN PRAIRIE

STATEMENT OF NET POSITION As of December 31, 2013

	Governmental Activities	Business-type Activities	Totals	CDA
ASSETS				
Cash and investments	\$ 12,909,906	\$ 9,918,257	\$ 22,828,163	\$ -
Receivables (net)				
Taxes	22,938,942	-	22,938,942	-
Delinquent personal property taxes	45,157	-	45,157	-
Accounts	576,261	2,867,887	3,444,148	-
Special assessments	18,558	-	18,558	-
Delinquent special assessments	410,486	-	410,486	-
Accrued interest	6,864	11,559	18,423	318,863
Loans	109,768	-	109,768	-
Other	-	613,708	613,708	-
Due from other governments	114,564	-	114,564	-
Internal balances	1,787,667	(1,787,667)	-	-
Capital leases receivable from primary government	-	-	-	18,865,000
Prepaid items and inventories	18,271	865,953	884,224	-
Investment in mutual insurance company	343,740	-	343,740	-
Restricted cash and investments	4,462,119	6,037,194	10,499,313	-
Other assets	-	8,566,573	8,566,573	-
Capital Assets				
Land	39,902,386	7,983,192	47,885,578	-
Construction in progress	83,341	275,230	358,571	-
Easements	1,660,395	-	1,660,395	-
Other capital assets, net of depreciation	75,520,847	126,783,199	202,304,046	-
Total Assets	<u>160,909,272</u>	<u>162,135,085</u>	<u>323,044,357</u>	<u>19,183,863</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	<u>415,809</u>	<u>44,998</u>	<u>460,807</u>	-
LIABILITIES				
Accounts payable and accrued expenses	2,246,214	2,660,082	4,906,296	318,863
Deposits	185,357	6,393	191,750	-
Due to other governments	11,371	-	11,371	-
Noncurrent Liabilities				
Due within one year	11,986,149	1,970,461	13,956,610	1,360,000
Due in more than one year	57,297,010	18,990,598	76,287,608	17,505,000
Total Liabilities	<u>71,726,101</u>	<u>23,627,534</u>	<u>95,353,635</u>	<u>19,183,863</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	<u>22,917,684</u>	<u>59,375</u>	<u>22,977,059</u>	-
NET POSITION				
Net investment in capital assets	67,381,966	116,921,998	184,303,964	-
Restricted for				
Debt service	3,824,476	1,316,954	5,141,430	-
Park improvement	1,245,131	-	1,245,131	-
Economic development	142,682	-	142,682	-
Impact fees	2,034,799	-	2,034,799	-
Grants	70,138	-	70,138	-
Library	99,777	-	99,777	-
TIF districts	1,444,219	-	1,444,219	-
Trusts	375,080	-	375,080	-
Equipment replacement	-	2,218,768	2,218,768	-
Unrestricted (deficit)	<u>(9,936,972)</u>	<u>18,035,454</u>	<u>8,098,482</u>	-
TOTAL NET POSITION	<u>\$ 66,681,296</u>	<u>\$ 138,493,174</u>	<u>\$ 205,174,470</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF SUN PRAIRIE

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,869,075	\$ 118,037	\$ 41,691	\$ 5,701
Public safety	9,554,009	1,464,975	243,991	-
Public works	7,687,487	634,758	2,060,684	451,378
Culture, recreation and education	3,692,024	865,096	427,282	193,431
Conservation and development	637,646	13,492	9,557	53,289
Interest and fiscal charges	<u>2,570,548</u>	-	-	-
Total Governmental Activities	<u>28,010,789</u>	<u>3,096,358</u>	<u>2,783,205</u>	<u>703,799</u>
Business-type Activities				
Electric	24,453,874	25,049,749	-	156,373
Water	2,343,216	3,083,889	-	131,998
Telecommunications	353,206	454,866	-	12,926
Wastewater	3,285,324	3,617,686	-	648,356
Stormwater	<u>1,504,995</u>	<u>1,472,646</u>	-	<u>161,999</u>
Total Business-type Activities	<u>31,940,615</u>	<u>33,678,836</u>	-	<u>1,111,652</u>
Total Primary Government	<u>\$ 59,951,404</u>	<u>\$ 36,775,194</u>	<u>\$ 2,783,205</u>	<u>\$ 1,815,451</u>
Component Unit				
Community Development Authority	<u>\$ 782,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Loss on disposal of assets

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Unit
\$ (3,703,646)	\$ -	\$ (3,703,646)	\$ -
(7,845,043)	-	(7,845,043)	-
(4,540,667)	-	(4,540,667)	-
(2,206,215)	-	(2,206,215)	-
(561,308)	-	(561,308)	-
<u>(2,570,548)</u>	<u>-</u>	<u>(2,570,548)</u>	<u>-</u>
<u>(21,427,427)</u>	<u>-</u>	<u>(21,427,427)</u>	<u>-</u>
-	752,248	752,248	-
-	872,671	872,671	-
-	114,586	114,586	-
-	980,718	980,718	-
-	<u>129,650</u>	<u>129,650</u>	<u>-</u>
-	<u>2,849,873</u>	<u>2,849,873</u>	<u>-</u>
<u>(21,427,427)</u>	<u>2,849,873</u>	<u>(18,577,554)</u>	<u>-</u>
-	-	-	(782,714)
12,675,499	-	12,675,499	-
6,399,403	-	6,399,403	-
2,303,381	-	2,303,381	-
160,760	-	160,760	-
1,559,097	-	1,559,097	-
96,153	825,150	921,303	782,714
-	(43,293)	(43,293)	-
428,288	53,213	481,501	-
<u>1,661,640</u>	<u>(1,661,640)</u>	<u>-</u>	<u>-</u>
<u>25,284,221</u>	<u>(826,570)</u>	<u>24,457,651</u>	<u>782,714</u>
3,856,794	2,023,303	5,880,097	-
<u>62,824,502</u>	<u>136,469,871</u>	<u>199,294,373</u>	<u>-</u>
<u>\$ 66,681,296</u>	<u>\$ 138,493,174</u>	<u>\$ 205,174,470</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF SUN PRAIRIE

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2013

	<u>General Fund</u>	<u>General Debt Service Fund</u>	<u>General Capital Projects Fund</u>
ASSETS			
Cash and investments	\$ 7,020,871	\$ 4,192,304	\$ 4
Receivables (net)			
Taxes	13,825,607	6,326,108	-
Delinquent personal property taxes	45,157	-	-
Accounts	350,824	1,435	2,500
Special assessments	1,091	17,467	-
Delinquent special assessments held by county	42,870	-	367,616
Accrued interest	540	5,740	-
Loans	3,366	-	-
Due from other governments	-	-	19,744
Due from other funds	2,273,879	34,883	637
Prepaid items and inventories	18,271	-	-
Investment in mutual insurance company	343,740	-	-
Advances to other funds	1,930,968	-	-
Restricted cash and investments	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 25,857,184</u>	<u>\$ 10,577,937</u>	<u>\$ 390,501</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 740,807	\$ -	\$ 103,580
Accrued liabilities	618,067	-	-
Deposits	4,000	-	46,357
Due to other governments	11,371	-	-
Due to other funds	1,611,401	-	304,643
Advances from other funds	-	-	-
Total Liabilities	<u>2,985,646</u>	<u>-</u>	<u>454,580</u>
Deferred Inflows of Resources			
Unearned revenues	13,804,349	6,326,108	-
Unavailable revenues	<u>106,562</u>	<u>17,467</u>	<u>387,360</u>
Total Deferred Inflows of Resources	<u>13,910,911</u>	<u>6,343,575</u>	<u>387,360</u>
Fund Balances			
Nonspendable	2,296,345	-	-
Restricted	-	4,234,362	-
Assigned	3,481,595	-	-
Unassigned (deficit)	<u>3,182,687</u>	<u>-</u>	<u>(451,439)</u>
Total Fund Balances (Deficit)	<u>8,960,627</u>	<u>4,234,362</u>	<u>(451,439)</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 25,857,184</u>	<u>\$ 10,577,937</u>	<u>\$ 390,501</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 1,696,727	\$ 12,909,906
2,787,227	22,938,942
-	45,157
221,502	576,261
-	18,558
-	410,486
584	6,864
106,402	109,768
94,820	114,564
1,519,422	3,828,821
-	18,271
-	343,740
-	1,930,968
<u>4,462,119</u>	<u>4,462,119</u>
<u>\$ 10,888,803</u>	<u>\$ 47,714,425</u>

\$ 55,011	\$ 899,398
-	618,067
135,000	185,357
-	11,371
125,110	2,041,154
<u>1,930,968</u>	<u>1,930,968</u>
<u>2,246,089</u>	<u>5,686,315</u>

2,787,227	22,917,684
<u>395,921</u>	<u>907,310</u>
<u>3,183,148</u>	<u>23,824,994</u>

-	2,296,345
6,283,048	10,517,410
-	3,481,595
<u>(823,482)</u>	<u>1,907,766</u>
<u>5,459,566</u>	<u>18,203,116</u>

<u>\$ 10,888,803</u>	<u>\$ 47,714,425</u>
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See accompanying notes to financial statements.

CITY OF SUN PRAIRIE

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2013

Total Fund Balances - Governmental Funds	\$ 18,203,116
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note IV.D.	117,166,969
Special assessments 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. See Note IV.B.	417,181
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. See Note IV.B.	490,129
Deferred charges on debt refundings are reported as deferred outflows of resources and amortized in the government-wide statements, but are expensed in the year of refunding in the fund statements.	415,809
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.	<u>(70,011,908)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 66,681,296</u>

See accompanying notes to financial statements.

CITY OF SUN PRAIRIE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2013

	General Fund	General Debt Service Fund	General Capital Projects Fund
REVENUES			
Taxes	\$ 12,612,711	\$ 6,399,403	\$ 200,000
Intergovernmental	3,798,252	-	-
Licenses and permits	827,880	-	19,755
Fines, forfeitures and penalties	214,561	-	-
Public charges for services	1,667,952	-	-
Special assessments	14,539	-	-
Investment income	23,539	933	397
Miscellaneous	620,722	41,684	-
Total Revenues	19,780,156	6,442,020	220,152
EXPENDITURES			
Current			
General government	3,753,525	-	-
Public safety	8,618,516	-	-
Public works	4,965,494	-	-
Culture, recreation and education	3,184,575	-	-
Conservation and development	515,000	-	-
Capital Outlay	-	-	3,162,435
Debt Service			
Principal	-	5,265,931	-
Interest and fiscal charges	-	1,131,225	-
Total Expenditures	21,037,110	6,397,156	3,162,435
Excess (deficiency) of revenues over expenditures	(1,256,954)	44,864	(2,942,283)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	9,897,726	1,450,000
Premium on debt issued	-	307,828	29,670
Debt issuance costs	-	(133,915)	(22,569)
Payments to refunding bond escrow agent	-	(5,998,431)	-
Transfers in	1,672,920	116,290	-
Transfers out	(82,500)	-	(111,889)
Total Other Financing Sources (Uses)	1,590,420	4,189,498	1,345,212
Net Change in Fund Balances	333,466	4,234,362	(1,597,071)
FUND BALANCES - Beginning of Year	8,627,161	-	1,145,632
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 8,960,627	\$ 4,234,362	\$ (451,439)

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 2,348,481	\$ 21,560,595
351,290	4,149,542
182,029	1,029,664
-	214,561
501,210	2,169,162
-	14,539
60,460	85,329
80,109	742,515
<u>3,523,579</u>	<u>29,965,907</u>
-	3,753,525
13,475	8,631,991
555,067	5,520,561
171,843	3,356,418
101,640	616,640
59,512	3,221,947
1,335,527	6,601,458
<u>1,039,237</u>	<u>2,170,462</u>
<u>3,276,301</u>	<u>33,873,002</u>
<u>247,278</u>	<u>(3,907,095)</u>
1,367,274	12,715,000
34,257	371,755
(22,559)	(179,043)
(1,321,330)	(7,319,761)
92,777	1,881,987
<u>(25,958)</u>	<u>(220,347)</u>
<u>124,461</u>	<u>7,249,591</u>
371,739	3,342,496
<u>5,087,827</u>	<u>14,860,620</u>
<u>\$ 5,459,566</u>	<u>\$ 18,203,116</u>

See accompanying notes to financial statements.

CITY OF SUN PRAIRIE

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, 2013

Net change in fund balances - total governmental funds	\$	3,342,496
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		3,221,947
Some items reported as capital outlay were not capitalized		(118,462)
Some items reported as operating expenses in the fund financial statements, are capitalized in the government-wide statements.		872,076
Depreciation is reported in the government-wide financial statements		(4,013,419)
Net book value of assets retired		(143,102)
Contributed capital assets are reported as revenues in the government-wide financial statements.		132,727
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.		101,234
<p>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.</p>		
Debt issued		(12,715,000)
Premium on debt issued		(371,757)
Principal repaid		6,601,458
<p>Advance refundings of bond issuances are reported as other financing uses in the governmental funds.</p>		
Principal repaid		6,800,000
Deferred charge on advance refunding		519,761
<p>Governmental funds report debt premiums as other financing sources. However, in the statement of net position, these are reported as other long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are deducted from interest expense.</p>		
Amortization of deferred charge on advance refunding		(103,952)
Amortization of premium and other debt related items		163,378
Debt issuance costs from prior years expensed in current year		(414,901)
<p>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.</p>		
Compensated absences		(152,302)
Accrued interest on debt		139,588
Other post-employment benefits		(4,976)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>3,856,794</u>

See accompanying notes to financial statements.

CITY OF SUN PRAIRIE

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2013

ASSETS	Business-type Activities - Enterprise Funds			
	Electric, Water, and Tele- communications Utility	Wastewater Utility	Stormwater Utility	Totals
Current Assets				
Cash and investments	\$ 4,467,580	\$ -	\$ 1,856,593	\$ 6,324,173
Receivables				
Accounts	2,480,117	287,756	100,014	2,867,887
Accrued interest	7,891	3,328	340	11,559
Other	413,832	9,328	190,548	613,708
Due from other funds	75,633	13,906	6,735	96,274
Prepaid items	12,929	-	-	12,929
Inventories	853,024	-	-	853,024
Restricted Assets				
Cash and investments	764,808	657,561	-	1,422,369
Total Current Assets	9,075,814	971,879	2,154,230	12,201,923
Noncurrent Assets				
Restricted Assets				
Cash and investments	2,396,057	2,218,768	-	4,614,825
Capital Assets				
Land	170,405	194,278	7,618,509	7,983,192
Construction in progress	188,832	-	86,398	275,230
Other capital assets	77,649,176	55,955,245	38,874,787	172,479,208
Less: Accumulated depreciation	(24,399,962)	(12,570,381)	(8,725,666)	(45,696,009)
Other Assets				
Cash and investments	-	3,594,084	-	3,594,084
Property held for future use	16,854	-	-	16,854
Preliminary survey and investigation	963,322	-	-	963,322
Lift station fees receivable	-	91,766	-	91,766
Special assessments receivable	-	11,971	-	11,971
Other Property and Investments				
Non-utility property	52,651	-	-	52,651
Investment in ATC	7,430,009	-	-	7,430,009
Total Noncurrent Assets	64,467,344	49,495,731	37,854,028	151,817,103
Total Assets	73,543,158	50,467,610	40,008,258	164,019,026
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	44,998	-	-	44,998
Total Deferred Outflows of Resources	44,998	-	-	44,998

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric, Water, and Tele- communications Utility	Wastewater Utility	Stormwater	Totals
	LIABILITIES			
Current Liabilities				
Accounts payable	\$ 2,165,663	\$ 74,060	\$ 24,841	\$ 2,264,564
Other accrued liabilities	243,005	30,585	16,462	290,052
Deposits	6,393	-	-	6,393
Due to other funds	1,677,545	120,686	85,710	1,883,941
Current portion of general obligation debt	-	110,000	135,000	245,000
Liabilities Payable From Restricted Assets				
Revenue bonds payable	935,000	790,461	-	1,725,461
Accrued interest	62,793	42,673	-	105,466
Total Current Liabilities	<u>5,090,399</u>	<u>1,168,465</u>	<u>262,013</u>	<u>6,520,877</u>
Noncurrent Liabilities				
Long-Term Debt				
Revenue bonds payable	7,045,000	10,031,542	-	17,076,542
Unamortized debt premium	87,599	4,628	11,448	103,675
General obligation debt	-	540,000	865,000	1,405,000
Compensated absences	325,674	76,679	3,028	405,381
Total Noncurrent Liabilities	<u>7,458,273</u>	<u>10,652,849</u>	<u>879,476</u>	<u>18,990,598</u>
Total Liabilities	<u>12,548,672</u>	<u>11,821,314</u>	<u>1,141,489</u>	<u>25,511,475</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	-	-	59,375	59,375
Total Deferred Inflows of Resources	-	-	<u>59,375</u>	<u>59,375</u>
NET POSITION				
Net investment in capital assets	47,981,907	32,097,511	36,842,580	116,921,998
Restricted for				
Debt service	702,066	614,888	-	1,316,954
Equipment replacement	-	2,218,768	-	2,218,768
Unrestricted	<u>12,355,511</u>	<u>3,715,129</u>	<u>1,964,814</u>	<u>18,035,454</u>
TOTAL NET POSITION	<u>\$ 61,039,484</u>	<u>\$ 38,646,296</u>	<u>\$ 38,807,394</u>	<u>\$ 138,493,174</u>

See accompanying notes to financial statements.

CITY OF SUN PRAIRIE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			
	Electric, Water, and Tele- communications Utility	Wastewater Utility	Stormwater Utility	Totals
OPERATING REVENUES	\$ 28,588,504	\$ 3,617,686	\$ 1,472,646	\$ 33,678,836
OPERATING EXPENSES				
Operation and maintenance	24,652,272	1,660,267	575,395	26,887,934
Depreciation	2,150,967	1,326,421	892,554	4,369,942
Total Operating Expenses	26,803,239	2,986,688	1,467,949	31,257,876
Operating Income	1,785,265	630,998	4,697	2,420,960
NONOPERATING REVENUES (EXPENSES)				
Investment income	815,747	10,174	(771)	825,150
Loss on sale of property	-	-	(43,293)	(43,293)
Interest charged to construction	65,723	-	-	65,723
Interest and amortization expense	(412,780)	(298,636)	(37,046)	(748,462)
Miscellaneous	53,213	-	-	53,213
Total Nonoperating Revenues (Expenses)	521,903	(288,462)	(81,110)	152,331
Income (Loss) Before Contributions and Transfers	2,307,168	342,536	(76,413)	2,573,291
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	289,747	648,356	161,999	1,100,102
Capital contributions - from municipality	11,550	-	-	11,550
Transfers out	(1,657,239)	-	(4,401)	(1,661,640)
Total Contributions and Transfers	(1,355,942)	648,356	157,598	(549,988)
Change in Net Position	951,226	990,892	81,185	2,023,303
NET POSITION - Beginning of Year	60,088,258	37,655,404	38,726,209	136,469,871
NET POSITION - END OF YEAR	\$ 61,039,484	\$ 38,646,296	\$ 38,807,394	\$ 138,493,174

See accompanying notes to financial statements.

CITY OF SUN PRAIRIE

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			
	Electric, Water, and Tele- communications Utility	Wastewater Utility	Stormwater Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 28,402,964	\$ 3,678,486	\$ 1,687,316	\$ 33,768,766
Received from municipality for services	328,652	-	-	328,652
Paid to suppliers for goods and services	(23,345,145)	(1,522,708)	(297,222)	(25,165,075)
Paid to employees for services	(1,231,287)	(543,408)	(172,104)	(1,946,799)
Net Cash Flows From Operating Activities	<u>4,155,184</u>	<u>1,612,370</u>	<u>1,217,990</u>	<u>6,985,544</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	551,568	12,550	(930)	563,188
Investment in ATC	(212,011)	-	-	(212,011)
Investments purchased	(801,056)	(1,006,016)	-	(1,807,072)
Investments sold and matured	1,318,230	1,000,087	-	2,318,317
Net Cash Flows From Investing Activities	<u>856,731</u>	<u>6,621</u>	<u>(930)</u>	<u>862,422</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(1,571,507)	-	-	(1,571,507)
Repayment of advances from other funds	(173)	-	-	(173)
Transfers In (Out)	-	-	(4,401)	(4,401)
Net Cash Flows From Noncapital Financing Activities	<u>(1,571,680)</u>	<u>-</u>	<u>(4,401)</u>	<u>(1,576,081)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	-	-	365,000	365,000
Debt retired	(800,000)	(877,198)	(95,000)	(1,772,198)
Interest paid	(247,311)	(288,274)	(23,658)	(559,243)
Debt issuance costs	(18,805)	-	-	(18,805)
Debt premium	-	-	1,204	1,204
Acquisition and construction of utility plant	(3,539,102)	(265,847)	(962,998)	(4,767,947)
Capital contribution received	170,520	-	(100,000)	70,520
Contributions received for construction	-	562,921	-	562,921
Proceeds from sale of assets	12,926	-	29,583	42,509
Special assessments received	-	3,405	-	3,405
Net Cash Flows From Capital and Related Financing Activities	<u>(4,421,772)</u>	<u>(864,993)</u>	<u>(785,869)</u>	<u>(6,072,634)</u>
Net Change in Cash and Cash Equivalents	(981,537)	753,998	426,790	199,251
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>7,974,223</u>	<u>4,710,399</u>	<u>1,429,803</u>	<u>14,114,425</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,992,686</u>	<u>\$ 5,464,397</u>	<u>\$ 1,856,593</u>	<u>\$ 14,313,676</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric, Water, and Tele- communications Utility	Wastewater Utility	Stormwater Utility	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 1,785,265	\$ 630,998	\$ 4,697	\$ 2,420,960
Nonoperating revenue	53,213	-	-	53,213
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	2,150,967	1,326,421	892,554	4,369,942
Depreciation charged to clearing and other funds	180,529	-	-	180,529
Changes in assets and liabilities				
Accounts receivable	(34,488)	30,374	23,206	19,092
Other accounts receivable	96,211	4,392	(4,269)	96,334
Due to/from other funds	6,168	(408,565)	281,108	(121,289)
Other assets	(105,860)	-	-	(105,860)
Accounts payable	163,246	21,021	18,812	203,079
Deposits	(930)	-	-	(930)
Other current liabilities	(88,495)	3,988	1,497	(83,010)
Compensated absences	(50,642)	3,741	385	(46,516)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 4,155,184	\$ 1,612,370	\$ 1,217,990	\$ 6,985,544
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments - statement of net position	\$ 4,467,580	\$ -	\$ 1,856,593	\$ 6,324,173
Restricted cash and investments - statement of net position	3,160,865	2,876,329	-	6,037,194
Other assets - cash and investments - statement of net position	-	3,594,084	-	3,594,084
Total Cash and Investments	7,628,445	6,470,413	1,856,593	15,955,451
Less: Noncash equivalents	(635,759)	(1,006,016)	-	(1,641,775)
CASH AND CASH EQUIVALENTS	\$ 6,992,686	\$ 5,464,397	\$ 1,856,593	\$ 14,313,676
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest charged to construction	\$ 65,723	\$ -	\$ -	
Developer financed additions to utility plant	-	\$ 85,435	\$ 61,999	
Debt issuance costs written off	\$ 158,391	\$ -	\$ -	
Capital contributions	\$ 279,470	\$ -	\$ -	
Dividends reinvested in ATC	\$ 267,432	\$ -	\$ -	
Loss on sale of equipment	\$ -	\$ -	\$ 43,293	
Construction grant receivable	\$ -	\$ -	\$ 100,000	

See accompanying notes to financial statements.

CITY OF SUN PRAIRIE

STATEMENT OF NET POSITION FIDUCIARY FUNDS As of December 31, 2013

	Utilities Pension Trust Fund	Agency Funds
CURRENT ASSETS		
Cash and investments	\$ -	\$ 27,527,874
Taxes receivable	-	14,078,125
NONCURRENT ASSETS		
Restricted Assets		
Variable annuity	2,900,482	-
Cash surrender value of life insurance	<u>138,381</u>	<u>-</u>
TOTAL ASSETS	<u>3,038,863</u>	<u>\$ 41,605,999</u>
LIABILITIES		
Due to other governments	<u>-</u>	<u>\$ 41,605,999</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 3,038,863</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF SUN PRAIRIE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

For the Year Ended December 31, 2013

	Utilities Pension <u>Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 304,194
Increase in cash surrender value of insurance	12,956
Investment income	<u>401,519</u>
Total Additions	<u>718,669</u>
DEDUCTIONS	
Benefits and refunds	39,902
Other contractual	<u>15,201</u>
Total Deductions	<u>55,103</u>
CHANGE IN NET POSITION	663,566
NET POSITION - Beginning of Year	<u>2,375,297</u>
NET POSITION - END OF YEAR	<u>\$ 3,038,863</u>

See accompanying notes to financial statements.

CITY OF SUN PRAIRIE

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE	Page
I Summary of Significant Accounting Policies	18
A. Reporting Entity	18
B. Government-Wide and Fund Financial Statements	19
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	22
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	24
1. Deposits and Investments	24
2. Receivables	26
3. Inventories and Prepaid Items	27
4. Restricted Assets	27
5. Capital Assets	28
6. Other Assets	29
7. Deferred Outflows of Resources	29
8. Compensated Absences	29
9. Long-Term Obligations/Conduit Debt	30
10. Deferred Inflows of Resources	30
11. Equity Classifications	31
II Reconciliation of Government-Wide and Fund Financial Statements	33
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	33
III Stewardship, Compliance, and Accountability	33
A. Budget Compliance	33
B. Deficit Balances	34
C. Limitations on the City's Tax Levy	34
IV Detailed Notes on All Funds	35
A. Deposits and Investments	35
B. Receivables	37
C. Restricted Assets	38
D. Capital Assets	39
E. Interfund Receivables/Payables, Advances and Transfers	42
F. Long-Term Obligations	45
G. Lease Disclosures	50
H. Net Position/Fund Balances	51
I. Other Assets	53
J. Component Unit	54
V Other Information	56
A. Employees' Retirement System	56
B. Risk Management	59
C. Commitments and Contingencies	60
D. Joint Ventures	61
E. Other Postemployment Benefits	62
F. Subsequent Events	65
G. Effect of New Accounting Standards on Current-Period Financial Statements	65

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Sun Prairie, Wisconsin 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.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

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 and confirmed by the city council. 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 IV.J. 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, 2013. The CDA does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In November 2010, the GASB issued statement No. 61 - *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This standard was effective January 1, 2013.

The Business Improvement District's (the "district") financial statements are not included in these financial statements as the activity of the district was deemed immaterial to the city. Separately issued financial statements of the district may be obtained from the City of Sun Prairie Business Improvement District.

In March 2012, the GASB issued statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was effective January 1, 2013.

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.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Government-Wide Financial Statements (cont.)

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 equity, revenues, and expenditures/expenses.

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, 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 Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Fund Financial Statements (cont.)

The city reports the following major governmental funds: (cont.)

- General Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- General Capital Projects Fund - accounts for resources legally restricted to supporting expenditures for capital improvement projects.

The city reports the following major enterprise funds:

- Electric, Water, and Telecommunication Utility - accounts for operations of the electric, water, and telecommunication system
- Wastewater Utility - accounts for operations of the wastewater 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Park Improvement Fund	Grant Funds
Wisconsin Development Fund	Library Fund
Transportation Impact Fee Fund	

- Debt Service Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

- Tax Incremental District (TID) No. 6

- Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- Tax Incremental District (TID) No. 7
 - Tax Incremental District (TID) No. 8
 - Tax Incremental District (TID) No. 9
 - Tax Incremental District (TID) No. 10
 - Development Projects

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental and enterprise funds: (cont.)

Permanent Funds - used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Ashley Trust Fund
Library Trust Fund

In addition, the city reports the following fund types:

Pension (and Other Employee Benefit) Trust Funds - used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Utilities Pension Trust Fund

Agency Funds - used to account for and report 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
Multijurisdictional Public Safety Information
System Commission (MPSISC)

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 unearned revenue. 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.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Government-Wide Financial Statements (cont.)

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 electric, water, and telecommunication utility, wastewater utility, and stormwater utility and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and unearned 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) are met are recorded as liabilities. Amounts received in advance of meeting 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. Delinquent special assessments being held by the county are reported as receivables and unavailable revenue.

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 and fiduciary fund financial statements (other than agency funds) 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.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Fund Financial Statements (cont.)

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 electric, water, and telecommunication utility, wastewater utility, and stormwater utility 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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.)

- 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.

Investment of most trust funds including cemetery perpetual care funds, is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The city has adopted an investment policy. That policy contains the following guidelines for allowable investments: obligations of the U.S. Government; obligations of U.S. Government agencies; time deposits (defined as savings accounts or certificates of deposit); and overnight repurchase agreements, whereby the seller will agree to purchase U.S. Government securities, commercial paper with satisfactory or superior rating, LGIP and MBIA through institutions federally insured through FDIC.

Custodial Credit Risk - The city's investment policy states that all deposits and investments of the city shall be secured by pledged collateral in an amount equal to at least 100%, but not more than 105%, of the total investment less the amount covered by FDIC or the State Deposit Guarantee Fund. The policy also states that the city shall not invest more than 50% of its funds in any one institution unless the investments are in U.S. Government securities, obligation of U.S. Government agencies, and LGIP and limits the term on investments to no more than three years.

Credit Risk - The city's investment policy states that the city will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by: limiting investments to the types of securities governed by Wisconsin state statute 66.04(2), pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the city will do business, and by diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Interest Rate Risk - The city's investment policy states that the city will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market value interest rates, by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with policy.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 quoted market prices. 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, 2013, 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 IV. 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 statement of net position - fiduciary fund.

Property tax calendar - 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property taxes in full	January 31, 2014
Tax sale - 2013 delinquent real estate taxes	October 2016

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 electric, water, and telecommunication utility, wastewater utility, and stormwater utility 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 SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed.

It is the city's policy to record revenue when the initial loan is made from the federal and state grant funds. The net amount of the loan receivable balance is included in restricted fund balance. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the average cost 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 SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 \$5,000 for general capital assets and \$50,000 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. \$65,723 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible 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. The range of estimated useful lives by type of asset is as follows:

Buildings	10-40 Years
Land Improvements	20 Years
Machinery and Equipment	3-20 Years
Utility System	5-100 Years
Infrastructure	30-50 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.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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.)

6. Other Assets

The electric, water, and telecommunication utility is a member of the American Transmission Company (ATC). ATC was formed by approximately 25 utilities to plan, construct, maintain, monitor, and own electric transmission facilities in Wisconsin. The utility owns slightly more than on half of 1 percent of ATC. The investment earns dividends quarterly, some of which is paid in cash and some of which is required to be reinvested. From time to time, the utility has the option to contribute additional funds to maintain their proportionate share of ownership. The asset is valued as original cost plus additional contributions and reinvested dividends.

The preliminary survey and investigation balance represents initial project engineering costs related to utility plant construction. The balance will be capitalized upon commencement of the project.

7. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position 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 payment 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 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.

The city provides postemployment health insurance benefits for all eligible employees. Eligibility is based on retirement and meeting various requirements. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert accumulated sick leave to pay for health care premiums. Upon retirement, vested sick leave benefits can be used to pay health insurance premiums or out-of-pocket medical expenses.

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, 2013, are determined on the basis of current salary rates and include salary related payments.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

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, capital leases 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 amortized over the life of the issue using the 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 premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

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 \$5,170,000, made up of one issue.

10. Deferred Inflows of Resources

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

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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 positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund equity is classified as fund balance and 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.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 (cont.)

- 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 Council may take official action to assign amounts. 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.

The Council has formally established stabilization and emergency reserve funds. The stabilization and emergency reserve funds are contained as unassigned fund balances within the general fund. The stabilization fund shall not be used except to maintain current service levels or to help transition slower expenditure growth in response to a decrease in general fund non-property tax revenues. The emergency reserve fund shall be used to respond to one-time unforeseen emergencies. Additions to the stabilization and emergency reserve funds are required when the fund balance for each declines below 6% of the prior year's budgeted general fund revenues.

The city has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 12%-18% of the prior year's budgeted general fund revenues. The balance at year end was \$3,182,687, or 15%, and is included in unassigned general fund balance.

See Note IV. H. for further information.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

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	\$	48,389,345
Capital leases		18,865,000
Compensated absences		1,494,430
Accrued interest		728,749
Unamortized debt premium		487,477
Other postemployment benefits		<u>46,907</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>70,011,908</u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGET COMPLIANCE

A budget has been adopted for the general fund, special revenue funds, debt service funds, and capital projects funds. A budget has not been formally adopted for permanent funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

B. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2013, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
General capital projects fund	\$ 451,439	Excess expenditures over revenues
Grant funds - special revenue	24,682	Timing of grant reimbursements
TID No. 9 - capital projects	772,790	Excess expenditures over revenues
TID No. 10 - capital projects	3,185	Excess expenditures over revenues
Development projects - capital projects	22,825	Timing of recording revenue for the chargeback of expenditures

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 new districts varies by type of district (20-27 years) and may be extended in some cases. Other fund deficits are anticipated to be funded with grant funding, future contributions, general tax revenues, or long-term borrowing.

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.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Demand deposits	\$ 35,184,919	\$ 32,613,364	Custodial credit risk
Mutual funds	3,274,562	3,274,562	Credit risk, interest rate risk
Money market	3,487,048	3,487,048	Custodial credit risk
LGIP	21,797,823	21,797,823	Credit risk
Petty cash	11,480	-	N/A
Total Deposits and Investments	<u>\$ 63,755,832</u>	<u>\$ 61,172,797</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 22,828,163		
Restricted cash and investments	10,499,313		
Per statement of net position - fiduciary funds			
Pension Trust Fund	2,900,482		
Agency Fund	27,527,874		
Total Deposits and Investments	<u>\$ 63,755,832</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, 2013, the banks had pledged various government securities in the amount of \$2,491,103 to secure the city's deposits.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - 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, 2013, \$24,359,049 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 24,359,049</u>
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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.

The city held investments in the following external pool and mutual funds which are not rated:

Local Government Investment Pool
Mutual funds

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, 2013, the city's investments were as follows:

<u>Investment</u>	<u>Maturity Date</u>	<u>Call Date</u>	<u>Fair Value</u>
Mutual funds	N/A	N/A	<u>\$ 3,274,562</u>

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

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

B. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	General Debt Service	General Capital Projects	Nonmajor Funds	Totals
Receivables					
Receivables	\$ 14,269,455	\$ 6,350,750	\$ 370,116	\$ 3,115,715	\$ 24,106,036
Gross receivables	14,269,455	6,350,750	370,116	3,115,715	24,106,036
Less: Allowance for uncollectibles	(6,922)	-	-	(3,391)	(10,313)
Net Total Receivables	\$ 14,262,533	\$ 6,350,750	\$ 370,116	\$ 3,112,324	\$ 24,095,723
Amounts not expected to be collected within one year	\$ 88,027	\$ 17,467	\$ 367,616	\$ 106,402	\$ 579,512

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:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 22,917,684	\$ -
Special assessments not yet due	-	417,181
Developer chargebacks	-	191,498
Ambulance revenue	-	65,796
Grants	-	114,564
Accounts receivable - non current	-	118,271
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 22,917,684	\$ 907,310

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

Equipment Replacement Account

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

Debt Coverage

Under terms of the resolutions providing for the issue of utility revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.10 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2013 for the electric, water, and telecommunication utility as well as the wastewater utility.

Following is a list of restricted assets at December 31, 2013:

	Governmental Activities	Business-type Activities
Restricted Assets		
Redemption account	\$ -	\$ 1,422,369
Reserve account	-	635,759
Construction account	-	1,760,298
Equipment replacement account	-	2,218,768
Debt service account (See Note IV.J)	2,429,292	-
Impact fee account	2,032,827	-
 Total Restricted Assets	 \$ 4,462,119	 \$ 6,037,194

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land and non-depreciable improvements	\$ 39,902,386	\$ -	\$ -	\$ 39,902,386
Construction in progress	49,894	33,447	-	83,341
Easements	1,660,395	-	-	1,660,395
Total Capital Assets Not Being Depreciated	41,612,675	33,447	-	41,646,122
Capital assets being depreciated				
Land improvements	3,582,349	20,547	-	3,602,896
Buildings	28,138,506	83,957	-	28,222,463
Machinery and equipment	12,801,447	1,527,437	336,768	13,992,116
Roads	62,642,328	1,980,030	434,682	64,187,676
Sidewalks	8,272,593	462,870	-	8,735,463
Signals	1,316,429	-	-	1,316,429
Bike paths	3,040,326	-	-	3,040,326
Total Capital Assets Being Depreciated	119,793,978	4,074,841	771,450	123,097,369
Total Capital Assets	161,406,653	4,108,288	771,450	164,743,491
Less: Accumulated depreciation for				
Land improvements	(1,743,392)	(160,844)	-	(1,904,236)
Buildings	(8,733,750)	(700,590)	-	(9,434,340)
Machinery and equipment	(7,969,770)	(1,081,142)	295,029	(8,755,883)
Roads	(22,364,318)	(1,701,827)	333,319	(23,732,826)
Sidewalks	(1,598,681)	(170,066)	-	(1,768,747)
Signals	(144,214)	(65,821)	-	(210,035)
Bike paths	(1,637,326)	(133,129)	-	(1,770,455)
Total Accumulated Depreciation	(44,191,451)	(4,013,419)	628,348	(47,576,522)
Net Capital Assets Being Depreciated	75,602,527	61,422	143,102	75,520,847
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$117,215,202	\$ 94,869	\$ 143,102	\$117,166,969

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 219,627
Public safety	707,810
Public works	2,466,435
Culture, recreation and education	618,737
Conservation and development	<u>810</u>
Total Governmental Activities Depreciation Expense	<u>\$ 4,013,419</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated				
Construction in progress - electric	\$ 184,036	\$ 1,307,662	\$ 1,390,635	\$ 101,063
Construction in progress - water	-	841,900	768,241	73,659
Construction in progress - telecommunications	3,858	119,890	109,638	14,110
Construction in progress - stormwater	175,056	205,860	294,518	86,398
Land - electric	105,318	-	-	105,318
Land - water	65,087	-	-	65,087
Land - wastewater	194,278	-	-	194,278
Land - stormwater	<u>7,618,509</u>	-	-	<u>7,618,509</u>
Total Capital Assets Not Being depreciated	<u>8,346,142</u>	<u>2,475,312</u>	<u>2,563,032</u>	<u>8,258,422</u>
Capital assets being depreciated				
Electric system	35,886,331	1,390,635	293,494	36,983,472
Water system	37,737,342	768,241	142,519	38,363,064
Telecommunications	2,239,441	109,638	46,439	2,302,640
Wastewater system	55,655,463	356,283	56,501	55,955,245
Stormwater	<u>37,850,483</u>	<u>1,213,656</u>	<u>189,352</u>	<u>38,874,787</u>
Total Capital Assets Being Depreciated	<u>169,369,060</u>	<u>3,838,453</u>	<u>728,305</u>	<u>172,479,208</u>
Total Capital Assets	<u>177,715,202</u>	<u>6,313,765</u>	<u>3,291,337</u>	<u>180,737,630</u>

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities (cont.)				
Less: Accumulated depreciation for				
Electric system	\$ (13,868,057)	\$(1,499,195)	\$ 338,228	\$ (15,029,024)
Water system	(7,550,620)	(810,907)	150,580	(8,210,947)
Telecommunications	(1,119,660)	(86,957)	46,626	(1,159,991)
Wastewater system	(11,300,461)	(1,326,421)	56,501	(12,570,381)
Stormwater	<u>(7,949,587)</u>	<u>(892,552)</u>	<u>116,473</u>	<u>(8,725,666)</u>
Total Accumulated Depreciation	<u>(41,788,385)</u>	<u>(4,616,032)</u>	<u>708,408</u>	<u>(45,696,009)</u>
Net Capital Assets Being Depreciated	<u>127,580,675</u>	<u>(777,579)</u>	<u>19,897</u>	<u>126,783,199</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$135,926,817</u>	<u>\$ 1,697,733</u>	<u>\$ 2,582,929</u>	<u>\$135,041,621</u>

Depreciation expense was charged to functions as follows:

Business-type Activities	
Electric	\$ 1,294,276
Water	775,212
Telecommunications	81,479
Wastewater	1,326,421
Stormwater	<u>892,554</u>
Total Business-type Activities Depreciation Expense	<u>\$ 4,369,942</u>

Depreciation expense is different from accumulated depreciation additions because of joint metering, salvage cost of removal, internal allocations, and cost associated with the disposal of assets.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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 fund	General capital projects fund	\$ 304,308
General fund	Electric, water, and telecommunication utility	1,657,239
General fund	Wastewater utility	101,512
General fund	Stormwater utility	85,710
General fund	TID No. 6	118,210
Development projects	General fund	107,386
Electric, water, and telecommunication utility	General fund	57,096
Electric, water, and telecommunication utility	Wastewater utility	4,631
Stormwater utility	General capital projects fund	335
Stormwater utility	Electric, water, and telecommunication utility	6,400
Wisconsin development fund	General fund	1,068
Transportation impact fee fund	General fund	1,388
Grant funds	General fund	10,149
TID No. 7	General fund	1,399,219
Wastewater utility	Electric water, and telecommunication utility	13,906
Park improvement fund	General fund	212
General fund	Park improvement fund	6,900
General debt service fund	General fund	34,883
General capital projects fund	Wastewater utility	<u>637</u>
Total - Fund Financial Statements		3,911,189
Less: Fund eliminations		<u>(2,123,522)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 1,787,667</u>
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 1,845,098
Business-type Activities	Governmental Activities	<u>(57,431)</u>
Total Government-Wide Financial Statements		<u>\$ 1,787,667</u>

All amounts are due within one year.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

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

Interfund Receivables/Payables (cont.)

Balances 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. All balances are payable within one year.

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

Advances

The general fund is advancing funds to TID No. 8, TID No. 9 and TID No. 10. The amount advanced is determined by the deficiency of revenues over expenditures and other financing uses since the district's inception. 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 fund	TID No. 8 - capital projects	\$ 1,155,209	\$ 1,155,209
General fund	TID No. 9 - capital projects	772,574	772,574
General fund	TID No. 10 - capital projects	3,185	3,185
Total - Fund Financial Statements		1,930,968	
Less: Fund eliminations		(1,930,968)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ -	

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

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Park improvement	\$ 6,900	Budget transfer for spending on parks
General fund	Electric, water, and telecommunication utility	1,657,239	Payment in lieu of taxes
General fund	Grant funds	8,781	Budget transfer for grant fund spending
General debt service	General capital projects	111,889	Budget transfer for debt service
Grant funds	General fund	82,500	Taxi subsidy and budget amendment for EMS
General debt service	Stormwater utility	4,401	Transfer debt premium
Library fund	Library trust fund	<u>10,277</u>	Transfer interest/dividends to special revenue fund
Total - Fund Financial Statements		1,881,987	
Less: Fund eliminations		<u>(220,347)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 1,661,640</u>	

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.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 47,810,803	\$ 12,715,000	\$ 12,136,458	\$ 48,389,345	\$ 9,885,654
Premiums	279,098	371,757	163,378	487,477	116,579
Sub-totals	<u>48,089,901</u>	<u>13,086,757</u>	<u>12,299,836</u>	<u>48,876,822</u>	<u>10,002,233</u>
Other Liabilities					
Vested compensated absences	1,342,128	1,137,334	985,032	1,494,430	623,916
Capital leases	20,130,000	-	1,265,000	18,865,000	1,360,000
Other postemployment benefits	41,931	4,976	-	46,907	-
Total Other Liabilities	<u>21,514,059</u>	<u>1,142,310</u>	<u>2,250,032</u>	<u>20,406,337</u>	<u>1,983,916</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 69,603,960</u>	<u>\$ 14,229,067</u>	<u>\$ 14,549,868</u>	<u>\$ 69,283,159</u>	<u>\$ 11,986,149</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,485,000	\$ 365,000	\$ 200,000	\$ 1,650,000	\$ 245,000
Revenue bonds	20,374,201	-	1,572,198	18,802,003	1,725,461
Premiums	99,235	4,440	-	103,675	-
Sub-totals	<u>21,958,436</u>	<u>369,440</u>	<u>1,772,198</u>	<u>20,555,678</u>	<u>1,970,461</u>
Other Liabilities					
Vested compensated absences	333,525	251,917	180,061	405,381	-
Total Other Liabilities	<u>333,525</u>	<u>251,917</u>	<u>180,061</u>	<u>405,381</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 22,291,961</u>	<u>\$ 621,357</u>	<u>\$ 1,952,259</u>	<u>\$ 20,961,059</u>	<u>\$ 1,970,461</u>

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, 2013, was \$118,433,425. Total general obligation debt outstanding at year end was \$50,039,345.

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.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2013</u>
Bonds	8/9/05	2/1/20	3.00-4.75%	\$ 4,710,000	\$ 1,070,000
Refunding bonds	8/9/05	2/1/18	3.50-4.25	5,875,000	3,285,000
State trust fund loan	3/8/06	3/15/15	4.75	250,000	64,972
Notes	9/1/06	2/1/16	4.00	5,335,000	700,000
Bonds	9/11/07	4/1/22	3.75-3.90	4,165,000	2,585,000
Notes	10/21/08	4/1/18	4.00-4.125	5,500,000	1,615,000
Notes	3/24/09	4/1/15	3.88	4,200,000	4,200,000
Bonds	7/15/09	4/1/24	2.00-4.25	6,730,000	6,730,000
Notes	12/15/09	12/28/19	-	99,116	59,468
State trust fund loan	12/23/09	3/15/19	4.50	600,000	429,905
Notes	11/9/10	4/1/20	0.60-2.35	4,700,000	4,205,000
Notes	5/8/12	4/1/22	0.4-2.0	7,085,000	6,685,000
Refunding bonds	6/5/12	2/1/16	2.0-3.0	5,225,000	4,045,000
Notes	7/2/13	2/1/23	1.5-2.0	8,580,000	8,580,000
Refunding bonds	11/19/13	2/1/18	2.0-3.0	4,135,000	<u>4,135,000</u>

Total Governmental Activities - General Obligation Debt \$ 48,389,345

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2013</u>
Notes	7/15/09	4/1/19	2.00-4.25%	\$ 1,000,000	\$ 630,000
Notes	11/9/10	4/1/17	0.60-1.40	40,000	20,000
Notes	7/15/09	4/1/19	2.00-4.25	1,005,000	635,000
Notes	7/2/13	2/1/23	1.5-2.0	365,000	<u>365,000</u>

Total Business-type Activities - General Obligation Debt \$ 1,650,000

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2014	\$ 9,885,654	\$ 1,053,724	\$ 245,000	\$ 43,585
2015	10,140,039	697,372	245,000	36,971
2016	6,084,775	525,961	245,000	29,749
2017	5,182,956	459,343	245,000	22,136
2018	4,581,243	393,783	250,000	14,436
2019-2023	11,579,678	891,008	420,000	3,950
2024	935,000	19,869	-	-
Totals	<u>\$ 48,389,345</u>	<u>\$ 4,041,060</u>	<u>\$ 1,650,000</u>	<u>\$ 150,827</u>

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the electric, water, and telecommunication and wastewater utilities.

The electric, water, and telecommunication utility has pledged future sales revenues, net of specified operating expenses, to repay revenue bonds issued in between 1999-2012. Proceeds from the bonds provided financing for the electric, water, and telecommunication systems. The bonds are payable solely from sales revenues and are payable through 2032. Annual principal and interest payments on the bonds are expected to require 14% of net revenues. The total principal and interest remaining to be paid on the bonds is \$9,542,557. Principal and interest paid for the current year and total customer net revenues were \$1,047,032 and \$4,619,159, respectively.

The wastewater utility has pledged future sales revenues, net of specified operating expenses, to repay \$12.3 million in sales revenue bonds issued in 2005. Proceeds from the bonds provided financing for the wastewater system. The bonds are payable solely from sales revenues and are payable through 2025. Annual principal and interest payments on the bonds are expected to require 26% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$12,428,843. Principal and interest paid for the current year and total customer gross revenues were \$1,037,270 and \$4,190,781, respectively.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2013, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2013</u>
<u>Electric, Water, and Telecommunication Utility</u>					
Revenue bonds	6/15/05	4/1/18	4.00%	\$ 1,725,000	\$ 265,000
Revenue bonds	11/6/08	10/1/23	4.375-5.125	3,600,000	2,810,000
Revenue bonds	11/15/12	4/1/32	1.50-3.20	2,800,000	2,800,000
Revenue bonds	11/15/12	4/1/18	0.85-1.65	2,155,000	<u>2,105,000</u>
			Total Electric, Water, and Telecommunication Utility		<u>7,980,000</u>
<u>Wastewater Utility</u>					
Revenue bonds	6/8/05	5/1/25	2.365%	15,844,256	<u>10,822,003</u>
			Total Business-type Activities - Revenue Debt		<u>\$ 18,802,003</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,725,461	\$ 477,477
2015	1,629,155	435,572
2016	1,663,292	393,851
2017	1,697,881	352,281
2018	1,712,933	308,543
2019-2023	6,857,448	947,470
2024-2027	2,805,833	209,235
2029-2033	<u>710,000</u>	<u>44,968</u>
Totals	<u>\$ 18,802,003</u>	<u>\$ 3,169,397</u>

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

Capital Leases

Refer to Note IV. G.

Other Debt Information

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

A statutory mortgage lien upon the utility's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The 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.

Advance Refunding

On July 2, 2013, the city issued \$8,580,000 in general obligation bonds with an average coupon rate of 1.7% to partially advance refund \$7,130,000 of outstanding bonds and notes with an average coupon rate of 4.0%. The net proceeds along with existing funds of the city were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the partially refunded bonds and notes. As a result, the partially refunded bonds and notes are considered defeased and the liability for those bonds and notes has been removed from the statement of net position.

The cash flow requirements on the refunded debt prior to the advance refunding was \$7,962,762 from 2013 through 2022. The cash flow requirements on the refunding bonds are \$7,623,471 from 2013 through 2022. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$308,517.

Current Refunding

On November 19, 2013, the city issued \$4,135,000 in general obligation bonds with an average coupon rate of 2.50% to refund \$4,135,000 of outstanding bonds and notes with an average coupon rate of 4.00%. The net proceeds along with existing funds of the city were used to prepay the outstanding debt after year end, on February 1, 2014.

The cash flow requirements on the refunded debt prior to the current refunding was \$4,591,057 from 2014 through 2018. The cash flow requirements on the refunding bonds are \$4,357,943 from 2014 through 2018. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$218,238.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

G. LEASE DISCLOSURES

Lessee - Capital Leases

The City of Sun Prairie has entered into agreements with the Community Development Authority of the City of Sun Prairie (CDA) for certain property and improvements in TID No. 6, No. 7, and No. 8. In 2001, 2003, 2005, 2006, and 2009 the CDA issued lease revenue bonds totaling \$7,665,000, \$2,500,000, \$10,965,000, \$3,865,000 and \$6,300,000, respectively. The city expects that TID No. 6, No. 7, and No. 8 revenues will be sufficient to make the lease payments to the CDA.

The future minimum lease payments as of December 31, 2013, are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 1,360,000	\$ 758,381	\$ 2,118,381
2015	1,430,000	712,454	2,142,454
2016	1,510,000	661,384	2,171,384
2017	1,630,000	603,946	2,233,946
2018	1,720,000	539,281	2,259,281
2019-2023	9,360,000	1,555,122	10,915,122
2024-2025	<u>1,855,000</u>	<u>99,000</u>	<u>1,954,000</u>
Totals	<u>\$ 18,865,000</u>	<u>\$ 4,929,568</u>	<u>\$ 23,794,568</u>

The City has debt service redemption and reserve accounts related to the capital leases which are used to repay the CDA's Community Development Lease Revenue Bonds. At December 31, 2013, \$2,429,292 was on hand.

Lessee - Operating Leases

The city has no material operating leases with a remaining noncancellable term exceeding one year.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2013, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 39,902,386
Construction in progress	83,341
Easements	1,660,395
Other capital assets, net of accumulated depreciation	75,520,847
Less: Long-term debt outstanding	(48,389,345)
Plus: Unspent capital related debt proceeds	2,617,314
Less: Capital leases	(18,865,000)
Less: Premium on debt	(487,477)
Plus: Non-capital debt	14,923,696
Plus: Unamortized deferred charge on refunding	<u>415,809</u>
Total Net Investment in Capital Assets	<u>\$ 67,381,966</u>

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - 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, 2013, include the following:

	General Fund	General Debt Service Fund	General Capital Projects Fund	Nonmajor Funds	Totals
Fund Balances					
Nonspendable:					
Loans	\$ 3,366	\$ -	\$ -	\$ -	\$ 3,366
Prepaid items and inventories	18,271	-	-	-	18,271
Investment in mutual insurance company	343,740	-	-	-	343,740
Advances	1,930,968	-	-	-	1,930,968
Restricted for:					
Debt service	-	4,234,362	-	-	4,234,362
Park improvements	-	-	-	1,076,586	1,076,586
Economic development	-	-	-	81,280	81,280
Impact fees	-	-	-	2,034,215	2,034,215
Library	-	-	-	99,777	99,777
TID purposes	-	-	-	2,616,110	2,616,110
Trusts	-	-	-	375,080	375,080
Assigned to:					
Subsequent year's budget	120,000	-	-	-	120,000
Tax equivalent	1,657,239	-	-	-	1,657,239
Self insurance	200,000	-	-	-	200,000
Carryovers	101,067	-	-	-	101,067
Youth and family	3,793	-	-	-	3,793
EMS	21,206	-	-	-	21,206
Library	30,875	-	-	-	30,875
Sick accrual	389,731	-	-	-	389,731
Cable access television	274,529	-	-	-	274,529
Capital projects	683,155	-	-	-	683,155
Unassigned (deficit):	3,182,687	-	(451,439)	(823,482)	1,907,766
Total Fund Balances (Deficit)	\$ 8,960,627	\$ 4,234,362	\$ (451,439)	\$ 5,459,566	\$ 18,203,116

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 7,983,192
Construction in progress	275,230
Other capital assets, net of depreciation	126,783,199
Less: Long-term debt outstanding	(20,452,003)
Plus: Unspent capital related debt proceeds	2,401,057
Less: Unamortized debt premium	(103,675)
Plus: Unamortized loss on advance refunding	<u>44,998</u>
Total Net Investment in Capital Assets	<u>\$ 116,931,998</u>

I. OTHER ASSETS

Other assets of the electric, water, and telecommunication, wastewater, and stormwater utilities are comprised of the following:

	Depreciation Rate	Cost
Non-Utility Property		
South Street Property		
Land	N/A	\$ 20,000
House	10%	132,651
Accumulated depreciation		(100,000)
Other		
ATC, LLC investment	N/A	7,430,009
Lift station fees	N/A	91,766
Special assessments receivable	N/A	11,971
Property held for future use	N/A	16,854
Preliminary survey and investigation	N/A	<u>963,322</u>
Total		<u>\$ 8,566,573</u>

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

J. COMPONENT UNIT

COMMUNITY DEVELOPMENT AUTHORITY

This report contains the Community Development Authority (CDA), which is included as a component unit.

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

At year end, the carrying amount of the CDA's deposits was \$0.

c. Restricted Assets

Portions of the lease revenue bond proceeds were deposited into debt service redemption accounts and reserve accounts. The reserve accounts are resources set aside to make up potential future debt service deficiencies. These accounts have been established in the tax incremental district funds as follows:

	<u>TID No. 6</u>	<u>TID No. 7</u>	<u>TID No. 8</u>	<u>Total</u>
Reserve account	<u>\$ 139,949</u>	<u>\$ 581,453</u>	<u>\$ 1,707,890</u>	<u>\$ 2,429,292</u>

d. Long-Term Obligations

The CDA has pledged future lease revenues, net of specified operating expenses, to repay revenue bonds issued in 2000 through 2009. Proceeds from the bonds provided financing for the various projects of the city. The bonds are payable solely from lease revenues and are payable through 2025. Annual principal and interest payments on the bonds are expected to require 100% of net revenues. The total principal and interest remaining to be paid on the bonds is \$23,794,568. Principal and interest paid for the current year and total customer net revenues were \$2,063,489 and \$2,142,714, respectively.

The CDA has issued Community Development Lease Revenue Bonds for the purpose of providing financing for the City of Sun Prairie's TID No. 6, No. 7, and No. 8. All of the debt proceeds were transferred to TID No. 6, No. 7, and No. 8 for the purpose of financing various TID projects.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

J. COMPONENT UNIT (cont.)

COMMUNITY DEVELOPMENT AUTHORITY (cont.)

d. Long-Term Obligations (cont.)

The CDA of the City of Sun Prairie (a component unit of the city) is leasing improvements to the city. The lease payments are in the same amount as the CDA's debt payments on the 2000 series A, 2000 series B, 2003 series revenue bonds, 2005 series revenue bonds, 2006 series revenue bonds and 2009 series revenue bonds. Upon final payment of the bonds, title to the leased property will transfer to the city.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
2003 Series	\$ 1,865,000	\$ -	\$ 130,000	\$ 1,735,000	\$ 140,000
2005 Series	9,350,000	-	475,000	8,875,000	525,000
2006 Series	3,445,000	-	150,000	3,295,000	165,000
2009 Series	<u>5,470,000</u>	<u>-</u>	<u>510,000</u>	<u>4,960,000</u>	<u>530,000</u>
Totals	<u>\$ 20,130,000</u>	<u>\$ -</u>	<u>\$ 1,265,000</u>	<u>\$ 18,865,000</u>	<u>\$ 1,360,000</u>

Debt service requirements to maturity are as follows:

	Principal	Interest	Totals
2014	\$ 1,360,000	\$ 758,381	\$ 2,118,381
2015	1,430,000	712,454	2,142,454
2016	1,510,000	661,384	2,171,384
2017	1,630,000	603,946	2,233,946
2018	1,720,000	539,281	2,259,281
2019-2023	9,360,000	1,555,122	10,915,122
2024-2025	<u>1,855,000</u>	<u>99,000</u>	<u>1,954,000</u>
Totals	<u>\$ 18,865,000</u>	<u>\$ 4,929,568</u>	<u>\$ 23,794,568</u>

e. Employee Retirement System

The CDA has no employees.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible police sworn employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 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. 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.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was change to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective employees are the same 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. Contribution rates for December 31, 2013 are:

	<u>Employee</u>	<u>Employer</u>
Protective without Social Security	6.65%	12.35%

The payroll for police sworn employees covered by the WRS for the year ended December 31, 2013 was \$3,389,841; the employer's total payroll was \$12,398,383. The total required contribution for the year ended December 31, 2013 was \$635,083 or 18.7% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended 2012 and 2011 were \$554,252 and \$558,988, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2013 there was no pension related debt for the city.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

ICMA Defined Contribution Plan – City, Wastewater, and Stormwater Utility Employees

Substantially all remaining full-time and regular part-time employees who work a minimum of 25 hours per week for the city, wastewater utility and stormwater utility are covered under pension plans funded through ICMA Retirement Corporation (IRS Section 401(a) plan). These plans are defined contribution plans. The total pension contribution for 2013 was \$417,397. The total covered payroll for the year ended December 31, 2013 was \$6,324,897. Total contributions for the years ended December 31, 2012 and 2011 were \$445,759 and \$824,405, respectively, equal to the required contributions for each year. Benefits for non-union employees are fully vested after six years and benefits for union employees are fully vested after five years.

Single Employer Public Employee Retirement Plan – Electric, Water, and Telecommunication Utility Employees

Plan Description

The utility contributes to the City of Sun Prairie Water and Light Commission Pension Plan (Plan), which is a single-employer public employee defined benefit retirement plan. The utility established the Plan to provide retirement benefits for employees of the utility. The utility, together with employees covered under collective bargaining agreements, has the right at any time and from time to time to amend the Plan. The Plan does not issue a stand-alone financial report and is not included in the report of another entity.

Funding Policy

Employer contributions to the Plan are recognized on the accrual basis and are actuarially determined each year. The Plan does not permit employees to make contributions.

All full-time employees over the age of 18, and having one year of service, are eligible to participate in the Plan. The normal retirement date is the first day of the month coincident with or following age 65. Employees are eligible for benefits after age 55 with a minimum service of 15 years. Benefits vest fully after five years of service after the age of 18 based on the plan year periods. Eligible employees are entitled to an annual retirement benefit in the form of single life annuity with ten years certain in an amount equal to 1.5% of future service times average monthly compensation plus 1% per year of past service times average monthly compensation. The maximum total number of years of service is 47. The past service amount is calculated on the years prior to January 1, 1989. The IRC 415 maximum annual benefit is \$195,000 and benefits are limited to 100% of compensation. Compensation is defined as the highest consecutive three year average salary over all service years up to a maximum annual salary of \$245,000.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single Employer Public Employee Retirement Plan – Electric, Water, and Telecommunication Utility Employees (cont.)

Funding Policy (cont.)

The city's annual pension cost and net pension obligation to the plan for the current year were as follows:

Annual required contribution	\$	288,993
Interest on net pension obligation		14,126
Adjustment to annual required contribution		-
Annual pension cost		303,119
Contributions made		(586,712)
Decrease in net pension obligation (asset)		(283,593)
 Net Pension Obligation (Asset) - Beginning of Year		 282,518
 Net Pension Obligation (Asset) - End of Year	\$	 (1,075)

The city's annual pension cost, the percentage of annual pension cost contributed to the plan, and the net pension obligation for December 31, 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation (Asset)
December 31, 2013	\$ 303,119	193.6%	\$ (1,075)
December 31, 2012	327,020	106.2	282,518
December 31, 2011	308,280	6.1	302,743

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single Employer Public Employee Retirement Plan – Electric, Water, and Telecommunication Utility Employees (cont.)

Funding Policy (cont.)

The funded status of the plan as of December 31, 2013 was as follows:

Actuarial accrued liability (AAL)	\$ 3,425,850
Actuarial value of plan assets	<u>(3,038,863)</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 386,987</u>
Funded ratio (actuarial value of plan assets/AAL)	89%
Covered payroll (active plan members)	\$ 1,381,601
UAAL as a percentage of covered payroll	28%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

In the December 31, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 5.0 percent investment rate of return and projected salary increases of 3.5 percent per year. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2013, was 30 years.

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 (general liability and auto risks). 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.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

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 14, 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.

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 can be obtained directly from CVMIC's offices.

The initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$343,740 in the general 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 \$50,000 per occurrence and an annual aggregate limit of \$200,000. An actuarially determined estimate has not been recorded for this liability, as it is not material to the government-wide financial statements.

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.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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.

Long-Term Contracts - WPPI Energy

The electric utility is one of 51 WPPI Energy member municipalities located throughout the State of Wisconsin. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the utility payable from any operating and maintenance fund established for that system.

In 2002, all WPPI Energy members ratified a 13 year extension to their original 35 year contracts. The new contract expires at midnight on December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$487 million as of December 31, 2013.

D. JOINT VENTURES

Multijurisdictional Public Safety Information System Commission (MPSISC)

The City of Sun Prairie, City of Fitchburg, City of Middleton, City of Verona, and the City of Monona jointly operate the Multijurisdictional Public Safety Information System Commission. On March 20, 2003, the City of Sun Prairie, City of Fitchburg and the City of Middleton executed an intergovernmental agreement under authority of Section 66.0301 of the Wisconsin Statutes. The City of Verona and City of Monona joined the joint venture in 2009. The commission adopts its own budget. Net operating costs including debt service are shared by the communities. The department is governed by the Intermunicipal Commission. The commission consists of one representative from each community. The transactions of the commission are not reflected in these financial statements. The city is the fiscal agent for MPSISC.

The city does not have an equity interest in this joint venture.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Cooperative Boundary Plan

On January 17, 2007, the City of Sun Prairie, the Town of Burke, the Village of DeForest, and the City of Madison executed an intergovernmental agreement under authority of Section 66.0307 of the Wisconsin Statutes.

The term and implementation phases within the plan recognize and attempt to balance the competing desires of the cities, the village, and the town and the existing town, village, and city property owners and residents. The plan provides for the eventual dissolution of the town after a protected period of up to 29 years, but allows early annexations within several areas to address near-term problems and opportunities.

The plan shall terminate on October 26, 2036, or at such earlier time as the town may cease to exist as a separate entity in accordance with the terms of this plan. A complete copy of the plan can be obtained from the City of Sun Prairie.

E. OTHER POSTEMPLOYMENT BENEFITS

The city administers a single-employer defined benefit healthcare plan. The plan provides for eligible retirees and their spouses through the city's which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses at established contribution rates.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the city and the union. The city makes monthly health insurance contributions on behalf of active employees during that year. Administrative costs of the plan are financed through investment earnings.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The city's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC) The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the city's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the city's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	19,711
Interest on net OPEB obligation		2,084
Adjustment to annual required contribution		<u>(2,897)</u>
Annual OPEB cost		18,898
Contributions made		<u>(12,716)</u>
Increase in net OPEB obligation		6,182
Net OPEB Obligation - Beginning of Year		<u>52,095</u>
Net OPEB Obligation - End of Year	\$	<u><u>58,277</u></u> *

* The other postemployment benefits liability of \$46,907 is included in the noncurrent liabilities due in more than one year line in the Governmental Activities column on the Statement of Net Position. The remaining \$11,370 relates to the Business-type Activities. The amount was not recorded as it is not material to these financial statements.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2011	\$ 16,270	54%	\$ 45,919
December 31, 2012	18,892	67	52,095
December 31, 2013	18,898	67	58,277

The funded status of the plan as of January 1, 2012, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 125,486
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 125,486</u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the January 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 14% initially, reduced by decrements to an ultimate rate of 5% after 9 years. Both rates include a -% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2013, was 30 years.

F. SUBSEQUENT EVENTS

The electric, water, and telecommunication utility established a new defined contribution pension plan for employees hired on or after January 1, 2013, which goes into effect January 1, 2014.

On June 3, 2014 the Electric, Water and Telecommunication Utility issued revenue bonds, series 2014 in the amount of \$3,200,000 with an average interest rate of 3.7%

On June 24, 2014 the City issued community development lease revenue refunding bonds, series 2014A in the amount of \$12,785,000 with an average interest rate of 1.4%.

On July 8, 2014 the City issued general obligation promissory notes, series 2014B in the amount of \$5,970,000 with an average interest rate of 2.3%.

On July 8, 2014 the City issued taxable general obligation refunding bonds, series 2014C in the amount of \$4,315,000 with an average interest rate of 2.7%.

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

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

- > Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 69, *Government Combinations and Disposals of Government Operations*
- > Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SUN PRAIRIE

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
General property taxes	\$ 12,475,499	\$ 12,475,499	\$ 12,475,499	\$ -
Room taxes	15,000	15,000	19,329	4,329
Payments in lieu of taxes	102,400	102,400	95,377	(7,023)
Interest on taxes	2,500	2,500	954	(1,546)
Other taxes	-	-	21,552	21,552
Total Taxes	<u>12,595,399</u>	<u>12,595,399</u>	<u>12,612,711</u>	<u>17,312</u>
INTERGOVERNMENTAL				
Police school liaison	134,700	134,700	139,177	4,477
State shared revenues	682,025	682,025	682,940	915
Fire insurance tax (2% fire dues)	83,000	83,000	81,469	(1,531)
State expenditure restraint	606,515	606,515	606,516	1
State aid - road allotment	1,549,772	1,549,772	1,548,866	(906)
State aid - connecting streets	53,645	53,645	53,645	-
State aid - exempt computer	209,155	209,155	212,397	3,242
State aid - EMS	7,000	7,000	6,869	(131)
State aid - police	10,000	10,000	10,331	331
State aid - recycling	39,141	39,141	47,056	7,915
County aid - libraries	402,848	402,848	403,285	437
Other	-	-	5,701	5,701
Total Intergovernmental	<u>3,777,801</u>	<u>3,777,801</u>	<u>3,798,252</u>	<u>20,451</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	23,000	23,000	25,861	2,861
Operators' license	8,000	8,000	9,597	1,597
Electrical contractor licenses	6,000	6,000	4,770	(1,230)
Cigarette licenses	890	890	800	(90)
Dog and cat licenses	6,500	6,500	8,441	1,941
Building permits	95,000	95,000	147,018	52,018
Occupancy permits	6,500	6,500	13,225	6,725
Plumbing permits	38,000	38,000	68,543	30,543
Electrical permits	35,000	35,000	72,703	37,703
Heating and air conditioning permits	35,000	35,000	70,685	35,685
Street openings	3,800	3,800	8,950	5,150
Zoning permits and fees	14,000	14,000	13,492	(508)
Other licenses	7,000	7,000	8,483	1,483
Other permits	15,500	15,500	44,467	28,967
Cable television franchise fees	310,000	310,000	330,845	20,845
Total Licenses and Permits	<u>604,190</u>	<u>604,190</u>	<u>827,880</u>	<u>223,690</u>

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

CITY OF SUN PRAIRIE

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
FINES, FORFEITURES AND PENALTIES				
Court penalties and costs	\$ 130,000	\$ 130,000	\$ 147,503	\$ 17,503
Parking violations	<u>50,000</u>	<u>50,000</u>	<u>67,058</u>	<u>17,058</u>
Total Fines, Forfeitures and Penalties	<u>180,000</u>	<u>180,000</u>	<u>214,561</u>	<u>34,561</u>
PUBLIC CHARGES FOR SERVICES				
Clerk's fees	25,000	25,000	45,024	20,024
General government	250	250	53	(197)
Police department fees	12,500	12,500	14,602	2,102
Lifeskills program	5,300	5,300	5,785	485
Miscellaneous public works	6,000	6,000	9,328	3,328
Ambulance fees	783,000	783,000	720,720	(62,280)
Sewage inspection	1,450	1,450	8,374	6,924
Recycling	395,200	395,200	405,819	10,619
Animal pound	350	350	390	40
Engineer review fees	7,000	7,000	1,084	(5,916)
Family aquatic center	235,058	235,058	187,972	(47,086)
Miscellaneous building inspection	12,000	12,000	13,835	1,835
Appliance collection	500	500	498	(2)
Township EMS fees	55,000	55,000	51,451	(3,549)
Miscellaneous engineering	4,300	4,300	2,680	(1,620)
Miscellaneous park fees	16,000	16,000	14,790	(1,210)
Park advertising fees	4,500	4,500	-	(4,500)
Summer recreation fees	107,460	107,460	129,771	22,311
Winter recreation fees	<u>46,660</u>	<u>46,660</u>	<u>55,776</u>	<u>9,116</u>
Total Public Charges for Services	<u>1,717,528</u>	<u>1,717,528</u>	<u>1,667,952</u>	<u>(49,576)</u>
SPECIAL ASSESSMENTS				
Interest on special assessments	12,000	12,000	10,824	(1,176)
Delinquent special assessments held by county	<u>10,000</u>	<u>10,000</u>	<u>3,715</u>	<u>(6,285)</u>
Total Special Assessments	<u>22,000</u>	<u>22,000</u>	<u>14,539</u>	<u>(7,461)</u>
INVESTMENT INCOME				
Investment income	<u>65,000</u>	<u>65,000</u>	<u>23,539</u>	<u>(41,461)</u>

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

CITY OF SUN PRAIRIE

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
MISCELLANEOUS				
Payment from utilities	\$ 153,835	\$ 153,835	\$ 153,895	\$ 60
Sale of materials and equipment	95,000	95,000	128,575	33,575
Insurance dividends	30,000	30,000	106,920	76,920
Donations	1,000	1,000	3,845	2,845
Human resources chargebacks	3,000	3,000	3,000	-
Engineering chargebacks	35,000	35,000	77,244	42,244
Other chargebacks	32,000	32,000	18,723	(13,277)
Other miscellaneous	<u>84,285</u>	<u>84,285</u>	<u>128,520</u>	<u>44,235</u>
Total Miscellaneous	<u>434,120</u>	<u>434,120</u>	<u>620,722</u>	<u>186,602</u>
Total Revenues	<u>19,396,038</u>	<u>19,396,038</u>	<u>19,780,156</u>	<u>384,118</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Mayor	38,514	38,514	41,068	(2,554)
Council	70,234	70,234	62,765	7,469
Municipal court	96,281	96,281	95,574	707
City attorney	216,746	216,746	302,084	(85,338)
Clerk	238,255	238,255	226,181	12,074
Elections	30,000	30,000	18,630	11,370
Administrator	245,924	245,924	252,658	(6,734)
Human resources	257,398	257,398	264,672	(7,274)
Finance	436,098	439,117	441,805	(2,688)
Building maintenance	554,229	554,229	431,835	122,394
Information technology	1,042,872	1,042,872	921,172	121,700
Risk management	341,881	341,881	342,007	(126)
Assessment of property	367,712	367,712	353,074	14,638
Contingency	<u>192,853</u>	<u>6,393</u>	<u>-</u>	<u>6,393</u>
Total General Government	<u>4,128,997</u>	<u>3,945,556</u>	<u>3,753,525</u>	<u>192,031</u>
PUBLIC SAFETY				
Building inspection	347,161	347,161	354,116	(6,955)
Police	6,410,015	6,430,663	6,368,774	61,889
Crossing guards	84,000	84,000	82,985	1,015
Emergency medical services	1,429,026	1,429,026	1,416,814	12,212
Fire protection	<u>406,456</u>	<u>406,456</u>	<u>395,827</u>	<u>10,629</u>
Total Public Safety	<u>8,676,658</u>	<u>8,697,306</u>	<u>8,618,516</u>	<u>78,790</u>

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

CITY OF SUN PRAIRIE

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC WORKS				
Public works	\$ 2,705,384	\$ 2,755,384	\$ 3,092,405	\$ (337,021)
Recycling	1,339,785	1,339,785	1,358,511	(18,726)
Engineering	<u>573,518</u>	<u>573,518</u>	<u>514,578</u>	<u>58,940</u>
Total Public Works	<u>4,618,687</u>	<u>4,668,687</u>	<u>4,965,494</u>	<u>(296,807)</u>
CULTURE, RECREATION AND EDUCATION				
Library	1,541,377	1,541,377	1,510,938	30,439
Museum administration	31,654	31,654	30,132	1,522
Senior citizen program	155,000	155,000	155,000	-
Youth and family commission	2,500	2,500	1,864	636
Parks and recreation	945,728	947,956	936,065	11,891
Cable access television	321,750	321,750	318,786	2,964
Family aquatic center	<u>241,958</u>	<u>241,958</u>	<u>231,790</u>	<u>10,168</u>
Total Culture, Recreation and Education	<u>3,239,967</u>	<u>3,242,195</u>	<u>3,184,575</u>	<u>57,620</u>
CONSERVATION AND DEVELOPMENT				
Planning	351,600	351,600	345,159	6,441
Forestry	45,885	45,885	45,154	731
Economic development	138,173	150,473	102,187	48,286
Other conservation and development	<u>-</u>	<u>-</u>	<u>22,500</u>	<u>(22,500)</u>
Total Conservation and Development	<u>535,658</u>	<u>547,958</u>	<u>515,000</u>	<u>32,958</u>
Total Expenditures	<u>21,199,967</u>	<u>21,101,702</u>	<u>21,037,110</u>	<u>64,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,803,929)</u>	<u>(1,705,664)</u>	<u>(1,256,954)</u>	<u>448,710</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,552,900	1,552,900	1,672,920	120,020
Transfers out	<u>(103,500)</u>	<u>(103,500)</u>	<u>(82,500)</u>	<u>21,000</u>
Total Other Financing Sources (Uses)	<u>1,449,400</u>	<u>1,449,400</u>	<u>1,590,420</u>	<u>141,020</u>
Net Change in Fund Balance	(354,529)	(256,264)	333,466	589,730
FUND BALANCE - Beginning of Year	<u>8,627,161</u>	<u>8,627,161</u>	<u>8,627,161</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 8,272,632</u>	<u>\$ 8,370,897</u>	<u>\$ 8,960,627</u>	<u>\$ 589,730</u>

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

CITY OF SUN PRAIRIE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2013

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 \$776,748. Budgets are adopted at the department level of expenditure.

CITY OF SUN PRAIRIE

PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN INFORMATION For the Year Ended December 31, 2013

SCHEDULE OF FUNDED STATUS - PENSION TRUST FUND

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age Normal	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2013	\$ 3,038,863	\$ 3,425,850	\$ 386,987	89%	\$ 1,381,601	28%
12/31/2012	2,092,779	3,397,963	1,305,184	62%	1,686,294	77%
12/31/2011	1,840,957	337,517	1,536,560	55%	1,766,942	87%

12/31/2013 valuation based on report as of 1/1/2014.

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION TRUST FUND

Year Ended	Annual Required Contribution	Percentage Contributed
12/31/2013	288,993	194%
12/31/2012	311,883	106%
12/31/2011	307,621	6%

SCHEDULE OF FUNDED STATUS - OTHER POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Frozen Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2012	\$ -	\$ 125,486	\$ 125,486	0.0%	N/A	N/A
1/1/2010	-	101,327	101,327	0.0%	N/A	N/A
12/31/2007	-	145,901	145,901	0.0%	N/A	N/A

The city is required to present the above information for the three most recent actuarial studies. The study completed as of January 1, 2012 was the third study performed for the city.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

CITY OF SUN PRAIRIE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2013

	Special Revenue Funds		
	Park Improvement Fund	Wisconsin Development Fund	Transportation Impact Fee Fund
ASSETS			
Cash and investments	\$ 1,088,270	\$ 80,212	\$ -
Receivables			
Taxes	-	-	-
Accounts	168,549	-	-
Accrued interest	-	-	584
Loans	-	61,402	-
Due from other funds	212	1,068	1,388
Due from other governments	-	-	-
Restricted cash and investments	-	-	2,032,827
	-	-	2,032,827
TOTAL ASSETS	\$ 1,257,031	\$ 142,682	\$ 2,034,799
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Deposits	5,000	-	-
Due to other funds	6,900	-	-
Advances from other funds	-	-	-
Total Liabilities	11,900	-	-
Deferred Inflows of Resources			
Unearned revenues	-	-	-
Unavailable revenues	168,545	61,402	584
Total Deferred Inflows of Resources	168,545	61,402	584
Fund Balances			
Restricted	1,076,586	81,280	2,034,215
Unassigned (deficit)	-	-	-
Total Fund Balances	1,076,586	81,280	2,034,215
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,257,031	\$ 142,682	\$ 2,034,799

Special Revenue Funds		Debt Service Fund	Capital Project Funds			
Grant Funds	Library Fund	TID No. 6	TID No. 7	TID No. 8	TID No. 9	TID No. 10
\$ -	\$ 95,891	\$ 57,274	\$ -	\$ -	\$ -	\$ -
-	-	133,509	922,993	1,730,725	-	-
10,541	3,886	22,953	-	5,177	792	-
-	-	-	-	-	-	-
-	-	-	45,000	-	-	-
10,149	-	-	1,399,219	-	-	-
94,820	-	-	-	-	-	-
-	-	139,949	581,453	1,707,890	-	-
<u>\$ 115,510</u>	<u>\$ 99,777</u>	<u>\$ 353,685</u>	<u>\$ 2,948,665</u>	<u>\$ 3,443,792</u>	<u>\$ 792</u>	<u>\$ -</u>
\$ 45,372	\$ -	\$ -	\$ -	\$ 1,433	\$ 1,008	\$ -
-	-	-	-	-	-	-
-	-	118,210	-	-	-	-
-	-	-	-	1,155,209	772,574	3,185
<u>45,372</u>	<u>-</u>	<u>118,210</u>	<u>-</u>	<u>1,156,642</u>	<u>773,582</u>	<u>3,185</u>
-	-	133,509	922,993	1,730,725	-	-
94,820	-	22,953	45,000	-	-	-
<u>94,820</u>	<u>-</u>	<u>156,462</u>	<u>967,993</u>	<u>1,730,725</u>	<u>-</u>	<u>-</u>
-	99,777	79,013	1,980,672	556,425	-	-
(24,682)	-	-	-	-	(772,790)	(3,185)
<u>(24,682)</u>	<u>99,777</u>	<u>79,013</u>	<u>1,980,672</u>	<u>556,425</u>	<u>(772,790)</u>	<u>(3,185)</u>
<u>\$ 115,510</u>	<u>\$ 99,777</u>	<u>\$ 353,685</u>	<u>\$ 2,948,665</u>	<u>\$ 3,443,792</u>	<u>\$ 792</u>	<u>\$ -</u>

CITY OF SUN PRAIRIE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2013

	<u>Capital Project Funds</u>	<u>Permanent Funds</u>	
	<u>Development Projects</u>	<u>Ashley Trust Fund</u>	<u>Library Trust Fund</u>
ASSETS			
Cash and investments	\$ -	\$ 1,000	\$ 374,080
Receivables			
Taxes	-	-	-
Accounts	9,604	-	-
Accrued interest	-	-	-
Loans	-	-	-
Due from other funds	107,386	-	-
Due from other governments	-	-	-
Restricted cash and investments	-	-	-
TOTAL ASSETS	<u>\$ 116,990</u>	<u>\$ 1,000</u>	<u>\$ 374,080</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 7,198	\$ -	\$ -
Deposits	130,000	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Total Liabilities	<u>137,198</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unearned revenues	-	-	-
Unavailable revenues	2,617	-	-
Total Deferred Inflows of Resources	<u>2,617</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted	-	1,000	374,080
Unassigned (deficit)	(22,825)	-	-
Total Fund Balances	<u>(22,825)</u>	<u>1,000</u>	<u>374,080</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 116,990</u>	<u>\$ 1,000</u>	<u>\$ 374,080</u>

Total
Nonmajor
Governmental
Funds

\$ 1,696,727

2,787,227

221,502

584

106,402

1,519,422

94,820

4,462,119

\$ 10,888,803

\$ 55,011

135,000

125,110

1,930,968

2,246,089

2,787,227

395,921

3,183,148

6,283,048

(823,482)

5,459,566

\$ 10,888,803

CITY OF SUN PRAIRIE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2013

	Special Revenue Funds		
	Park Improvement Fund	Wisconsin Development Fund	Transportation Impact Fee Fund
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Licenses and permits	182,029	-	-
Public charges for services	76,133	-	305,232
Investment income	1,015	2,449	7,731
Miscellaneous	1,257	9,760	-
Total Revenues	260,434	12,209	312,963
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	-	-	-
Culture, recreation and education	94,891	-	-
Conservation and development	-	70,898	17
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	94,891	70,898	17
Excess (deficiency) of revenues over expenditures	165,543	(58,689)	312,946
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	-	-
Capital leases issued	-	-	-
Debt issuance costs	-	-	-
Payments on current refunding	-	-	-
Transfers in	-	-	-
Transfers out	(6,900)	-	-
Total Other Financing Sources (Uses)	(6,900)	-	-
Net Change in Fund Balances	158,643	(58,689)	312,946
FUND BALANCES (DEFICIT) - Beginning of Year	917,943	139,969	1,721,269
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 1,076,586	\$ 81,280	\$ 2,034,215

Special Revenue Funds		Debt Service Fund	Capital Project Funds			
Grant Funds	Library Fund	TID No. 6	TID No. 7	TID No. 8	TID No. 9	TID No. 10
\$ 45,100	\$ -	\$ 136,664	\$ 751,029	\$ 1,415,688	\$ -	\$ -
284,864	-	114	28,960	31,536	1,540	4,276
-	-	-	-	-	-	-
-	65,248	-	-	18,826	-	-
80	16	28	1,364	-	-	-
<u>23,518</u>	<u>13,043</u>	<u>32,484</u>	<u>-</u>	<u>31</u>	<u>-</u>	<u>-</u>
<u>353,562</u>	<u>78,307</u>	<u>169,290</u>	<u>781,353</u>	<u>1,466,081</u>	<u>1,540</u>	<u>4,276</u>
13,475	-	-	-	-	-	-
514,864	-	-	-	-	-	-
9,073	67,879	-	-	-	-	-
30,725	-	-	-	-	-	-
-	662	655	994	30,573	26,022	606
-	-	130,527	400,000	805,000	-	-
-	-	<u>36,363</u>	<u>157,235</u>	<u>662,169</u>	<u>183,470</u>	<u>-</u>
<u>568,137</u>	<u>68,541</u>	<u>167,545</u>	<u>558,229</u>	<u>1,497,742</u>	<u>209,492</u>	<u>606</u>
<u>(214,575)</u>	<u>9,766</u>	<u>1,745</u>	<u>223,124</u>	<u>(31,661)</u>	<u>(207,952)</u>	<u>3,670</u>
-	-	57,274	-	265,000	1,045,000	-
-	-	2,331	-	6,458	25,468	-
-	-	(673)	-	(4,427)	(17,459)	-
-	-	-	-	(267,293)	(1,054,037)	-
82,500	10,277	-	-	-	-	-
<u>(8,781)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>73,719</u>	<u>10,277</u>	<u>58,932</u>	<u>-</u>	<u>(262)</u>	<u>(1,028)</u>	<u>-</u>
(140,856)	20,043	60,677	223,124	(31,923)	(208,980)	3,670
<u>116,174</u>	<u>79,734</u>	<u>18,336</u>	<u>1,757,548</u>	<u>588,348</u>	<u>(563,810)</u>	<u>(6,855)</u>
<u>\$ (24,682)</u>	<u>\$ 99,777</u>	<u>\$ 79,013</u>	<u>\$ 1,980,672</u>	<u>\$ 556,425</u>	<u>\$ (772,790)</u>	<u>\$ (3,185)</u>

CITY OF SUN PRAIRIE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2013

	Capital Project Funds	Permanent Funds	
	Development Projects	Ashley Trust Fund	Library Trust Fund
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Licenses and permits	-	-	-
Public charges for services	35,771	-	-
Investment income	-	-	47,777
Miscellaneous	16	-	-
Total Revenues	<u>35,787</u>	<u>-</u>	<u>47,777</u>
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	40,203	-	-
Culture, recreation and education	-	-	-
Conservation and development	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	<u>40,203</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(4,416)</u>	<u>-</u>	<u>47,777</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	-	-
Capital leases issued	-	-	-
Debt issuance costs	-	-	-
Payments on current refunding	-	-	-
Transfers in	-	-	-
Transfers out	-	-	(10,277)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(10,277)</u>
Net Change in Fund Balances	(4,416)	-	37,500
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(18,409)</u>	<u>1,000</u>	<u>336,580</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (22,825)</u>	<u>\$ 1,000</u>	<u>\$ 374,080</u>

Total
Nonmajor
Governmental
Funds

\$ 2,348,481
351,290
182,029
501,210
60,460
80,109
3,523,579

13,475
555,067
171,843
101,640
59,512

1,335,527
1,039,237
3,276,301

247,278

1,367,274
34,257
(22,559)
(1,321,330)
92,777
(25,958)
124,461

371,739

5,087,827

\$ 5,459,566

CITY OF SUN PRAIRIE

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2013

	Tax Collection Fund	MPSISC	Totals
ASSETS			
Cash and investments	\$ 27,300,708	\$ 227,166	\$ 27,527,874
Taxes receivable	<u>14,078,125</u>	<u>-</u>	<u>14,078,125</u>
TOTAL ASSETS	<u>\$ 41,378,833</u>	<u>\$ 227,166</u>	<u>\$ 41,605,999</u>
LIABILITIES			
Due to other governments	<u>\$ 41,378,833</u>	<u>\$ 227,166</u>	<u>\$ 41,605,999</u>
TOTAL LIABILITIES	<u>\$ 41,378,833</u>	<u>\$ 227,166</u>	<u>\$ 41,605,999</u>

CITY OF SUN PRAIRIE
STATEMENT OF CASH FLOWS
COMPONENT UNIT
For the Year Ended December 31, 2013

	<u>Community Development Authority</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Debt retired	\$ (1,265,000)
Interest paid	(782,714)
Capital lease payments received	<u>1,265,000</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(782,714)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>782,714</u>
 Net Change in Cash and Cash Equivalents	 -
 CASH AND CASH EQUIVALENTS - Beginning of Year	 <u>-</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 \$ <u><u>-</u></u>
 NONCASH ACTIVITIES: None	