

# **CITY OF SUN PRAIRIE**

Sun Prairie, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2014

# CITY OF SUN PRAIRIE

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**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, 2014, 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, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note I, the City of Sun Prairie adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, effective January 1, 2014. 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.

#### *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 30, 2015

**CITY OF SUN PRAIRIE  
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2014**

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, 2014. 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 5.1% in 2014 to \$215.7 million. The city's net investment in capital assets was \$194.9 million at the end of 2014. An additional \$9.4 million was held for restricted purposes with \$11.3 million in unrestricted net position.
- At the end of 2014, the city's governmental activities reported a negative balance in unrestricted net position of \$7.0 million. This is due in part to expenditures for project costs for Tax Increment Financing District (TID) #8 from 2001 to 2014. These costs include significant non-capitalized redevelopment expenditures, which will be recovered through future tax increments.
- The city's general fund had a positive net change in fund balance of \$534,000 for 2014. The general fund's unassigned fund balance at the end of 2014 was \$3.7 million. The unassigned fund balance amount at the end of 2014 is at 18% of the prior year's general fund revenue budget. This is within the city's goal for unassigned fund balance of 12.0% to 18.0% of the prior year general fund revenue budget.
- The city has experienced a stabilization of property values in the past year. Equalized value increased by 1.9% in 2014 following an increase of .6% in 2013. The city adopted a balanced budget for 2015 that includes the use of \$212,118 in assigned fund balance for equipment replacement. The total property tax levy for the 2014-2015 tax year was \$19,582,015 an increase of 2.7% compared to the prior year.
- The city adopted the provisions of GASB Statement No. 67, effective January 1, 2014.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the City's assets, liabilities and deferred inflows/outflows 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 or not the financial position of the City 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 statement of activities presents information showing how the City's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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. The governmental activities of the City 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, Multijurisdictional Public Safety Information System Commission (MPSISC) and the Utilities Pension Trust, 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 Sun Prairie Utilities and the Sun Prairie Water Pollution Control Facility. These reports provide additional detail on the operation of the city's electric, water, telecommunications, and wastewater utilities.

## **Fund Financial Statements**

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Sun Prairie can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. These statements, however, focus on near-term inflows and outflows and spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term

financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Other than the General Fund, the City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects, and permanent funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, General Debt Service Fund, General Capital Projects Fund, and the Tax Increment District No. 8 which all are considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – are generally used to account for services provided to customers to whom the City charges user fees that are designed to fully recover the cost of providing the service. Proprietary fund statements provide the same type of information shown in the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund which is an enterprise fund. The City uses enterprise funds to account for its electric, water and telecommunications, wastewater, and storm water utilities. All enterprise funds are considered to be major funds of the City.

Fiduciary Funds – are used to account for resources held for the benefit of parties outside the City. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. 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 and the Utilities Pension Trust Fund.

## **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

### **Statement of Net Position**

The City of Sun Prairie's statement of net position at December 31, 2014 and 2013 are summarized in the table below.

The City's net position increased by \$10.5 million or 5.1% during the current fiscal year due in large part to increased investments in capital assets such as land, buildings, building improvements, machinery and equipment, infrastructure, and construction in progress capitalized for both the governmental and business-type activities during the year. The majority of these investments were funded with general obligation notes and utility revenue bonds.

The net investment in capital assets accounts for 90.4% of the City's total assets. This represents both the City's investment in capital assets less any related debt used to acquire

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

The following table provides a summary of the City's net position for 2014 and 2013:

### CITY OF SUN PRAIRIE NET POSITION

|                                                    | Governmental         |                      | Business-Type         |                       | Total                 |                       |
|----------------------------------------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                    | Activities           |                      | Activities            |                       |                       |                       |
|                                                    | 2014                 | 2013                 | 2014                  | 2013                  | 2014                  | 2013                  |
| Current and other assets                           | \$ 40,509,732        | \$ 41,312,981        | \$ 28,015,734         | \$ 27,093,464         | \$ 68,525,466         | \$ 68,406,445         |
| Capital assets                                     | <u>118,636,505</u>   | <u>117,166,969</u>   | <u>142,573,396</u>    | <u>135,041,621</u>    | <u>261,209,901</u>    | <u>252,208,590</u>    |
| Total assets                                       | 159,146,237          | 158,479,950          | 170,589,130           | 162,135,085           | 329,735,367           | 320,615,035           |
| Deferred charge on refunding                       | 311,857              | 415,809              | 30,396                | 44,998                | 342,253               | 460,807               |
| Non-current liabilities                            | 60,911,072           | 66,853,837           | 24,125,048            | 20,961,059            | 85,036,120            | 87,814,896            |
| Current and other liabilities                      | <u>2,673,228</u>     | <u>2,442,942</u>     | <u>3,306,659</u>      | <u>2,666,475</u>      | <u>5,979,887</u>      | <u>5,109,417</u>      |
| Total Liabilities                                  | 63,584,300           | 69,296,779           | 27,431,707            | 23,627,534            | 91,016,007            | 92,924,313            |
| Unearned revenue                                   | 23,347,350           | 22,917,684           | 59,375                | 59,375                | 23,406,725            | 22,977,059            |
| Net position:                                      |                      |                      |                       |                       |                       |                       |
| Invested in capital assets,<br>net of related debt | 73,592,674           | 67,381,966           | 121,342,794           | 116,921,998           | 194,935,468           | 184,303,964           |
| Restricted                                         | 5,918,918            | 9,236,302            | 3,520,744             | 3,535,722             | 9,439,662             | 12,772,024            |
| Unrestricted (deficit)                             | <u>(6,985,148)</u>   | <u>(9,936,972)</u>   | <u>18,264,906</u>     | <u>18,035,454</u>     | <u>11,279,758</u>     | <u>8,098,482</u>      |
| Total net position                                 | <u>\$ 72,526,444</u> | <u>\$ 66,681,296</u> | <u>\$ 143,128,444</u> | <u>\$ 138,493,174</u> | <u>\$ 215,654,888</u> | <u>\$ 205,174,470</u> |

Note: Governmental activities and total balances for 2013 in the table above have been updated to reflect the restatements related to restricted cash for the lease revenue bonds of the CDA.

An additional portion of the City's net position represents resources that are subject to external restriction on their usage. The net position subject to external restrictions was \$9.4 million as of December 31, 2014.

The remaining balance of net position is unrestricted and may be used to meet the government's ongoing obligation to citizens and creditors. The unrestricted portion of the net position was \$11.3 million at the end of the year. It is important to note that \$18.3 million, of the unrestricted net position are related to the City's business-type activities. Consequently, they generally may not be used to fund governmental activities.

Governmental activities unrestricted net position increased to a deficit balance of \$7.0 million due to continued investments in capital assets largely funded with general obligation debt. 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.

Additionally, 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, 2014, TID No. 8 had an equalized value increment of \$65,092,300. 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 \$10.5 million from fiscal year 2013 to 2014, an increase of 5.1%. Of this increase, the net position of the city's governmental activities increased by 8.8%, or \$5.8 million. The net position of the business-type activities increased 3.3%, or \$4.6 million.

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

### CITY OF SUN PRAIRIE CHANGE IN NET POSITION

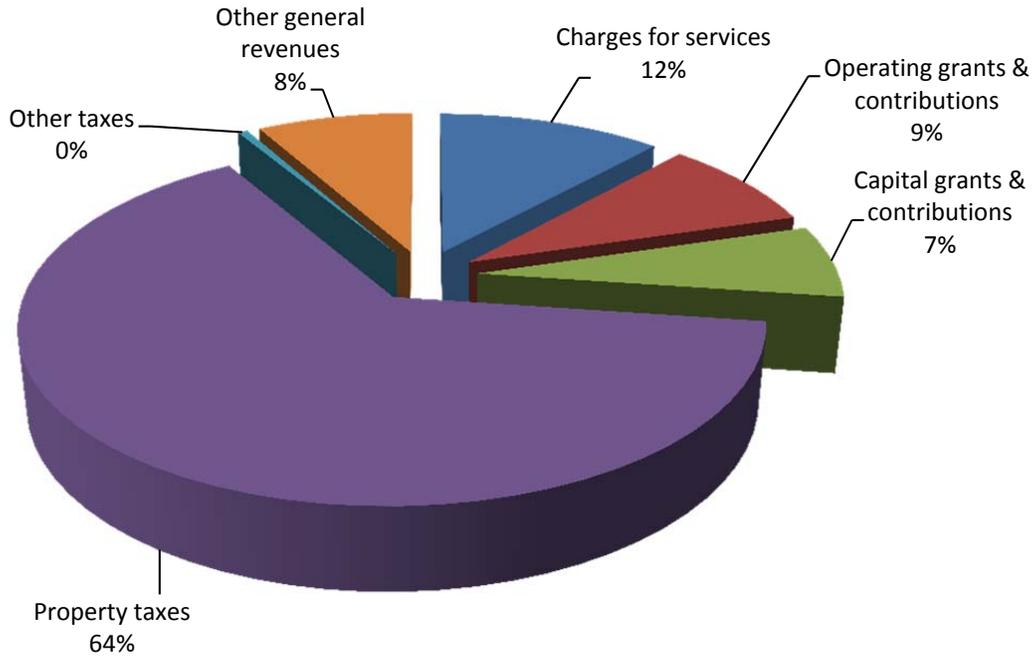
|                                            |                                       | Governmental         |                      | Business-Type        |                      | Total                |                      |
|--------------------------------------------|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                            |                                       | Activities           |                      | Activities           |                      |                      |                      |
|                                            |                                       | 2014                 | 2013                 | 2014                 | 2013                 | 2014                 | 2013                 |
| <b>Revenues</b>                            |                                       |                      |                      |                      |                      |                      |                      |
| <b>Program revenues</b>                    |                                       |                      |                      |                      |                      |                      |                      |
|                                            | Charges for services                  | \$ 4,009,273         | \$ 3,096,358         | \$ 35,209,457        | \$ 33,678,836        | \$ 39,218,730        | \$ 36,775,194        |
|                                            | Operating grants & contributions      | 2,930,092            | 2,783,205            | -                    | -                    | 2,930,092            | 2,783,205            |
|                                            | Capital grants & contributions        | 2,314,034            | 703,799              | 2,540,194            | 1,111,652            | 4,854,228            | 1,815,451            |
| <b>General revenues</b>                    |                                       |                      |                      |                      |                      |                      |                      |
|                                            | Property taxes                        | 21,854,983           | 21,378,283           | -                    | -                    | 21,854,983           | 21,378,283           |
|                                            | Other taxes                           | 172,644              | 160,760              | -                    | -                    | 172,644              | 160,760              |
|                                            | Other general revenues                | <u>2,775,365</u>     | <u>2,083,538</u>     | <u>911,249</u>       | <u>835,070</u>       | <u>3,686,614</u>     | <u>2,918,608</u>     |
|                                            | <b>Total revenues</b>                 | <b>34,056,391</b>    | <b>30,205,943</b>    | <b>38,660,900</b>    | <b>35,625,558</b>    | <b>72,717,291</b>    | <b>65,831,501</b>    |
| <b>Expenses</b>                            |                                       |                      |                      |                      |                      |                      |                      |
|                                            | General government                    | 3,676,622            | 3,869,075            | -                    | -                    | 3,676,622            | 3,869,075            |
|                                            | Public safety                         | 9,492,560            | 9,554,009            | -                    | -                    | 9,492,560            | 9,554,009            |
|                                            | Public works                          | 8,473,109            | 7,687,487            | -                    | -                    | 8,473,109            | 7,687,487            |
|                                            | Culture, recreation and education     | 4,107,120            | 3,692,024            | -                    | -                    | 4,107,120            | 3,692,024            |
|                                            | Conservation and development          | 747,165              | 637,646              | -                    | -                    | 747,165              | 637,646              |
|                                            | Interest and fiscal charges           | 3,005,014            | 2,570,548            | -                    | -                    | 3,005,014            | 2,570,548            |
|                                            | Electric Utility                      | -                    | -                    | 25,011,083           | 24,453,874           | 25,011,083           | 24,453,874           |
|                                            | Water Utility                         | -                    | -                    | 2,370,944            | 2,343,216            | 2,370,944            | 2,343,216            |
|                                            | Telecommunications Utility            | -                    | -                    | 443,138              | 353,206              | 443,138              | 353,206              |
|                                            | Wastewater Utility                    | -                    | -                    | 3,310,861            | 3,285,324            | 3,310,861            | 3,285,324            |
|                                            | Stormwater Utility                    | -                    | -                    | 1,599,257            | 1,504,995            | 1,599,257            | 1,504,995            |
|                                            | <b>Total expenses</b>                 | <b>29,501,590</b>    | <b>28,010,789</b>    | <b>32,735,283</b>    | <b>31,940,615</b>    | <b>62,236,873</b>    | <b>59,951,404</b>    |
| <b>Increase (decrease) in net position</b> |                                       |                      |                      |                      |                      |                      |                      |
|                                            | before transfers                      | 4,554,801            | 2,195,154            | 5,925,617            | 3,684,943            | 10,480,418           | 5,880,097            |
|                                            | Transfers                             | <u>1,290,347</u>     | <u>1,661,640</u>     | <u>(1,290,347)</u>   | <u>(1,661,640)</u>   | <u>-</u>             | <u>-</u>             |
|                                            | <b>Change in net position</b>         | <b>5,845,148</b>     | <b>3,856,794</b>     | <b>4,635,270</b>     | <b>2,023,303</b>     | <b>10,480,418</b>    | <b>5,880,097</b>     |
|                                            | Net position - beginning 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>   |
|                                            | <b>Net position - end of the year</b> | <b>\$ 72,526,444</b> | <b>\$ 66,681,296</b> | <b>\$143,128,444</b> | <b>\$138,493,174</b> | <b>\$215,654,888</b> | <b>\$205,174,470</b> |

### Governmental Activities

An examination of the statement of activities can provide a concise picture of how the various activities of the City are funded. The following charts draw data from the statement of activities. The City received \$34.1 million in governmental activities revenues in 2014. This was an increase of \$3.9 million from the prior year. The City is highly dependent upon the property tax for funding and they remain the largest source of governmental activities revenues representing 64.2% of the total in 2014. Property tax revenue is used to finance the city's general fund, debt

service, and TIF districts. Intergovernmental revenues and other operating and capital grants comprise 15.4%, while charges for services and all other sources account for 20.4% of total governmental activity resources.

## Governmental Activities Revenues

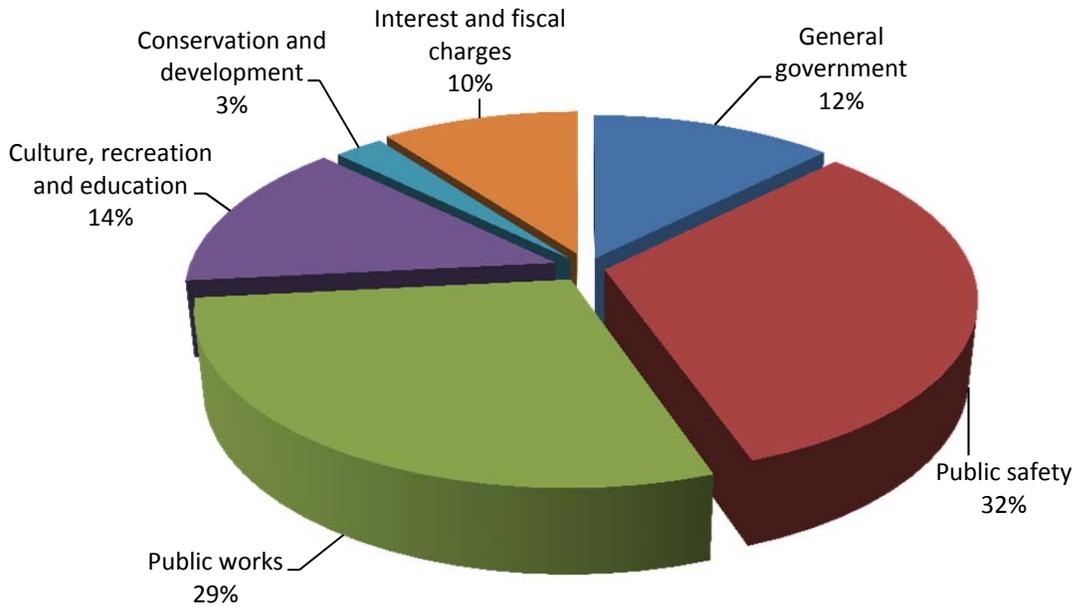


The key factors contributing to the change in net position compared to the prior year are as follows:

- The largest component contributing to the increase in net position was an increase in capital grants and contributions of \$1.6 million.
- Charges for services was the next largest component contributing to the increase in net position with an increase of \$912,000 over the prior year. The increase was due predominantly to a new fee in 2014 for refuse collection of \$637,000.
- Total expenses increased by only \$1.5 million evidencing the City's continuing efforts to control costs.

Total governmental activities expenses were \$29.5 million in 2014. Public safety (including police, EMS, building inspection, and fire services) accounts for the largest share of city expenses at 32.2%. This is followed by public works with 28.7%, general government with 12.5%, culture, recreation and education with 13.9%, and conservation and development at 2.5%. Interest & fiscal charges make up the remaining 10.2%.

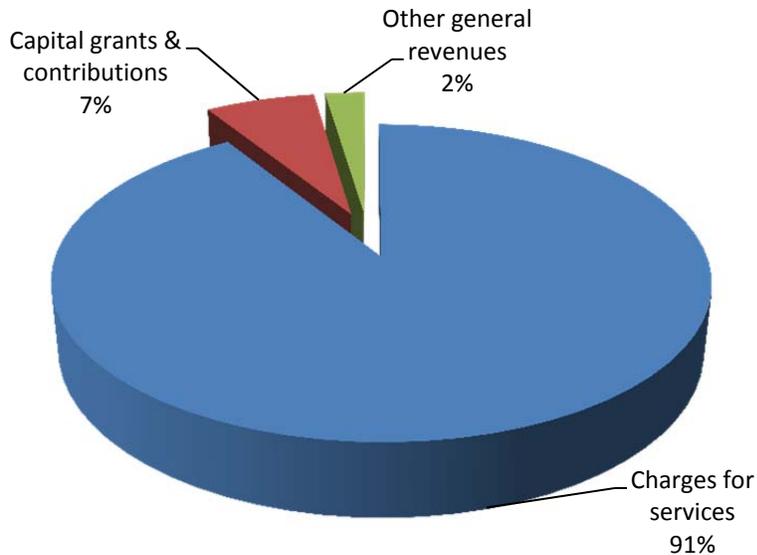
## Governmental Activities Expenses



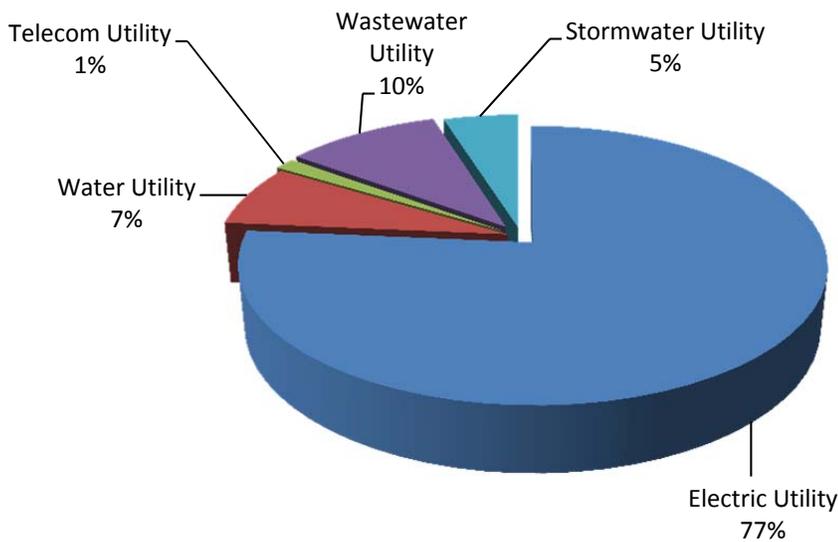
### Business-type Activities

Business-type activities include the city's water, electric and telecommunications, wastewater, and storm water utilities. In 2014, revenue for business-type activities totaled \$38.7 million. Charges for services were the largest revenue source for these operations, representing 91.1% of business-type activity revenues. Capital grants and contributions accounted for 6.6% of revenues with other general revenues representing 2.3%.

### Business-Type Activities Revenues



### Business-Type Activities Expenses



The net position of Sun Prairie Utilities increased by \$2.6 million, which represents a 4.2% increase over 2013. Combined operating revenues for the utility increased by 4.3%, or \$1.2 million. Operating expenses for the utility increased by \$790,000, or 2.9% from 2013.

The net position of the wastewater utility increased by \$1.5 million, which represents a 3.8% increase from 2013. Wastewater utility operating revenues increased by \$144,000 in 2014. Operating expenses of the utility increased by \$53,000, or 1.8%, from 2013.

The net position of the storm water utility increased by \$572,000 during 2014, an increase of 1.5%. Storm water utility operating revenues increased by \$144,000, or 9.8% while operating expenses increased by \$64,000, or 4.4%.

The last approved rate increases for the electric, water, telecommunications, wastewater, and storm water utilities were effective as follows:

- Electric rates were effective as of January 6, 2014.
- Water rates were effective as of July 3, 2014.
- Telecommunications rates were effective as of June 2010.
- Wastewater rates were effective as of July 1, 2014.
- Storm water rates were effective as of January 1, 2013

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

### **Governmental Funds**

The focus of the city's governmental funds is to provide information 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 2014, the combined fund balances for the city's governmental funds were \$14.2 million, as detailed below:

Fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are *Non-spendable*, *Restricted*, *Committed*, *Assigned*, and *Unassigned*. The amount that represents available resources for spending is the total of Committed, Assigned, and Unassigned. The unrestricted fund balance, less the non-spendable portion, may serve as a useful measure of a government's net resources available for spending at each fiscal year end.

## CITY OF SUN PRAIRIE GOVERNMENTAL FUND BALANCE

|                           | 2014                        | 2013                        |
|---------------------------|-----------------------------|-----------------------------|
| Nonspendable              | \$ 2,585,174                | \$ 2,296,345                |
| Restricted, reported in:  |                             |                             |
| Special revenue funds     | 3,210,433                   | 3,291,858                   |
| Debt service funds        | 31,614                      | 4,313,375                   |
| Capital project funds     | 2,680,069                   | 2,537,097                   |
| Permanent funds           | 386,567                     | 375,080                     |
| Committed to:             |                             |                             |
| Special revenue funds     | 329,841                     | -                           |
| Assigned, reported in:    |                             |                             |
| General Fund              | 3,198,837                   | 3,481,595                   |
| Capital project funds     | 160,403                     | -                           |
| Unassigned, reported in:  |                             |                             |
| General Fund              | 3,710,361                   | 3,182,687                   |
| Special revenue funds     | (18,694)                    | (24,682)                    |
| Debt service funds        | (107,102)                   | -                           |
| Capital project funds     | <u>(2,015,019)</u>          | <u>(1,250,239)</u>          |
| <b>Total Fund Balance</b> | <b><u>\$ 14,152,484</u></b> | <b><u>\$ 18,203,116</u></b> |

**General Fund:** The general fund is the primary operating fund of the city. Total fund balance as of December 31, 2014 was \$9.4 million, of which \$2.6 million was nonspendable. Included in this amount is \$2.0 million representing advances to TIF District funds. Assigned fund balance comprised another \$3.2 million of the total fund balance. The 2014 payment in lieu of taxes due to the general fund from the electric and water utility represents \$1.62 million of the assigned fund balance. Unassigned fund balance in the general fund at the end of 2014 was \$3.7 million, which represents 18% of the total prior year 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 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 2014 was \$859,516.

## GENERAL FUND BUDGETARY ANALYSIS

The general fund budget is adopted at the department level of expenditure. In 2014, the general fund experienced a net increase in fund balance of \$533,000.

Total general fund revenues and other financing sources exceeded the budget by \$648,000. Significant revenue variances for 2014 are noted below:

- **Intergovernmental Revenues: Surplus \$ 42,598**

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 \$14,343 for state shared revenue, an increase of fire insurance dues of \$10,388 and an increase in exempt computer aids by \$8,476. The remaining surplus is an accumulation of minor variances in various local and state aid payments.

- **Licenses and Permits: Surplus \$ 137,867**

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 \$70,896 of the revenue surplus, due to an increase in construction overall in the City during 2014.

- **Public Charges for Services: Surplus \$ 49,852**

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 2014 increased by \$86,939 and Family Aquatic Center fees fell short of the budget by \$54,155.

- **Investment Income: Deficit \$ (27,038)**

Investment income fell short of the 2014 budget by \$27,038 due to lower interest rates on investments.

- **Miscellaneous Revenues: Surplus \$ 253,245**

Miscellaneous revenues consist of sales of equipment and materials, donations, insurance dividends, and reimbursement from the Wastewater Utility and Storm water Utility for city services. In 2014 the City was reimbursed for \$165,338 in additional engineering charges due to the increase in development throughout the City. Additionally the city received a surplus of \$35,938 from the sale of equipment and materials.

Total general fund expenditures and other financing uses were \$179,000 under budget in 2014. Areas that experienced significant variances from the budget are noted below:

- **Police Department: Surplus \$ 335,040**

The Police Department experienced a savings due to several unanticipated vacancies throughout the year.

- **Public Works Department: Deficit \$ (89,388)**

Due to unanticipated repairs to the City's emergency vehicles in 2014, the Public Works vehicle repairs and maintenance exceeded the budget by \$54,223.

- **Building Maintenance: Surplus \$ 112,274**

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

- **Parks and Recreation: Surplus \$ 62,531**

The Parks and Recreation expenditures experienced a savings of \$62,531 due to several unanticipated vacancies.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2014, the city of Sun Prairie had an investment in capital assets of \$261.2 million, net of accumulated depreciation, for all governmental and business-type activities of the city. This represents an increase of 3.6% from the end of 2013.

Major capital asset improvements within the city's governmental activities included \$3.5 million for street additions and reconstruction. The city also purchased \$892,000 in machinery and equipment assets including snow plow vehicles, police squad cars and an ambulance.

In the city's business-type activities, major capital additions (prior to depreciation) include \$1.4 million for the electric distribution plant, \$2.5 million for water infrastructure and \$2.7 million for the storm water 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   |                | Business-Type  |                | Total          |                |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                    | Activities     |                | Activities     |                |                |                |
|                                    | 2014           | 2013           | 2014           | 2013           | 2014           | 2013           |
| Land/right-of-ways                 | \$ 42,122,783  | \$ 41,562,781  | \$ 7,983,192   | \$ 7,983,192   | \$ 50,105,975  | \$ 49,545,973  |
| Land improvements                  | 3,602,896      | 3,602,896      | -              | -              | 3,602,896      | 3,602,896      |
| Buildings                          | 28,363,043     | 28,222,463     | -              | -              | 28,363,043     | 28,222,463     |
| Equipment                          | 14,618,425     | 13,992,116     | -              | -              | 14,618,425     | 13,992,116     |
| Infrastructure                     | 80,530,899     | 77,279,894     | -              | -              | 80,530,899     | 77,279,894     |
| Electric system                    | -              | -              | 37,940,571     | 36,983,472     | 37,940,571     | 36,983,472     |
| Water system                       | -              | -              | 40,751,356     | 38,363,064     | 40,751,356     | 38,363,064     |
| Telecommunications system          | -              | -              | 2,501,447      | 2,302,640      | 2,501,447      | 2,302,640      |
| Wastewater system                  | -              | -              | 57,050,724     | 55,955,245     | 57,050,724     | 55,955,245     |
| Stormwater system                  | -              | -              | 40,881,279     | 38,874,787     | 40,881,279     | 38,874,787     |
| Construction in progress           | 121,192        | 83,341         | 4,221,010      | 275,230        | 4,342,202      | 358,571        |
| Total capital assets               | 169,359,238    | 164,743,491    | 191,329,579    | 180,737,630    | 360,688,817    | 345,481,121    |
| Less: Accumulated depreciation     | (50,722,733)   | (47,576,522)   | (48,756,183)   | (45,696,009)   | (99,478,916)   | (93,272,531)   |
| Capital assets net of depreciation | \$ 118,636,505 | \$ 117,166,969 | \$ 142,573,396 | \$ 135,041,621 | \$ 261,209,901 | \$ 252,208,590 |

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, 2014 totaled \$46.0 million. In addition, the city had revenue debt outstanding of \$20.3 million 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 \$16.0 million that are supported from revenues from the city's tax increment finance districts.

The city issued \$10.3 million of long-term general obligation debt in 2014. Of this amount, \$4.3 million was used to refund prior years' debt for interest savings. The remaining \$6.0 million was used to finance 2014 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 June 11, 2015 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 2014 equalized valuation of \$2.4 billion the city's statutory debt limit is \$120,674,445. The city was at 38.1% of its legal debt limit as of December 31, 2014.

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

### CITY OF SUN PRAIRIE OUTSTANDING DEBT

|                                    | Governmental  |               | Business-Type |              | Total         |               |
|------------------------------------|---------------|---------------|---------------|--------------|---------------|---------------|
|                                    | Activities    |               | Activities    |              |               |               |
|                                    | 2014          | 2013          | 2014          | 2013         | 2014          | 2013          |
| General obligation bonds and notes | \$ 42,838,692 | \$ 48,389,345 | \$ 3,120,000  | \$ 1,650,000 | \$ 45,958,692 | \$ 50,039,345 |
| Revenue bonds                      | -             | -             | 20,276,542    | 18,802,003   | 20,276,542    | 18,802,003    |
| Capital leases                     | 15,990,695    | 16,435,678    | -             | -            | 15,990,695    | 16,435,678    |
| Total                              | \$ 58,829,387 | \$ 64,825,023 | \$23,396,542  | \$20,452,003 | \$ 82,225,929 | \$ 85,277,026 |

Note: the 2013 capital leases have been adjusted for the restatement related to the restricted cash held for the CDA lease revenue bonds.

## **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, 2014, the population is estimated at 31,213. This is an increase of 1,849 since 2010. During this period, the city's population has grown by 6.3% 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 Cabela's and Marcus Theaters which were completed in 2015.

From 2000 to 2008, Sun Prairie's tax base experienced average growth of 12.8% per year. From 2008 to 2014, 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 .18% per year since the 2009 assessment year. The city's equalized property valuation increased by 1.9% in 2014 to a total of \$2.4 billion.

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 is 3.6% in 2015, below the state and federal rates of 4.7% and 5.3% respectively.

The Sun Prairie City Council approved the 2015 budget which authorized general fund expenditures of \$21,436,217. The combined property tax levy was \$19,582,015, which is the first increase in five years (2.7%). The City's portion of the mill rate increased by .82% to \$8.49 per \$1,000 of assessed value.

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.

Locally assessed real estate value increased by approximately 1.89% in 2014. Commercial property increased by 2.65% and residential property increased by 1.59%. New construction decreased from the \$57.2 million level in 2013 to \$44.7 million in 2014.

## **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](http://www.cityofsunprairie.com).

**CITY OF SUN PRAIRIE**

**STATEMENT OF NET POSITION**  
As of December 31, 2014

|                                                   | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Totals</u>         | <u>CDA</u>        |
|---------------------------------------------------|------------------------------------|-------------------------------------|-----------------------|-------------------|
| <b>ASSETS</b>                                     |                                    |                                     |                       |                   |
| Cash and investments                              | \$ 9,906,616                       | \$ 12,317,470                       | \$ 22,224,086         | \$ -              |
| Receivables (net)                                 |                                    |                                     |                       |                   |
| Taxes                                             | 23,188,079                         | -                                   | 23,188,079            | -                 |
| Delinquent personal property taxes                | 37,335                             | -                                   | 37,335                | -                 |
| Accounts                                          | 1,236,426                          | 2,922,945                           | 4,159,371             | -                 |
| Special assessments                               | 249,624                            | -                                   | 249,624               | -                 |
| Delinquent special assessments                    | 70,417                             | -                                   | 70,417                | -                 |
| Accrued interest                                  | 3,727                              | 11,634                              | 15,361                | 185,187           |
| Loans                                             | 59,125                             | -                                   | 59,125                | -                 |
| Other                                             | -                                  | 552,927                             | 552,927               | -                 |
| Due from other governments                        | 208,014                            | -                                   | 208,014               | -                 |
| Internal balances                                 | 3,176,430                          | (3,176,430)                         | -                     | -                 |
| Capital leases receivable from primary government | -                                  | -                                   | -                     | 15,867,165        |
| Prepaid items and inventories                     | 173,638                            | 1,131,209                           | 1,304,847             | -                 |
| Investment in mutual insurance company            | 343,740                            | -                                   | 343,740               | -                 |
| Restricted cash and investments                   | 1,856,561                          | 6,008,693                           | 7,865,254             | 2,272,835         |
| Other assets                                      | -                                  | 8,247,286                           | 8,247,286             | -                 |
| Capital Assets                                    |                                    |                                     |                       |                   |
| Land                                              | 40,462,388                         | 7,983,192                           | 48,445,580            | -                 |
| Construction in progress                          | 121,192                            | 4,221,010                           | 4,342,202             | -                 |
| Easements                                         | 1,660,395                          | -                                   | 1,660,395             | -                 |
| Less: Other capital assets, net of depreciation   | <u>76,392,530</u>                  | <u>130,369,194</u>                  | <u>206,761,724</u>    | <u>-</u>          |
| Total Assets                                      | <u>159,146,237</u>                 | <u>170,589,130</u>                  | <u>329,735,367</u>    | <u>18,325,187</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>             |                                    |                                     |                       |                   |
| Deferred charge on refunding                      | <u>311,857</u>                     | <u>30,396</u>                       | <u>342,253</u>        | <u>532,489</u>    |
| <b>LIABILITIES</b>                                |                                    |                                     |                       |                   |
| Accounts payable and accrued expenses             | 2,638,389                          | 3,301,497                           | 5,939,886             | 185,187           |
| Deposits                                          | 34,252                             | 5,162                               | 39,414                | -                 |
| Due to other governments                          | 587                                | -                                   | 587                   | -                 |
| Noncurrent Liabilities                            |                                    |                                     |                       |                   |
| Due within one year                               | 8,461,182                          | 2,154,155                           | 10,615,337            | 1,705,000         |
| Due in more than one year                         | <u>52,449,890</u>                  | <u>21,970,893</u>                   | <u>74,420,783</u>     | <u>16,435,000</u> |
| Total Liabilities                                 | <u>63,584,300</u>                  | <u>27,431,707</u>                   | <u>91,016,007</u>     | <u>18,325,187</u> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |                                    |                                     |                       |                   |
| Unearned revenue                                  | <u>23,347,350</u>                  | <u>59,375</u>                       | <u>23,406,725</u>     | <u>-</u>          |
| <b>NET POSITION</b>                               |                                    |                                     |                       |                   |
| Net investment in capital assets                  | 73,592,674                         | 121,342,794                         | 194,935,468           | -                 |
| Restricted for                                    |                                    |                                     |                       |                   |
| Debt service                                      | -                                  | 1,334,753                           | 1,334,753             | -                 |
| Park improvement                                  | 1,293,239                          | -                                   | 1,293,239             | -                 |
| Economic development                              | 145,657                            | -                                   | 145,657               | -                 |
| Impact fees                                       | 1,909,167                          | -                                   | 1,909,167             | -                 |
| Grants                                            | 113,448                            | -                                   | 113,448               | -                 |
| Library                                           | 79,884                             | -                                   | 79,884                | -                 |
| TIF districts                                     | 1,990,956                          | -                                   | 1,990,956             | -                 |
| Trusts                                            | 386,567                            | -                                   | 386,567               | -                 |
| Equipment replacement                             | -                                  | 2,185,991                           | 2,185,991             | -                 |
| Unrestricted (deficit)                            | <u>(6,985,148)</u>                 | <u>18,264,906</u>                   | <u>11,279,758</u>     | <u>532,489</u>    |
| <b>TOTAL NET POSITION</b>                         | <u>\$ 72,526,444</u>               | <u>\$ 143,128,444</u>               | <u>\$ 215,654,888</u> | <u>\$ 532,489</u> |

See accompanying notes to financial statements.

**CITY OF SUN PRAIRIE**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2014

| Functions/Programs                | Expenses             | Program Revenues     |                                    |                                  |
|-----------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                   |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary Government</b>         |                      |                      |                                    |                                  |
| Governmental Activities           |                      |                      |                                    |                                  |
| General government                | \$ 3,676,622         | \$ 119,593           | \$ 41,785                          | \$ -                             |
| Public safety                     | 9,492,560            | 1,597,663            | 254,497                            | -                                |
| Public works                      | 8,473,109            | 1,350,868            | 2,184,633                          | 2,221,085                        |
| Culture, recreation and education | 4,107,120            | 900,544              | 449,027                            | 92,949                           |
| Conservation and development      | 747,165              | 40,605               | 150                                | -                                |
| Interest and fiscal charges       | <u>3,005,014</u>     | <u>-</u>             | <u>-</u>                           | <u>-</u>                         |
| Total Governmental Activities     | <u>29,501,590</u>    | <u>4,009,273</u>     | <u>2,930,092</u>                   | <u>2,314,034</u>                 |
| Business-type Activities          |                      |                      |                                    |                                  |
| Electric                          | 25,011,083           | 26,245,287           | -                                  | 214,001                          |
| Water                             | 2,370,944            | 3,135,457            | -                                  | 952,911                          |
| Telecommunications                | 443,138              | 450,214              | -                                  | 39,101                           |
| Wastewater                        | 3,310,861            | 3,762,049            | -                                  | 961,621                          |
| Stormwater                        | <u>1,599,257</u>     | <u>1,616,450</u>     | <u>-</u>                           | <u>372,560</u>                   |
| Total Business-type Activities    | <u>32,735,283</u>    | <u>35,209,457</u>    | <u>-</u>                           | <u>2,540,194</u>                 |
| Total Primary Government          | <u>\$ 62,236,873</u> | <u>\$ 39,218,730</u> | <u>\$ 2,930,092</u>                | <u>\$ 4,854,228</u>              |
| <b>Component Unit</b>             |                      |                      |                                    |                                  |
| Community Development Authority   | <u>\$ 351,126</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

Public gifts and grants

Investment income

Miscellaneous

Transfers

Total General Revenues and Transfers

**Change in net position**

NET POSITION - Beginning of Year

**NET POSITION - END OF YEAR**

| Net (Expenses) Revenues and Changes in Net Position |                             |                       |                   |
|-----------------------------------------------------|-----------------------------|-----------------------|-------------------|
| Primary Government                                  |                             |                       |                   |
| Governmental<br>Activities                          | Business-type<br>Activities | Totals                | Component Unit    |
| \$ (3,515,244)                                      | \$ -                        | \$ (3,515,244)        | \$ -              |
| (7,640,400)                                         | -                           | (7,640,400)           | -                 |
| (2,716,523)                                         | -                           | (2,716,523)           | -                 |
| (2,664,600)                                         | -                           | (2,664,600)           | -                 |
| (706,410)                                           | -                           | (706,410)             | -                 |
| <u>(3,005,014)</u>                                  | <u>-</u>                    | <u>(3,005,014)</u>    | <u>-</u>          |
| <u>(20,248,191)</u>                                 | <u>-</u>                    | <u>(20,248,191)</u>   | <u>-</u>          |
| -                                                   | 1,448,205                   | 1,448,205             | -                 |
| -                                                   | 1,717,424                   | 1,717,424             | -                 |
| -                                                   | 46,177                      | 46,177                | -                 |
| -                                                   | 1,412,809                   | 1,412,809             | -                 |
| -                                                   | 389,753                     | 389,753               | -                 |
| -                                                   | <u>5,014,368</u>            | <u>5,014,368</u>      | <u>-</u>          |
| <u>(20,248,191)</u>                                 | <u>5,014,368</u>            | <u>(15,233,823)</u>   | <u>-</u>          |
| -                                                   | -                           | -                     | (351,126)         |
| 12,741,648                                          | -                           | 12,741,648            | -                 |
| 6,326,108                                           | -                           | 6,326,108             | -                 |
| 2,787,227                                           | -                           | 2,787,227             | -                 |
| 172,644                                             | -                           | 172,644               | -                 |
| 1,751,499                                           | -                           | 1,751,499             | -                 |
| 709                                                 | -                           | 709                   | -                 |
| 39,120                                              | 783,757                     | 822,877               | 883,615           |
| 984,037                                             | 127,492                     | 1,111,529             | -                 |
| <u>1,290,347</u>                                    | <u>(1,290,347)</u>          | <u>-</u>              | <u>-</u>          |
| <u>26,093,339</u>                                   | <u>(379,098)</u>            | <u>25,714,241</u>     | <u>883,615</u>    |
| 5,845,148                                           | 4,635,270                   | 10,480,418            | 532,489           |
| <u>66,681,296</u>                                   | <u>138,493,174</u>          | <u>205,174,470</u>    | <u>-</u>          |
| <u>\$ 72,526,444</u>                                | <u>\$ 143,128,444</u>       | <u>\$ 215,654,888</u> | <u>\$ 532,489</u> |

See accompanying notes to financial statements.

**CITY OF SUN PRAIRIE**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2014

|                                                                                | <u>General Fund</u>         | <u>General Debt<br/>Service Fund</u> | <u>General<br/>Capital<br/>Projects Fund</u> |
|--------------------------------------------------------------------------------|-----------------------------|--------------------------------------|----------------------------------------------|
| <b>ASSETS</b>                                                                  |                             |                                      |                                              |
| Cash and investments                                                           | \$ 8,020,858                | \$ 30                                | \$ -                                         |
| Receivables (net)                                                              |                             |                                      |                                              |
| Taxes                                                                          | 13,914,740                  | 6,574,270                            | -                                            |
| Delinquent personal property taxes                                             | 37,335                      | -                                    | -                                            |
| Accounts                                                                       | 616,331                     | -                                    | 42,199                                       |
| Special assessments                                                            | 1,091                       | 17,467                               | 231,066                                      |
| Delinquent special assessments held by county                                  | 25,895                      | -                                    | 44,522                                       |
| Accrued interest                                                               | 2,485                       | -                                    | -                                            |
| Ambulance                                                                      | 197,501                     | -                                    | -                                            |
| Loans                                                                          | 966                         | -                                    | -                                            |
| Due from other governments                                                     | 71,969                      | -                                    | 3,903                                        |
| Due from other funds                                                           | 3,723,650                   | 31,584                               | 335,731                                      |
| Prepaid items and inventories                                                  | 171,018                     | -                                    | -                                            |
| Investment in mutual insurance company                                         | 343,740                     | -                                    | -                                            |
| Advances to other funds                                                        | 2,006,220                   | -                                    | -                                            |
| Restricted cash and investments                                                | -                           | -                                    | 699,113                                      |
|                                                                                | <u>                    </u> | <u>                    </u>          | <u>                    </u>                  |
| <b>TOTAL ASSETS</b>                                                            | <b><u>\$ 29,133,799</u></b> | <b><u>\$ 6,623,351</u></b>           | <b><u>\$ 1,356,534</u></b>                   |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b>       |                             |                                      |                                              |
| Liabilities                                                                    |                             |                                      |                                              |
| Accounts payable                                                               | \$ 775,331                  | \$ -                                 | \$ 198,723                                   |
| Accrued liabilities                                                            | 587,005                     | -                                    | -                                            |
| Deposits                                                                       | 10,448                      | -                                    | 18,804                                       |
| Due to other governments                                                       | 587                         | -                                    | -                                            |
| Due to other funds                                                             | 3,638,743                   | -                                    | -                                            |
| Advances from other funds                                                      | -                           | -                                    | -                                            |
| Total Liabilities                                                              | <u>5,012,114</u>            | <u>                    </u>          | <u>217,527</u>                               |
| Deferred Inflows of Resources                                                  |                             |                                      |                                              |
| Unearned revenues                                                              | 14,074,011                  | 6,574,270                            | -                                            |
| Unavailable revenues                                                           | 553,302                     | 17,467                               | 279,491                                      |
| Total Deferred Inflows of Resources                                            | <u>14,627,313</u>           | <u>6,591,737</u>                     | <u>279,491</u>                               |
| Fund Balances                                                                  |                             |                                      |                                              |
| Nonspendable                                                                   | 2,585,174                   | -                                    | -                                            |
| Restricted                                                                     | -                           | 31,614                               | 699,113                                      |
| Committed                                                                      | -                           | -                                    | -                                            |
| Assigned                                                                       | 3,198,837                   | -                                    | 160,403                                      |
| Unassigned (deficit)                                                           | 3,710,361                   | -                                    | -                                            |
| Total Fund Balances (Deficit)                                                  | <u>9,494,372</u>            | <u>31,614</u>                        | <u>859,516</u>                               |
|                                                                                | <u>                    </u> | <u>                    </u>          | <u>                    </u>                  |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> | <b><u>\$ 29,133,799</u></b> | <b><u>\$ 6,623,351</u></b>           | <b><u>\$ 1,356,534</u></b>                   |

See accompanying notes to financial statements.

| TID No. 8           | Nonmajor<br>Governmental<br>Funds | Totals               |
|---------------------|-----------------------------------|----------------------|
| \$ -                | \$ 1,885,728                      | \$ 9,906,616         |
| 1,649,714           | 1,049,355                         | 23,188,079           |
| -                   | -                                 | 37,335               |
| 6,265               | 374,130                           | 1,038,925            |
| -                   | -                                 | 249,624              |
| -                   | -                                 | 70,417               |
| -                   | 1,242                             | 3,727                |
| -                   | -                                 | 197,501              |
| -                   | 58,159                            | 59,125               |
| -                   | 132,142                           | 208,014              |
| -                   | 3,092,533                         | 7,183,498            |
| -                   | 2,620                             | 173,638              |
| -                   | -                                 | 343,740              |
| -                   | -                                 | 2,006,220            |
| <u>-</u>            | <u>1,157,448</u>                  | <u>1,856,561</u>     |
| <u>\$ 1,655,979</u> | <u>\$ 7,753,357</u>               | <u>\$ 46,523,020</u> |
| <br>                |                                   |                      |
| \$ 113,082          | \$ 5,781                          | \$ 1,092,917         |
| -                   | 10,136                            | 597,141              |
| -                   | 5,000                             | 34,252               |
| -                   | -                                 | 587                  |
| -                   | 368,325                           | 4,007,068            |
| <u>978,587</u>      | <u>1,027,633</u>                  | <u>2,006,220</u>     |
| <u>1,091,669</u>    | <u>1,416,875</u>                  | <u>7,738,185</u>     |
| <br>                |                                   |                      |
| 1,649,714           | 1,049,355                         | 23,347,350           |
| <u>1,022</u>        | <u>433,719</u>                    | <u>1,285,001</u>     |
| <u>1,650,736</u>    | <u>1,483,074</u>                  | <u>24,632,351</u>    |
| <br>                |                                   |                      |
| -                   | -                                 | 2,585,174            |
| -                   | 5,577,956                         | 6,308,683            |
| -                   | 329,841                           | 329,841              |
| -                   | -                                 | 3,359,240            |
| <u>(1,086,426)</u>  | <u>(1,054,389)</u>                | <u>1,569,546</u>     |
| <u>(1,086,426)</u>  | <u>4,853,408</u>                  | <u>14,152,484</u>    |
| <br>                |                                   |                      |
| <u>\$ 1,655,979</u> | <u>\$ 7,753,357</u>               | <u>\$ 46,523,020</u> |

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, 2014

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|                                                                                                                                                                                                                        |                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Total Fund Balances - Governmental Funds                                                                                                                                                                               | \$ 14,152,484                      |
| 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.                                                                                   | 118,636,505                        |
| 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. | 319,788                            |
| 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.    | 965,213                            |
| 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.                                                               | (61,859,403)                       |
| A deferred charge on refunding represents a consumption of net position that applies to a future period and, therefore, is not reported in the funds.                                                                  | <u>311,857</u>                     |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>                                                                                                                                                                         | <b><u><u>\$ 72,526,444</u></u></b> |

## CITY OF SUN PRAIRIE

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

For the Year Ended December 31, 2014

|                                                           | General Fund  | General Debt<br>Service Fund | General<br>Capital<br>Projects Fund |
|-----------------------------------------------------------|---------------|------------------------------|-------------------------------------|
| <b>REVENUES</b>                                           |               |                              |                                     |
| Taxes                                                     | \$ 12,882,210 | \$ 6,326,108                 | \$ -                                |
| Intergovernmental                                         | 3,744,369     | -                            | 94,414                              |
| Licenses and permits                                      | 554,217       | -                            | 19,607                              |
| Fines, forfeitures and penalties                          | 212,879       | -                            | -                                   |
| Public charges for services                               | 2,437,078     | -                            | -                                   |
| Special assessments                                       | 39,360        | 3,858                        | 215,684                             |
| Investment income                                         | 12,962        | (5,740)                      | -                                   |
| Miscellaneous                                             | 802,843       | 34,456                       | 160,802                             |
| Total Revenues                                            | 20,685,918    | 6,358,682                    | 490,507                             |
| <b>EXPENDITURES</b>                                       |               |                              |                                     |
| Current                                                   |               |                              |                                     |
| General government                                        | 3,892,660     | -                            | -                                   |
| Public safety                                             | 9,171,704     | -                            | -                                   |
| Public works                                              | 4,971,929     | -                            | -                                   |
| Culture, recreation and education                         | 3,015,388     | -                            | -                                   |
| Conservation and development                              | 500,029       | -                            | -                                   |
| Capital Outlay                                            | -             | -                            | 3,344,444                           |
| Debt Service                                              |               |                              |                                     |
| Principal                                                 | 61,765        | 9,755,837                    | -                                   |
| Interest and fiscal charges                               | -             | 909,111                      | -                                   |
| Total Expenditures                                        | 21,613,475    | 10,664,948                   | 3,344,444                           |
| Excess (deficiency) of revenues over expenditures         | (927,557)     | (4,306,266)                  | (2,853,937)                         |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |               |                              |                                     |
| Sale of property                                          | 4,300         | -                            | -                                   |
| Long-term debt issued                                     | 185,295       | -                            | 3,700,000                           |
| Premium on debt issued                                    | -             | -                            | 111,111                             |
| Debt issuance costs                                       | -             | -                            | (71,508)                            |
| Transfers in                                              | 1,636,016     | 103,518                      | 492,131                             |
| Transfers out                                             | (364,309)     | -                            | (66,842)                            |
| Total Other Financing Sources (Uses)                      | 1,461,302     | 103,518                      | 4,164,892                           |
| <b>Net Change in Fund Balances</b>                        | 533,745       | (4,202,748)                  | 1,310,955                           |
| FUND BALANCES (DEFICIT) - Beginning of Year (as restated) | 8,960,627     | 4,234,362                    | (451,439)                           |
| <b>FUND BALANCES (DEFICIT) - END OF YEAR</b>              | \$ 9,494,372  | \$ 31,614                    | \$ 859,516                          |

See accompanying notes to financial statements.

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| TID No. 8             | Nonmajor<br>Governmental<br>Funds | Totals               |
|-----------------------|-----------------------------------|----------------------|
| \$ 1,730,725          | \$ 1,100,476                      | \$ 22,039,519        |
| 19,373                | 394,092                           | 4,252,248            |
| -                     | 488,187                           | 1,062,011            |
| -                     | -                                 | 212,879              |
| 17,862                | 730,211                           | 3,185,151            |
| -                     | -                                 | 258,902              |
| 43                    | 30,576                            | 37,841               |
| 21                    | 125,527                           | 1,123,649            |
| <u>1,768,024</u>      | <u>2,869,069</u>                  | <u>32,172,200</u>    |
| -                     | -                                 | 3,892,660            |
| -                     | 814                               | 9,172,518            |
| -                     | 592,826                           | 5,564,755            |
| -                     | 574,669                           | 3,590,057            |
| -                     | 21,229                            | 521,258              |
| 173,365               | 498,108                           | 4,015,917            |
| 11,347,110            | 4,819,816                         | 25,984,528           |
| <u>1,148,883</u>      | <u>331,095</u>                    | <u>2,389,089</u>     |
| <u>12,669,358</u>     | <u>6,838,557</u>                  | <u>55,130,782</u>    |
| <u>(10,901,334)</u>   | <u>(3,969,488)</u>                | <u>(22,958,582)</u>  |
| -                     | 184,360                           | 188,660              |
| 11,236,410            | 4,870,000                         | 19,991,705           |
| -                     | 17,237                            | 128,348              |
| (270,037)             | (72,409)                          | (413,954)            |
| -                     | 374,309                           | 2,605,974            |
| -                     | (732,310)                         | (1,163,461)          |
| <u>10,966,373</u>     | <u>4,641,187</u>                  | <u>21,337,272</u>    |
| 65,039                | 671,699                           | (1,621,310)          |
| <u>(1,151,465)</u>    | <u>4,181,709</u>                  | <u>15,773,794</u>    |
| <u>\$ (1,086,426)</u> | <u>\$ 4,853,408</u>               | <u>\$ 14,152,484</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, 2014

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|                                                        |    |             |
|--------------------------------------------------------|----|-------------|
| Net change in fund balances - total governmental funds | \$ | (1,621,310) |
|--------------------------------------------------------|----|-------------|

Amounts reported for governmental activities in the statement of activities are different because:

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

|                                                                                                                                              |  |             |
|----------------------------------------------------------------------------------------------------------------------------------------------|--|-------------|
| Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements |  | 4,015,917   |
| Some items reported as capital outlay were not capitalized                                                                                   |  | (152,166)   |
| Some items reported as operating expenses in the fund financial statements, are capitalized in the government-wide statements.               |  | 487,472     |
| Depreciation is reported in the government-wide financial statements                                                                         |  | (4,132,237) |
| Net book value of assets retired                                                                                                             |  | (217,874)   |

|                                                                                                  |  |           |
|--------------------------------------------------------------------------------------------------|--|-----------|
| Contributed capital assets are reported as revenues in the government-wide financial statements. |  | 1,468,424 |
|--------------------------------------------------------------------------------------------------|--|-----------|

|                                                                                                                                                                                                                           |  |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|
| 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. |  | 377,691 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|

|                                                                                                                                                                                                                                                                                                                       |  |              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|
| 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. |  |              |
| Debt issued                                                                                                                                                                                                                                                                                                           |  | (19,991,705) |
| Principal repaid                                                                                                                                                                                                                                                                                                      |  | 25,987,341   |
| Premium on debt issued                                                                                                                                                                                                                                                                                                |  | (128,348)    |

|                                                                                                                                                                                                                                                                                                                                                            |  |           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------|
| Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense. |  |           |
| Amortization of deferred charge on advance refunding                                                                                                                                                                                                                                                                                                       |  | (103,952) |
| Amortization of premium on debt                                                                                                                                                                                                                                                                                                                            |  | 116,579   |

|                                                                                                                                                                                |  |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------|
| Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. |  |           |
| Compensated absences                                                                                                                                                           |  | (41,833)  |
| Accrued interest on debt                                                                                                                                                       |  | (219,582) |
| Other post-employment benefits                                                                                                                                                 |  | 731       |

|                                                          |           |                         |
|----------------------------------------------------------|-----------|-------------------------|
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b> | <b>\$</b> | <b><u>5,845,148</u></b> |
|----------------------------------------------------------|-----------|-------------------------|

**CITY OF SUN PRAIRIE**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2014

|                                       | Business-type Activities - Enterprise Funds |                   |                   |                    |
|---------------------------------------|---------------------------------------------|-------------------|-------------------|--------------------|
|                                       | Sun Prairie                                 | Wastewater        | Stormwater        | Totals             |
|                                       | Utilities                                   | Utility           | Utility           |                    |
| <b>ASSETS</b>                         |                                             |                   |                   |                    |
| Current Assets                        |                                             |                   |                   |                    |
| Cash and investments                  | \$ 4,397,815                                | \$ 1,600,922      | \$ 1,904,231      | \$ 7,902,968       |
| Receivables                           |                                             |                   |                   |                    |
| Accounts                              | 2,556,143                                   | 272,781           | 94,021            | 2,922,945          |
| Accrued interest                      | 8,092                                       | 3,364             | 178               | 11,634             |
| Other                                 | 483,766                                     | 9,227             | 59,934            | 552,927            |
| Due from other funds                  | 110,434                                     | 18,087            | 92,537            | 221,058            |
| Prepaid items                         | 11,721                                      | 1,989             | 270               | 13,980             |
| Inventories                           | 1,117,229                                   | -                 | -                 | 1,117,229          |
| Restricted Assets                     |                                             |                   |                   |                    |
| Cash and investments                  | 761,648                                     | 744,789           | -                 | 1,506,437          |
| Total Current Assets                  | <u>9,446,848</u>                            | <u>2,651,159</u>  | <u>2,151,171</u>  | <u>14,249,178</u>  |
| Noncurrent Assets                     |                                             |                   |                   |                    |
| Restricted Assets                     |                                             |                   |                   |                    |
| Cash and investments                  | 2,316,265                                   | 2,185,991         | -                 | 4,502,256          |
| Capital Assets                        |                                             |                   |                   |                    |
| Land                                  | 170,405                                     | 194,278           | 7,618,509         | 7,983,192          |
| Construction in progress              | 4,187,162                                   | -                 | 33,848            | 4,221,010          |
| Other capital assets                  | 81,193,374                                  | 57,050,724        | 40,881,279        | 179,125,377        |
| Less: Accumulated depreciation        | (26,219,426)                                | (13,651,376)      | (8,885,381)       | (48,756,183)       |
| Other Assets                          |                                             |                   |                   |                    |
| Cash and investments                  | -                                           | 4,414,502         | -                 | 4,414,502          |
| Property held for future use          | 16,854                                      | -                 | -                 | 16,854             |
| Preliminary survey and investigation  | 103,847                                     | -                 | -                 | 103,847            |
| Lift station fees receivable          | -                                           | 91,766            | -                 | 91,766             |
| Special assessments receivable        | -                                           | 34,126            | -                 | 34,126             |
| Other Property and Investments        |                                             |                   |                   |                    |
| Non-utility property                  | 52,651                                      | -                 | -                 | 52,651             |
| Investment in ATC                     | 7,948,042                                   | -                 | -                 | 7,948,042          |
| Total Noncurrent Assets               | <u>69,769,174</u>                           | <u>50,320,011</u> | <u>39,648,255</u> | <u>159,737,440</u> |
| Total Assets                          | <u>79,216,022</u>                           | <u>52,971,170</u> | <u>41,799,426</u> | <u>173,986,618</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                                             |                   |                   |                    |
| Deferred charge on refunding          | <u>30,396</u>                               | -                 | -                 | <u>30,396</u>      |
| Total Deferred Outflows of Resources  | <u>30,396</u>                               | -                 | -                 | <u>30,396</u>      |

See accompanying notes to financial statements.

|                                            | Business-type Activities - Enterprise Funds |                       |                       |                       |
|--------------------------------------------|---------------------------------------------|-----------------------|-----------------------|-----------------------|
|                                            | Electric and<br>Water Utility               | Wastewater<br>Utility | Stormwater<br>Utility | Totals                |
| <b>LIABILITIES</b>                         |                                             |                       |                       |                       |
| Current Liabilities                        |                                             |                       |                       |                       |
| Accounts payable                           | \$ 2,727,126                                | \$ 45,916             | \$ 32,212             | \$ 2,805,254          |
| Other accrued liabilities                  | 303,784                                     | 36,718                | 30,041                | 370,543               |
| Deposits                                   | 5,162                                       | -                     | -                     | 5,162                 |
| Due to other funds                         | 1,675,949                                   | 1,721,539             | -                     | 3,397,488             |
| Current portion of general obligation debt | -                                           | 145,000               | 280,000               | 425,000               |
| Liabilities Payable From Restricted Assets |                                             |                       |                       |                       |
| Revenue bonds payable                      | 920,000                                     | 809,155               | -                     | 1,729,155             |
| Accrued interest                           | 86,159                                      | 39,541                | -                     | 125,700               |
| Total Current Liabilities                  | <u>5,718,180</u>                            | <u>2,797,869</u>      | <u>342,253</u>        | <u>8,858,302</u>      |
| Noncurrent Liabilities                     |                                             |                       |                       |                       |
| Long-Term Debt                             |                                             |                       |                       |                       |
| Revenue bonds payable                      | 9,325,000                                   | 9,222,387             | -                     | 18,547,387            |
| Unamortized debt premium                   | 167,944                                     | 12,199                | 46,564                | 226,707               |
| General obligation debt                    | -                                           | 725,000               | 1,970,000             | 2,695,000             |
| Compensated absences                       | 418,107                                     | 82,307                | 1,385                 | 501,799               |
| Total Noncurrent Liabilities               | <u>9,911,051</u>                            | <u>10,041,893</u>     | <u>2,017,949</u>      | <u>21,970,893</u>     |
| Total Liabilities                          | <u>15,629,231</u>                           | <u>12,839,762</u>     | <u>2,360,202</u>      | <u>30,829,195</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |                                             |                       |                       |                       |
| Unearned revenues                          | -                                           | -                     | 59,375                | 59,375                |
| Total Deferred Inflows of Resources        | -                                           | -                     | 59,375                | 59,375                |
| <b>NET POSITION</b>                        |                                             |                       |                       |                       |
| Net investment in capital assets           | 51,265,232                                  | 32,725,869            | 37,351,693            | 121,342,794           |
| Restricted for                             |                                             |                       |                       |                       |
| Debt service                               | 675,489                                     | 659,264               | -                     | 1,334,753             |
| Equipment replacement                      | -                                           | 2,185,991             | -                     | 2,185,991             |
| Unrestricted                               | <u>11,676,466</u>                           | <u>4,560,284</u>      | <u>2,028,156</u>      | <u>18,264,906</u>     |
| <b>TOTAL NET POSITION</b>                  | <u>\$ 63,617,187</u>                        | <u>\$ 40,131,408</u>  | <u>\$ 39,379,849</u>  | <u>\$ 143,128,444</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, 2014

|                                                                 | Business-type Activities - Enterprise Funds |                       |                       | Totals                |
|-----------------------------------------------------------------|---------------------------------------------|-----------------------|-----------------------|-----------------------|
|                                                                 | Sun Prairie<br>Utilities                    | Wastewater<br>Utility | Stormwater<br>Utility |                       |
| <b>OPERATING REVENUES</b>                                       | <u>\$ 29,830,958</u>                        | <u>\$ 3,762,049</u>   | <u>\$ 1,616,450</u>   | <u>\$ 35,209,457</u>  |
| <b>OPERATING EXPENSES</b>                                       |                                             |                       |                       |                       |
| Operation and maintenance                                       | 25,388,751                                  | 1,703,770             | 681,016               | 27,773,537            |
| Depreciation                                                    | <u>2,204,924</u>                            | <u>1,335,709</u>      | <u>851,409</u>        | <u>4,392,042</u>      |
| Total Operating Expenses                                        | <u>27,593,675</u>                           | <u>3,039,479</u>      | <u>1,532,425</u>      | <u>32,165,579</u>     |
| Operating Income                                                | <u>2,237,283</u>                            | <u>722,570</u>        | <u>84,025</u>         | <u>3,043,878</u>      |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                         |                                             |                       |                       |                       |
| Investment income                                               | 771,724                                     | 10,023                | 2,010                 | 783,757               |
| Loss on sale of property                                        | -                                           | -                     | (1,706)               | (1,706)               |
| Issuance costs and amortization of deferred charge on refunding | (71,054)                                    | (6,377)               | (24,214)              | (101,645)             |
| Interest and amortization expense                               | (160,436)                                   | (265,005)             | (40,912)              | (466,353)             |
| Miscellaneous                                                   | <u>60,845</u>                               | <u>66,647</u>         | <u>-</u>              | <u>127,492</u>        |
| Total Nonoperating Revenues (Expenses)                          | <u>601,079</u>                              | <u>(194,712)</u>      | <u>(64,822)</u>       | <u>341,545</u>        |
| Income Before Contributions and Transfers                       | <u>2,838,362</u>                            | <u>527,858</u>        | <u>19,203</u>         | <u>3,385,423</u>      |
| <b>CONTRIBUTIONS AND TRANSFERS</b>                              |                                             |                       |                       |                       |
| Capital contributions                                           | 1,206,014                                   | 961,621               | 372,560               | 2,540,195             |
| Capital contributions - from municipality                       | 152,166                                     | -                     | 201,790               | 353,956               |
| Transfers in (out)                                              | <u>(1,618,839)</u>                          | <u>(4,367)</u>        | <u>(21,098)</u>       | <u>(1,644,304)</u>    |
| Total Contributions and Transfers                               | <u>(260,659)</u>                            | <u>957,254</u>        | <u>553,252</u>        | <u>1,249,847</u>      |
| Change in Net Position                                          | 2,577,703                                   | 1,485,112             | 572,455               | 4,635,270             |
| NET POSITION - Beginning of Year                                | <u>61,039,484</u>                           | <u>38,646,296</u>     | <u>38,807,394</u>     | <u>138,493,174</u>    |
| <b>NET POSITION - END OF YEAR</b>                               | <u>\$ 63,617,187</u>                        | <u>\$ 40,131,408</u>  | <u>\$ 39,379,849</u>  | <u>\$ 143,128,444</u> |

See accompanying notes to financial statements.

**CITY OF SUN PRAIRIE**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2014

|                                                                     | Business-type Activities - Enterprise Funds |                       |                       |                      |
|---------------------------------------------------------------------|---------------------------------------------|-----------------------|-----------------------|----------------------|
|                                                                     | Sun Prairie<br>Utilities                    | Wastewater<br>Utility | Stormwater<br>Utility | Totals               |
| <b>CASH FLOWS FROM OPERATING<br/>ACTIVITIES</b>                     |                                             |                       |                       |                      |
| Received from customers                                             | \$ 29,461,146                               | \$ 3,772,944          | \$ 1,566,920          | \$ 34,801,010        |
| Received from municipality for services                             | 325,038                                     | 1,603,483             | -                     | 1,928,521            |
| Paid to suppliers for goods and services                            | (23,906,288)                                | (1,164,660)           | (619,481)             | (25,690,429)         |
| Paid to employees for services                                      | <u>(1,251,247)</u>                          | <u>(572,021)</u>      | <u>(165,230)</u>      | <u>(1,988,498)</u>   |
| Net Cash Flows From Operating<br>Activities                         | <u>4,628,649</u>                            | <u>3,639,746</u>      | <u>782,209</u>        | <u>9,050,604</u>     |
| <b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES</b>                     |                                             |                       |                       |                      |
| Investments sold and matured                                        | 635,759                                     | 1,006,016             | -                     | 1,641,775            |
| Investment income                                                   | 515,898                                     | 9,987                 | 2,172                 | 528,057              |
| Investment in ATC                                                   | (265,014)                                   | -                     | -                     | (265,014)            |
| Investments purchased                                               | <u>(824,367)</u>                            | <u>(2,993,365)</u>    | <u>-</u>              | <u>(3,817,732)</u>   |
| Net Cash Flows From Investing<br>Activities                         | <u>62,276</u>                               | <u>(1,977,362)</u>    | <u>2,172</u>          | <u>(1,912,914)</u>   |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>          |                                             |                       |                       |                      |
| Paid to municipality for tax equivalent<br>Transfers In (Out)       | (1,657,239)                                 | -                     | -                     | (1,657,239)          |
| Net Cash Flows From Noncapital<br>Financing Activities              | <u>-</u>                                    | <u>(4,367)</u>        | <u>(21,098)</u>       | <u>(25,465)</u>      |
|                                                                     | <u>(1,657,239)</u>                          | <u>(4,367)</u>        | <u>(21,098)</u>       | <u>(1,682,704)</u>   |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b> |                                             |                       |                       |                      |
| Debt issued                                                         | 3,200,000                                   | 330,000               | 1,385,000             | 4,915,000            |
| Debt retired                                                        | (935,000)                                   | (900,461)             | (135,000)             | (1,970,461)          |
| Interest paid                                                       | (266,853)                                   | (266,750)             | (26,376)              | (559,979)            |
| Debt premium net of debt issuance costs                             | 23,895                                      | 2,554                 | 10,902                | 37,351               |
| Acquisition and construction of capital<br>assets                   | (5,570,431)                                 | (1,101,830)           | (2,251,961)           | (8,924,222)          |
| Capital contribution received                                       | 173,378                                     | 695,713               | 301,790               | 1,170,881            |
| Proceeds from sale of assets                                        | -                                           | 66,647                | -                     | 66,647               |
| Special assessments received                                        | <u>-</u>                                    | <u>4,552</u>          | <u>-</u>              | <u>4,552</u>         |
| Net Cash Flows From Capital and<br>Related Financing Activities     | <u>(3,375,011)</u>                          | <u>(1,169,575)</u>    | <u>(715,645)</u>      | <u>(5,260,231)</u>   |
| <b>Net Change in Cash and Cash<br/>Equivalents</b>                  | (341,325)                                   | 488,442               | 47,638                | 194,755              |
| CASH AND CASH EQUIVALENTS - Beginning<br>of Year                    | <u>6,992,686</u>                            | <u>5,464,397</u>      | <u>1,856,593</u>      | <u>14,313,676</u>    |
| <b>CASH AND CASH EQUIVALENTS - END<br/>OF YEAR</b>                  | <u>\$ 6,651,361</u>                         | <u>\$ 5,952,839</u>   | <u>\$ 1,904,231</u>   | <u>\$ 14,508,431</u> |

See accompanying notes to financial statements.

|                                                                                                         | Business-type Activities - Enterprise Funds |                       |                       |                      |
|---------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------|-----------------------|----------------------|
|                                                                                                         | Sun Prairie<br>Utilities                    | Wastewater<br>Utility | Stormwater<br>Utility | Totals               |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                                             |                       |                       |                      |
| Operating income                                                                                        | \$ 2,237,283                                | \$ 722,570            | \$ 84,025             | \$ 3,043,878         |
| Nonoperating revenue                                                                                    | 60,845                                      | -                     | -                     | 60,845               |
| Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities                   |                                             |                       |                       |                      |
| Depreciation                                                                                            | 2,204,924                                   | 1,335,709             | 851,409               | 4,392,042            |
| Depreciation charged to clearing and other funds                                                        | 192,911                                     | -                     | -                     | 192,911              |
| Changes in assets and liabilities                                                                       |                                             |                       |                       |                      |
| Accounts receivable                                                                                     | (76,026)                                    | 14,975                | 32,242                | (28,809)             |
| Other accounts receivable                                                                               | 11,428                                      | (1,298)               | 4,365                 | 14,495               |
| Due to/from other funds                                                                                 | 2,012                                       | 1,598,071             | (171,512)             | 1,428,571            |
| Accounts payable                                                                                        | 106,802                                     | (37,306)              | (15,450)              | 54,046               |
| Deposits                                                                                                | (1,231)                                     | -                     | -                     | (1,231)              |
| Other current liabilities                                                                               | 152,697                                     | 3,386                 | (957)                 | 155,126              |
| Compensated absences                                                                                    | -                                           | 5,628                 | (1,643)               | 3,985                |
| Prepaid items                                                                                           | 1,208                                       | (1,989)               | (270)                 | (1,051)              |
| Inventories                                                                                             | (264,204)                                   | -                     | -                     | (264,204)            |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                         | <b>\$ 4,628,649</b>                         | <b>\$ 3,639,746</b>   | <b>\$ 782,209</b>     | <b>\$ 9,050,604</b>  |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b> |                                             |                       |                       |                      |
| Cash and investments - statement of net position                                                        | \$ 4,397,815                                | \$ 1,600,922          | \$ 1,904,231          | \$ 7,902,968         |
| Restricted cash and investments - statement of net position                                             | 3,077,913                                   | 2,930,780             | -                     | 6,008,693            |
| Other assets - cash and investments - statement of net position                                         | -                                           | 4,414,502             | -                     | 4,414,502            |
| Total Cash and Investments                                                                              | 7,475,728                                   | 8,946,204             | 1,904,231             | 18,326,163           |
| Less: Noncash equivalents                                                                               | (824,367)                                   | (2,993,365)           | -                     | (3,817,732)          |
| <b>CASH AND CASH EQUIVALENTS</b>                                                                        | <b>\$ 6,651,361</b>                         | <b>\$ 5,952,839</b>   | <b>\$ 1,904,231</b>   | <b>\$ 14,508,431</b> |
| <b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                                 |                                             |                       |                       |                      |
| Interest charged to construction                                                                        | \$ 132,387                                  | \$ -                  | \$ -                  |                      |
| Developer financed additions to utility plant                                                           | \$ -                                        | \$ 265,908            | \$ 372,560            |                      |
| Capital costs special assessed to customers                                                             | \$ -                                        | \$ 26,707             | \$ -                  |                      |
| Capital contributions                                                                                   | \$ 1,332,274                                | \$ -                  | \$ -                  |                      |
| Dividends reinvested in ATC                                                                             | \$ 253,019                                  | \$ -                  | \$ -                  |                      |
| Loss on sale of equipment                                                                               | \$ -                                        | \$ -                  | \$ 1,706              |                      |

See accompanying notes to financial statements.

**CITY OF SUN PRAIRIE**

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
As of December 31, 2014

---

|                                    | Utilities<br>Pension<br>Trust Fund | Agency Funds      |
|------------------------------------|------------------------------------|-------------------|
| <b>CURRENT ASSETS</b>              |                                    |                   |
| Cash and investments               | \$ -                               | \$ 30,373,915     |
| Taxes receivable                   | -                                  | 9,134,193         |
| <b>NONCURRENT ASSETS</b>           |                                    |                   |
| Restricted Assets                  |                                    |                   |
| Investments                        | <u>3,367,140</u>                   | <u>-</u>          |
| <b>TOTAL ASSETS</b>                | <u>3,367,140</u>                   | <u>39,508,108</u> |
| <b>LIABILITIES</b>                 |                                    |                   |
| Due to other governments           | <u>-</u>                           | <u>39,508,108</u> |
| <b>NET POSITION</b>                |                                    |                   |
| Held in trust for pension benefits | <u>\$ 3,367,140</u>                | <u>\$ -</u>       |

See accompanying notes to financial statements.

**CITY OF SUN PRAIRIE**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND**

For the Year Ended December 31, 2014

---

|                                   | <u>Utilities<br/>Pension<br/>Trust Fund</u> |
|-----------------------------------|---------------------------------------------|
| <b>ADDITIONS</b>                  |                                             |
| Employer contributions            | \$ 281,155                                  |
| Investment income                 | <u>117,384</u>                              |
| Total Additions                   | <u>398,539</u>                              |
| <b>DEDUCTIONS</b>                 |                                             |
| Benefits and refunds              | 45,496                                      |
| Investment management fees        | <u>24,766</u>                               |
| Total Deductions                  | <u>70,262</u>                               |
| <b>CHANGE IN NET POSITION</b>     | 328,277                                     |
| NET POSITION - Beginning of Year  | <u>3,038,863</u>                            |
| <b>NET POSITION - END OF YEAR</b> | <u><u>\$ 3,367,140</u></u>                  |

# CITY OF SUN PRAIRIE

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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.

#### ***Discretely Presented Component Units***

##### ***Community Development Authority***

The government-wide financial statements include the Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor 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, 2014. The CDA does not issue separate financial statements.

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

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

---

#### A. REPORTING ENTITY (cont.)

##### *Discretely Presented Component Units* (cont.)

###### *Business Improvement District*

The government-wide financial statements include the Business Improvement District ("BID") as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the mayor and confirmed by city council. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the BID, and also create a potential financial benefit to or burden on the city. The Business Improvement District is part of the reporting entity of the City of Sun Prairie. However, the BID had no financial transactions during 2014 which are material to these financial statements. Also, the BID does not own any assets nor is it liable for any debt. Therefore, no financial statements are presented in this report. The BID issues separate financial statements, which are available through the city.

#### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued statement No. 67 - *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. This statement establishes accounting and financial reporting standards for the activities of pension plans that are administered through trusts and meet certain criteria. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures* as they related to pension plans that are administered through trusts or equivalent arrangements that meet certain requirements. This standard was implemented January 1, 2014.

##### *Government-Wide Financial Statements*

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The city does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

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

---

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

##### ***Fund Financial Statements***

Financial statements of the city are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and 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.
- 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.
- Tax Incremental District (TID) No. 8 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

# CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

---

## 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 enterprise funds:

- Sun Prairie Utilities - accounts for operations of the electric, water, and telecommunication system
- Wastewater Utilities - 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 | Cable Access Television 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. 9
- Tax Incremental District (TID) No. 10
- Development Projects

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

# CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

---

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

---

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

#### ***Fund Financial Statements (cont.)***

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 deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the city's wastewater utility, stormwater utility and Sun Prairie Utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

---

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

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

##### ***Fund Financial Statements***

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

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met 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 revenues. At December 31, 2014, there were \$213,790 of unrecorded anticipated future assessments related to the wastewater and stormwater utility funds, which are not recorded as receivables because collection is subject to certain events occurring in the future. No formal repayment schedule has been established.

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.

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 Sun Prairie Utilities, 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.

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***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.
- 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.

# CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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

#### ***1. Deposits and Investments (cont.)***

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 city is not in compliance with this policy per Note IV.A. 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.

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, 2014, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***1. Deposits and Investments (cont.)***

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 - 2014 tax roll:

|                                              |                  |
|----------------------------------------------|------------------|
| Lien date and levy date                      | December 2014    |
| Tax bills mailed                             | December 2014    |
| Payment in full, or                          | January 31, 2015 |
| First installment due                        | January 31, 2015 |
| Second installment due                       | July 31, 2015    |
| Personal property taxes in full              | January 31, 2015 |
| Tax sale - 2014 delinquent real estate taxes | October 2017     |

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.

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.

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***2. Receivables (cont.)***

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.

##### ***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.

# CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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

#### *5. Capital Assets (cont.)*

##### *Government-Wide Statements (cont.)*

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. \$132,387 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, 2014

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### 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 Sun Prairie Utilities 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 one 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.

Nonutility property in the Sun Prairie Utilities consists of a house and the land with a balance (net of depreciation) of \$52,561 at December 31, 2014.

Property held for future use in the Sun Prairie Utilities has a balance of \$16,854 at year end and is land to be used for a possible future substation. It is owned by the utility but not currently used during the course of operations.

##### **7. Deferred Outflows of Resources**

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

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

##### **8. Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### ***8. Compensated Absences (cont.)***

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, 2014, are determined on the basis of current salary rates and include salary related payments.

##### ***9. Long-Term Obligations/Conduit Debt***

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, 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. The balance at year end is shown as an increase or decrease in the liability section of 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 \$5,050,000, made up of one issue.

##### ***10. Deferred Inflows of Resources***

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

# CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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### *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 balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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#### ***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 \$3,710,361, or 18%, 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, 2014

**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                              | \$     | 42,838,692                   |
| Capital leases                                       |        | 15,990,695                   |
| Compensated absences                                 |        | 1,536,263                    |
| Accrued interest                                     |        | 948,331                      |
| Unamortized debt premium                             |        | 499,246                      |
| Other postemployment benefits                        |        | <u>46,176</u>                |
| <br>Combined Adjustment for Long-Term<br>Liabilities | <br>\$ | <br><u><u>61,859,403</u></u> |

**NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

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.

**B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS**

| <u>Funds</u>                  | <u>Budgeted Expenditures</u> | <u>Actual Expenditures</u> | <u>Excess Expenditures Over Budget</u> |
|-------------------------------|------------------------------|----------------------------|----------------------------------------|
| General debt service fund     | \$ 10,574,546                | \$ 10,664,948              | \$ 90,402                              |
| Library fund                  | 50,000                       | 137,944                    | 87,944                                 |
| TID No. 8 - capital projects  | 1,737,847                    | 12,939,395                 | 11,201,548                             |
| TID No. 9 - capital projects  | 737,325                      | 4,900,112                  | 4,162,787                              |
| TID No. 10 - capital projects | 1,000                        | 40,259                     | 39,259                                 |
| Development projects          | 40,000                       | 138,415                    | 98,415                                 |

The city controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the city's year-end budget to actual report.

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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#### **C. DEFICIT BALANCES**

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

As of December 31, 2014, the following individual nonmajor funds held a deficit balance:

| <u>Fund</u>                             | <u>Amount</u> | <u>Reason</u>                                                  |
|-----------------------------------------|---------------|----------------------------------------------------------------|
| Grant funds - special revenue           | \$ 18,694     | Timing of grant reimbursements                                 |
| TID No. 6 - debt service                | 107,102       | Excess expenditures over revenues                              |
| TID No. 9 - capital projects            | 782,739       | Excess expenditures over revenues                              |
| TID No. 10 - capital projects           | 39,369        | Excess expenditures over revenues                              |
| Development projects - capital projects | 106,485       | 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.

#### **D. 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, 2014

### 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<br>Value | Statement<br>Balances | Associated Risks      |
|-------------------------------------------------|-------------------|-----------------------|-----------------------|
| Demand deposits                                 | \$ 50,769,966     | \$ 52,428,006         | Custodial credit risk |
| Mutual funds - other than bond funds            | 3,752,707         | 3,752,707             | N/A                   |
| Money market                                    | 882,199           | 886,631               | Custodial credit risk |
| LGIP                                            | 8,414,251         | 8,414,251             | Credit risk           |
| Petty cash                                      | 11,272            | -                     | N/A                   |
| <br>Total Deposits and Investments              | <br>\$ 63,830,395 | <br>\$ 65,481,595     |                       |
| <br>Reconciliation to financial statements      |                   |                       |                       |
| Per statement of net position                   |                   |                       |                       |
| Unrestricted cash and investments               | \$ 22,224,086     |                       |                       |
| Restricted cash and investments                 | 7,865,254         |                       |                       |
| Per statement of net position - fiduciary funds |                   |                       |                       |
| Pension Trust Fund                              | 3,367,140         |                       |                       |
| Agency Funds                                    | 30,373,915        |                       |                       |
| <br>Total Deposits and Investments              | <br>\$ 63,830,395 |                       |                       |

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, 2014, the banks had pledged various government securities in the amount of \$4,049,615 to secure the city's deposits.

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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#### 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, 2014, \$14,005,657 of the city's total bank balances were exposed to custodial credit risk as follows:

|                                |                      |
|--------------------------------|----------------------|
| Uninsured and uncollateralized | \$ <u>14,005,657</u> |
|--------------------------------|----------------------|

##### **Investments**

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

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

##### *Credit Risk*

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

The city held investments in the following external pool which is not rated:

Local Government Investment Pool

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, 2014

**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:

|                                                                   | <u>General Fund</u>      | <u>General<br/>Debt Service</u> | <u>General<br/>Capital<br/>Projects</u> | <u>TID No. 8</u>        | <u>Nonmajor<br/>Funds</u> | <u>Totals</u>            |
|-------------------------------------------------------------------|--------------------------|---------------------------------|-----------------------------------------|-------------------------|---------------------------|--------------------------|
| Gross receivables                                                 | \$ 15,026,650            | \$ 6,591,737                    | \$ 317,787                              | \$ 1,655,979            | \$ 1,486,277              | \$ 25,078,430            |
| Less: Allowance<br>for uncollectibles                             | <u>(230,306)</u>         | <u>-</u>                        | <u>-</u>                                | <u>-</u>                | <u>(3,391)</u>            | <u>(233,697)</u>         |
| <br>Net Total<br>Receivables                                      | <br><u>\$ 14,796,344</u> | <br><u>\$ 6,591,737</u>         | <br><u>\$ 317,787</u>                   | <br><u>\$ 1,655,979</u> | <br><u>\$ 1,482,886</u>   | <br><u>\$ 24,844,733</u> |
| <br>Amounts not<br>expected to be<br>collected within<br>one year | <br><u>\$ 64,196</u>     | <br><u>\$ 17,467</u>            | <br><u>\$ 275,588</u>                   | <br><u>\$ -</u>         | <br><u>\$ 58,159</u>      | <br><u>\$ 415,410</u>    |

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

|                                                                  | <u>Unearned</u>          | <u>Unavailable</u>      |
|------------------------------------------------------------------|--------------------------|-------------------------|
| Property taxes receivable for subsequent year                    | \$ 23,347,350            | \$ -                    |
| Special assessments not yet due                                  | -                        | 319,788                 |
| Developer chargebacks                                            | -                        | 208,966                 |
| Ambulance revenue                                                | -                        | 66,797                  |
| Grants                                                           | -                        | 136,046                 |
| Accounts receivable - non current                                | <u>-</u>                 | <u>553,404</u>          |
| <br>Total Unearned/Unavailable Revenue for<br>Governmental Funds | <br><u>\$ 23,347,350</u> | <br><u>\$ 1,285,001</u> |

**CITY OF SUN PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**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 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.

***Impact Fee Account***

The city has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

***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 2014 for the Sun Prairie Utilities as well as the wastewater utility.

Following is a list of restricted assets at December 31, 2014:

|                                                | Governmental<br>Activities | Business-type<br>Activities |
|------------------------------------------------|----------------------------|-----------------------------|
| Restricted Assets                              |                            |                             |
| Redemption account                             | \$ -                       | \$ 1,460,453                |
| Reserve account                                | -                          | 824,367                     |
| Construction account                           | -                          | 1,537,882                   |
| Equipment replacement account                  | -                          | 2,185,991                   |
| Future capital projects (construction account) | 797,764                    | -                           |
| Impact fee account                             | 1,058,797                  | -                           |
| <br>Total Restricted Assets                    | <br>\$ 1,856,561           | <br>\$ 6,008,693            |

**CITY OF SUN PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014, was as follows:

|                                                                               | Beginning<br>Balance | Additions           | Deletions         | Ending<br>Balance    |
|-------------------------------------------------------------------------------|----------------------|---------------------|-------------------|----------------------|
| <b>Governmental Activities</b>                                                |                      |                     |                   |                      |
| Capital assets not being depreciated                                          |                      |                     |                   |                      |
| Land and non-depreciable improvements                                         | \$ 39,902,386        | \$ 666,852          | \$ 106,850        | \$ 40,462,388        |
| Construction in progress                                                      | 83,341               | 98,829              | 60,978            | 121,192              |
| Easements                                                                     | <u>1,660,395</u>     | -                   | -                 | <u>1,660,395</u>     |
| Total Capital Assets Not Being Depreciated                                    | <u>41,646,122</u>    | <u>765,681</u>      | <u>167,828</u>    | <u>42,243,975</u>    |
| Capital assets being depreciated                                              |                      |                     |                   |                      |
| Land improvements                                                             | 3,602,896            | -                   | -                 | 3,602,896            |
| Buildings                                                                     | 28,222,463           | 140,580             | -                 | 28,363,043           |
| Machinery and equipment                                                       | 13,992,116           | 892,638             | 266,329           | 14,618,425           |
| Roads                                                                         | 64,187,676           | 3,473,519           | 686,220           | 66,974,975           |
| Sidewalks                                                                     | 8,735,463            | 493,968             | 143,053           | 9,086,378            |
| Signals                                                                       | 1,316,429            | 2,394               | 1,448             | 1,317,375            |
| Bike paths                                                                    | <u>3,040,326</u>     | <u>111,845</u>      | -                 | <u>3,152,171</u>     |
| Total Capital Assets Being Depreciated                                        | <u>123,097,369</u>   | <u>5,114,944</u>    | <u>1,097,050</u>  | <u>127,115,263</u>   |
| Total Capital Assets                                                          | <u>164,743,491</u>   | <u>5,880,625</u>    | <u>1,264,878</u>  | <u>169,359,238</u>   |
| Less: Accumulated depreciation for                                            |                      |                     |                   |                      |
| Land improvements                                                             | (1,904,236)          | (156,869)           | -                 | (2,061,105)          |
| Buildings                                                                     | (9,434,340)          | (690,731)           | -                 | (10,125,071)         |
| Machinery and equipment                                                       | (8,755,883)          | (872,191)           | 223,927           | (9,404,147)          |
| Roads                                                                         | (23,732,826)         | (2,007,240)         | 617,598           | (25,122,468)         |
| Sidewalks                                                                     | (1,768,747)          | (181,728)           | 143,053           | (1,807,422)          |
| Signals                                                                       | (210,035)            | (65,869)            | 1,448             | (274,456)            |
| Bike paths                                                                    | <u>(1,770,455)</u>   | <u>(157,609)</u>    | -                 | <u>(1,928,064)</u>   |
| Total Accumulated Depreciation                                                | <u>(47,576,522)</u>  | <u>(4,132,237)</u>  | <u>986,026</u>    | <u>(50,722,733)</u>  |
| Net Capital Assets Being Depreciated                                          | <u>75,520,847</u>    | <u>982,707</u>      | <u>111,024</u>    | <u>76,392,530</u>    |
| Total Governmental Activities Capital Assets, Net of Accumulated Depreciation | <u>\$117,166,969</u> | <u>\$ 1,748,388</u> | <u>\$ 278,852</u> | <u>\$118,636,505</u> |

**CITY OF SUN PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

**D. CAPITAL ASSETS (cont.)**

Depreciation expense was charged to functions as follows:

**Governmental Activities**

|                                                    |                            |
|----------------------------------------------------|----------------------------|
| General government                                 | \$ 204,933                 |
| Public safety                                      | 627,662                    |
| Public works                                       | 2,818,684                  |
| Culture, recreation and education                  | 468,587                    |
| Conservation and development                       | <u>12,371</u>              |
| Total Governmental Activities Depreciation Expense | <u><u>\$ 4,132,237</u></u> |

|                                                  | Beginning<br>Balance | Additions         | Deletions        | Ending<br>Balance  |
|--------------------------------------------------|----------------------|-------------------|------------------|--------------------|
| <b>Business-type Activities</b>                  |                      |                   |                  |                    |
| Capital assets not being depreciated             |                      |                   |                  |                    |
| Construction in progress - electric              | \$ 101,063           | \$ 5,428,381      | \$ 1,356,093     | \$ 4,173,351       |
| Construction in progress - water                 | 73,659               | 2,467,432         | 2,540,989        | 102                |
| Construction in progress - telecommunications    | 14,110               | 236,332           | 236,733          | 13,709             |
| Construction in progress - stormwater            | 86,398               | -                 | 52,550           | 33,848             |
| 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>-</u>          | <u>-</u>         | <u>7,618,509</u>   |
| Total Capital Assets Not Being depreciated       | <u>8,258,422</u>     | <u>8,132,145</u>  | <u>4,186,365</u> | <u>12,204,202</u>  |
| Capital assets being depreciated/amortized       |                      |                   |                  |                    |
| Electric system                                  | 36,983,472           | 1,356,093         | 398,994          | 37,940,571         |
| Water system                                     | 38,363,064           | 2,540,989         | 152,697          | 40,751,356         |
| Telecommunications                               | 2,302,640            | 236,733           | 37,926           | 2,501,447          |
| Wastewater system                                | 55,955,245           | 1,350,193         | 254,714          | 57,050,724         |
| Stormwater                                       | <u>38,874,787</u>    | <u>2,699,892</u>  | <u>693,400</u>   | <u>40,881,279</u>  |
| Total Capital Assets Being Depreciated/Amortized | <u>172,479,208</u>   | <u>8,183,900</u>  | <u>1,537,731</u> | <u>179,125,377</u> |
| Total Capital Assets                             | <u>180,737,630</u>   | <u>16,316,045</u> | <u>5,724,096</u> | <u>191,329,579</u> |

**CITY OF SUN PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

**D. CAPITAL ASSETS (cont.)**

|                                                                            | Beginning<br>Balance | Additions           | Deletions           | Ending<br>Balance    |
|----------------------------------------------------------------------------|----------------------|---------------------|---------------------|----------------------|
| <b>Business-type Activities (cont.)</b>                                    |                      |                     |                     |                      |
| Less: Accumulated depreciation/amortization for                            |                      |                     |                     |                      |
| Electric system                                                            | \$ (15,029,024)      | \$ (1,565,955)      | \$ 472,298          | \$ (16,122,681)      |
| Water system                                                               | (8,210,947)          | (849,199)           | 180,041             | (8,880,105)          |
| Telecommunications                                                         | (1,159,991)          | (94,752)            | 38,103              | (1,216,640)          |
| Wastewater system                                                          | (12,570,381)         | (1,335,709)         | 254,714             | (13,651,376)         |
| Stormwater                                                                 | <u>(8,725,666)</u>   | <u>(851,409)</u>    | <u>691,694</u>      | <u>(8,885,381)</u>   |
| Total Accumulated Depreciation/Amortization                                | <u>(45,696,009)</u>  | <u>(4,697,024)</u>  | <u>1,636,850</u>    | <u>(48,756,183)</u>  |
| Net Capital Assets Being Depreciated/Amortized                             | <u>126,783,199</u>   | <u>3,486,876</u>    | <u>(99,119)</u>     | <u>130,369,194</u>   |
| Business-type Capital Assets, Net of Accumulated Depreciation/Amortization | <u>\$135,041,621</u> | <u>\$11,619,021</u> | <u>\$ 4,087,246</u> | <u>\$142,573,396</u> |

Depreciation expense was charged to functions as follows:

|                                                     |                     |
|-----------------------------------------------------|---------------------|
| <b>Business-type Activities</b>                     |                     |
| Electric                                            | \$ 1,306,994        |
| Water                                               | 803,179             |
| Telecommunications                                  | 94,751              |
| Wastewater                                          | 1,335,709           |
| Stormwater                                          | <u>851,409</u>      |
| Total Business-type Activities Depreciation Expense | <u>\$ 4,392,042</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, 2014

**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 capital projects                                            | General                  | \$ 335,731          |
| General                                                             | Sun Prairie utility      | 1,649,693           |
| General                                                             | Wastewater utility       | 1,705,632           |
| General                                                             | Development projects     | 130,330             |
| Cable TV                                                            | General                  | 243,989             |
| Sun Prairie utility                                                 | General                  | 94,527              |
| Sun Prairie utility                                                 | Wastewater utility       | 15,907              |
| Stormwater utility                                                  | General                  | 84,368              |
| Stormwater utility                                                  | Sun Prairie utility      | 8,169               |
| Wisconsin development                                               | General                  | 17,218              |
| Transportation impact fee                                           | General                  | 850,370             |
| General                                                             | Grant                    | 27,450              |
| TID No. 7                                                           | General                  | 1,980,956           |
| Wastewater utility                                                  | Sun Prairie utility      | 18,087              |
| Debt service                                                        | General                  | 31,584              |
| General                                                             | Park improvement         | <u>210,545</u>      |
| Total - Fund Financial Statements                                   |                          | 7,404,556           |
| Less: Fund eliminations                                             |                          | <u>(4,228,126)</u>  |
| Total Internal Balances - Government-Wide Statement of Net Position |                          | <u>\$ 3,176,430</u> |
| Receivable Fund                                                     | Payable Fund             | Amount              |
| Governmental Activities                                             | Business-type Activities | \$ 3,355,325        |
| Business-type Activities                                            | Governmental Activities  | <u>(178,895)</u>    |
| Total Government-Wide Financial Statements                          |                          | <u>\$ 3,176,430</u> |

All amounts are due within one year.

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.

**CITY OF SUN PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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

***Advances***

The general fund is advancing funds to TID No. 6, 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<br>Due Within One<br>Year |
|---------------------------------------------------------------------------|-------------------------------|-------------|--------------------------------------|
| General fund                                                              | TID No. 6 - debt service      | \$ 107,102  | \$ 107,102                           |
| General fund                                                              | TID No. 8 - capital projects  | 978,587     | 978,587                              |
| General fund                                                              | TID No. 9 - capital projects  | 881,162     | 881,162                              |
| General fund                                                              | TID No. 10 - capital projects | 39,369      | 39,369                               |
| Total - Fund Financial Statements                                         |                               | 2,006,220   |                                      |
| Less: Fund eliminations                                                   |                               | (2,006,220) |                                      |
| Total - Interfund Advances - Government-Wide Statement<br>of Net Position |                               | \$ -        |                                      |

**CITY OF SUN PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**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 capital projects<br>General fund                                                            | Transportation impact fee<br>Sun Prairie Utilities | \$ 492,131<br>1,618,839 | Funding for related capital projects<br>Payment in lieu of taxes |
| Stormwater utility                                                                                  | Transportation impact fee                          | 201,790                 | Funding for related capital projects                             |
| Grant funds                                                                                         | General fund                                       | 89,780                  | Budget transfer for taxi subsidy                                 |
| Wastewater utility                                                                                  | Transportation impact fee                          | 616                     | Funding for related capital projects                             |
| Cable access television<br>fund                                                                     | General fund                                       | 274,529                 | Create separate fund                                             |
| General fund                                                                                        | Cable access television<br>fund                    | 11,177                  | Budget transfer                                                  |
| General debt service<br>General fund                                                                | General capital projects<br>Grant funds            | 66,842<br>6,000         | Transfer debt premium<br>Budget transfer for teen court          |
| Library fund                                                                                        | Library trust fund                                 | 10,000                  | Transfer interest/dividends to special revenue fund              |
| General debt service                                                                                | TID No. 9 - capital projects                       | 10,596                  | Transfer debt premium                                            |
| General debt service                                                                                | Wastewater utility                                 | 4,982                   | Transfer debt premium                                            |
| General debt service                                                                                | Stormwater utility                                 | <u>21,098</u>           | Transfer debt premium                                            |
| Total - Fund Financial Statements                                                                   |                                                    | 2,808,380               |                                                                  |
| Less: Fund eliminations                                                                             |                                                    | (1,365,867)             |                                                                  |
| Less: Transfer to business-type activities for capital assets funded by the governmental activities |                                                    | <u>(152,166)</u>        |                                                                  |
| Total Transfers - Government-Wide Statement of Activities                                           |                                                    | <u>\$ 1,290,347</u>     |                                                                  |
| <u>Fund Transferred To</u>                                                                          | <u>Fund Transferred From</u>                       | <u>Amount</u>           |                                                                  |
| Governmental Activities                                                                             | Business-type Activities                           | \$ 1,644,919            |                                                                  |
| Business-type Activities                                                                            | Governmental Activities                            | <u>(354,572)</u>        |                                                                  |
| Total Government-wide Financial Statements                                                          |                                                    | <u>\$ 1,290,347</u>     |                                                                  |

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

##### Transfers (cont.)

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.

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2014, was as follows:

|                                                      | Beginning<br>Balance | Increases            | Decreases            | Ending<br>Balance    | Amounts Due<br>Within One<br>Year |
|------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------------------|
| <b>Governmental Activities</b>                       |                      |                      |                      |                      |                                   |
| Bonds and Notes Payable                              |                      |                      |                      |                      |                                   |
| General obligation debt                              | \$ 48,389,345        | \$ 8,570,000         | \$ 14,120,653        | \$ 42,838,692        | \$ 5,985,043                      |
| Premiums                                             | 487,477              | 128,348              | 116,579              | 499,246              | 136,951                           |
| Sub-totals                                           | <u>48,876,822</u>    | <u>8,698,348</u>     | <u>14,237,232</u>    | <u>43,337,938</u>    | <u>6,121,994</u>                  |
| Other Liabilities                                    |                      |                      |                      |                      |                                   |
| Vested compensated absences                          | 1,494,430            | 665,749              | 623,916              | 1,536,263            | 572,423                           |
| Capital leases                                       | 16,435,678           | 11,421,705           | 11,866,688           | 15,990,695           | 1,766,765                         |
| Other postemployment benefits                        | 46,907               | -                    | 731                  | 46,176               | -                                 |
| Total Other Liabilities                              | <u>17,977,015</u>    | <u>12,087,454</u>    | <u>12,491,335</u>    | <u>17,573,134</u>    | <u>2,339,188</u>                  |
| Total Governmental Activities Long-Term Liabilities  | <u>\$ 66,853,837</u> | <u>\$ 20,785,802</u> | <u>\$ 26,728,567</u> | <u>\$ 60,911,072</u> | <u>\$ 8,461,182</u>               |
| <b>Business-type Activities</b>                      |                      |                      |                      |                      |                                   |
| Bonds and Notes Payable                              |                      |                      |                      |                      |                                   |
| General obligation debt                              | \$ 1,650,000         | \$ 1,715,000         | \$ 245,000           | \$ 3,120,000         | \$ 425,000                        |
| Revenue bonds                                        | 18,802,003           | 3,200,000            | 1,725,461            | 20,276,542           | 1,729,155                         |
| Premiums                                             | 103,675              | 140,902              | 17,870               | 226,707              | -                                 |
| Sub-totals                                           | <u>20,555,678</u>    | <u>5,055,902</u>     | <u>1,988,331</u>     | <u>23,623,249</u>    | <u>2,154,155</u>                  |
| Other Liabilities                                    |                      |                      |                      |                      |                                   |
| Vested compensated absences                          | 405,381              | 134,798              | 38,380               | 501,799              | -                                 |
| Total Other Liabilities                              | <u>405,381</u>       | <u>134,798</u>       | <u>38,380</u>        | <u>501,799</u>       | <u>-</u>                          |
| Total Business-type Activities Long-Term Liabilities | <u>\$ 20,961,059</u> | <u>\$ 5,190,700</u>  | <u>\$ 2,026,711</u>  | <u>\$ 24,125,048</u> | <u>\$ 2,154,155</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, 2014, was \$120,664,445. Total general obligation debt outstanding at year end was \$45,958,692.

**CITY OF SUN PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt**

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

**Governmental Activities**

| General Obligation Debt                                 | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2014 |
|---------------------------------------------------------|---------------|----------------|----------------|-----------------------|---------------------------|
| Bonds                                                   | 8/9/05        | 2/1/20         | 3.00-4.75      | \$ 4,710,000          | \$ 720,000                |
| State trust fund loan                                   | 3/8/06        | 3/15/15        | 4.75           | 250,000               | 33,240                    |
| Notes                                                   | 9/1/06        | 2/1/16         | 4.00           | 5,335,000             | 350,000                   |
| Notes                                                   | 10/21/08      | 4/1/18         | 4.00-4.125     | 5,500,000             | 825,000                   |
| Bonds                                                   | 7/15/09       | 4/1/24         | 2.00-4.25      | 6,730,000             | 6,425,000                 |
| Notes                                                   | 12/15/09      | 12/28/19       | -              | 99,116                | 49,557                    |
| State trust fund loan                                   | 12/23/09      | 3/15/19        | 4.50           | 600,000               | 365,895                   |
| Notes                                                   | 11/9/10       | 4/1/20         | 0.60-2.35      | 4,700,000             | 4,005,000                 |
| Notes                                                   | 5/8/12        | 4/1/22         | 0.4-2.0        | 7,085,000             | 6,125,000                 |
| Refunding bonds                                         | 6/5/12        | 2/1/16         | 2.0-3.0        | 5,225,000             | 2,765,000                 |
| Notes                                                   | 7/2/13        | 2/1/23         | 1.5-2.0        | 8,580,000             | 8,470,000                 |
| Refunding bonds                                         | 11/19/13      | 2/1/18         | 2.0-3.0        | 4,135,000             | 4,135,000                 |
| Notes                                                   | 7/8/14        | 2/1/24         | 1.0-3.0        | 4,255,000             | 4,255,000                 |
| Taxable refunding notes                                 | 7/8/14        | 2/1/27         | 1.2-3.7        | 4,315,000             | <u>4,315,000</u>          |
| Total Governmental Activities - General Obligation Debt |               |                |                |                       | <u>\$ 42,838,692</u>      |

**Business-type Activities**

| General Obligation Debt                                  | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2014 |
|----------------------------------------------------------|---------------|----------------|----------------|-----------------------|---------------------------|
| Notes                                                    | 7/15/09       | 4/1/19         | 2.00-4.25      | \$ 1,000,000          | \$ 530,000                |
| Notes                                                    | 11/9/10       | 4/1/17         | 0.60-1.40      | 40,000                | 10,000                    |
| Notes                                                    | 7/15/09       | 4/1/19         | 2.00-4.25      | 1,005,000             | 535,000                   |
| Notes                                                    | 7/2/13        | 2/1/23         | 1.5-2.0        | 365,000               | 330,000                   |
| Notes                                                    | 7/8/14        | 2/1/24         | 1.0-3.0        | 1,385,000             | 1,385,000                 |
| Notes                                                    | 7/8/14        | 2/1/24         | 1.0-3.0        | 330,000               | <u>330,000</u>            |
| Total Business-type Activities - General Obligation Debt |               |                |                |                       | <u>\$ 3,120,000</u>       |

**CITY OF SUN PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**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<br>General Obligation Debt |                     | Business-type Activities<br>General Obligation Debt |                   |
|-----------|----------------------------------------------------|---------------------|-----------------------------------------------------|-------------------|
|           | Principal                                          | Interest            | Principal                                           | Interest          |
| 2015      | \$ 5,985,043                                       | \$ 998,358          | \$ 425,000                                          | \$ 80,152         |
| 2016      | 6,124,772                                          | 828,661             | 400,000                                             | 67,700            |
| 2017      | 5,772,956                                          | 712,703             | 405,000                                             | 56,674            |
| 2018      | 5,231,243                                          | 614,809             | 410,000                                             | 45,511            |
| 2019      | 3,914,678                                          | 520,396             | 430,000                                             | 33,630            |
| 2020-2024 | 14,200,000                                         | 1,266,408           | 1,050,000                                           | 72,509            |
| 2025-2027 | 1,610,000                                          | 89,044              | -                                                   | -                 |
| Totals    | <u>\$ 42,838,692</u>                               | <u>\$ 5,030,379</u> | <u>\$ 3,120,000</u>                                 | <u>\$ 356,176</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 Sun Prairie Utilities has pledged future sales revenues, net of specified operating expenses, to repay revenue bonds issued in between 2005-2014. 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 2034. Annual principal and interest payments on the bonds are expected to require 12.00% of net revenues. The total principal and interest remaining to be paid on the bonds is \$12,906,546. Principal and interest paid for the current year and total customer net revenues were \$1,201,853 and \$5,169,964, 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 23% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$11,391,789. Principal and interest paid for the current year and total customer gross revenues were \$1,037,054 and \$4,467,785, respectively.

**CITY OF SUN PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2014, consists of the following:

**Business-type Activities Revenue Debt**

|                                               | <u>Date of<br/>Issue</u> | <u>Final<br/>Maturity</u> | <u>Interest<br/>Rates</u>   | <u>Original<br/>Indebtedness</u> | <u>Balance<br/>December 31,<br/>2014</u> |
|-----------------------------------------------|--------------------------|---------------------------|-----------------------------|----------------------------------|------------------------------------------|
| <u>Sun Prairie Utilities</u>                  |                          |                           |                             |                                  |                                          |
| Revenue bonds                                 | 6/15/05                  | 4/1/18                    | 4.00                        | \$ 1,725,000                     | \$ 135,000                               |
| Revenue bonds                                 | 11/6/08                  | 10/1/23                   | 4.375-5.125                 | 3,600,000                        | 2,585,000                                |
| Revenue bonds                                 | 11/15/12                 | 4/1/32                    | 1.50-3.20                   | 2,800,000                        | 2,685,000                                |
| Revenue bonds                                 | 11/15/12                 | 4/1/18                    | 0.85-1.65                   | 2,155,000                        | 1,640,000                                |
| Revenue bonds                                 | 6/16/14                  | 4/1/34                    | 3.25-4.30                   | 3,200,000                        | <u>3,200,000</u>                         |
|                                               |                          |                           | Total Sun Prairie Utilities |                                  | 10,245,000                               |
| <u>Wastewater Utilities</u>                   |                          |                           |                             |                                  |                                          |
| Revenue bonds                                 | 6/8/05                   | 5/1/25                    | 2.365%                      | 15,844,256                       | <u>10,031,542</u>                        |
| Total Business-type Activities - Revenue Debt |                          |                           |                             |                                  | <u>\$ 20,276,542</u>                     |

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Business-type Activities<br/>Revenue Debt</u> |                     |
|--------------|--------------------------------------------------|---------------------|
|              | <u>Principal</u>                                 | <u>Interest</u>     |
| 2015         | \$ 1,729,155                                     | \$ 553,562          |
| 2016         | 1,763,292                                        | 508,341             |
| 2017         | 1,797,881                                        | 463,271             |
| 2018         | 1,812,933                                        | 416,033             |
| 2019         | 1,458,460                                        | 369,580             |
| 2020-2024    | 7,572,596                                        | 1,175,090           |
| 2025-2029    | 2,702,225                                        | 414,442             |
| 2030-2034    | <u>1,440,000</u>                                 | <u>121,474</u>      |
| Totals       | <u>\$ 20,276,542</u>                             | <u>\$ 4,021,793</u> |

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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#### *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.

##### ***Current Refunding***

On July 08, 2014, the city issued \$4,315,000 in taxable general obligation notes with an average coupon rate of 3.18% to refund \$4,200,000 of outstanding notes with an average coupon rate of 3.88%. The net proceeds along with existing funds of the city were used to pay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$4,362,750 through 2015. The cash flow requirements on the 2014 refunding bonds are \$5,501,595 from 2015 through 2027. The current refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$46,943. The reason for refunding at a loss is to extend the payment terms to future years when tax increment is anticipated to be generated.

##### ***Prior-Year Defeasance of Debt***

In prior years, the city defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the city's financial statements. At December 31, 2014, \$6,800,000 of bonds outstanding are considered defeased. The notes are callable as follows:

| <u>Call Date</u> | <u>Amount</u> |
|------------------|---------------|
| 2/1/15           | \$ 2,385,000  |
| 4/1/15           | 4,415,000     |

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### 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. In 2014, the CDA advance refunded \$12,290,000 of the lease revenue bonds with a new lease revenue bond in the amount of \$12,785,000. The city expects that TID No. 6, No. 7, and No. 8 revenues will be sufficient to make the lease payments to the CDA.

In 2014 the city acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$185,295, which are included in capital assets in the governmental activities. The balance remaining on this lease at December 31, 2014 was \$123,530 and is payable over the next 2 years.

The total future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2014, are as follows:

| <u>Years</u> | Governmental Activities |              |               |
|--------------|-------------------------|--------------|---------------|
|              | Principal               | Interest     | Totals        |
| 2015         | \$ 1,766,765            | \$ 416,109   | \$ 2,182,874  |
| 2016         | 1,861,765               | 348,700      | 2,210,465     |
| 2017         | 1,895,000               | 316,618      | 2,211,618     |
| 2018         | 1,955,000               | 284,263      | 2,239,263     |
| 2019         | 1,985,000               | 246,293      | 2,231,293     |
| 2020-2024    | 6,527,165               | 57,040       | 6,584,205     |
| Totals       | \$ 15,990,695           | \$ 1,669,023 | \$ 17,659,718 |

# CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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### *H. NET POSITION/FUND BALANCES*

Net position reported on the government wide statement of net position at December 31, 2014, includes the following:

#### ***Governmental Activities***

|                                                       |                      |
|-------------------------------------------------------|----------------------|
| Net Investment in Capital Assets                      |                      |
| Land                                                  | \$ 40,462,388        |
| Construction in progress                              | 121,192              |
| Easements                                             | 1,660,395            |
| Other capital assets, net of accumulated depreciation | 76,392,530           |
| Less: Long-term debt outstanding                      | (42,838,692)         |
| Plus: Unspent capital related debt proceeds           | 598,457              |
| Less: Capital leases                                  | (15,990,695)         |
| Less: Premium on debt                                 | (499,246)            |
| Plus: Non-capital debt                                | 13,374,488           |
| Plus: Unamortized deferred charge on refunding        | <u>311,857</u>       |
| Total Net Investment in Capital Assets                | <u>\$ 73,592,674</u> |

**CITY OF SUN PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**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, 2014, include the following:

|                                        | <u>General Fund</u>        | <u>General<br/>Debt<br/>Service<br/>Fund</u> | <u>General<br/>Capital<br/>Projects<br/>Fund</u> | <u>TID No. 8</u>             | <u>Nonmajor<br/>Funds</u>  | <u>Totals</u>               |
|----------------------------------------|----------------------------|----------------------------------------------|--------------------------------------------------|------------------------------|----------------------------|-----------------------------|
| <b>Fund Balances</b>                   |                            |                                              |                                                  |                              |                            |                             |
| <b>Nonspendable:</b>                   |                            |                                              |                                                  |                              |                            |                             |
| Loans                                  | \$ 966                     | \$ -                                         | \$ -                                             | \$ -                         | \$ -                       | \$ 966                      |
| Prepaid items and inventories          | 171,018                    | -                                            | -                                                | -                            | -                          | 171,018                     |
| Investment in mutual insurance company | 343,740                    | -                                            | -                                                | -                            | -                          | 343,740                     |
| Advances                               | 2,006,220                  | -                                            | -                                                | -                            | -                          | 2,006,220                   |
| Delinquent personal property           | 37,335                     | -                                            | -                                                | -                            | -                          | 37,335                      |
| Delinquent specials                    | 25,895                     | -                                            | -                                                | -                            | -                          | 25,895                      |
| <b>Restricted for:</b>                 |                            |                                              |                                                  |                              |                            |                             |
| Debt service                           | -                          | 31,614                                       | -                                                | -                            | -                          | 31,614                      |
| Park improvements                      | -                          | -                                            | -                                                | -                            | 1,123,884                  | 1,123,884                   |
| Economic development                   | -                          | -                                            | -                                                | -                            | 97,498                     | 97,498                      |
| Impact fees                            | -                          | -                                            | -                                                | -                            | 1,909,167                  | 1,909,167                   |
| Library                                | -                          | -                                            | -                                                | -                            | 79,884                     | 79,884                      |
| TID purposes                           | -                          | -                                            | -                                                | -                            | 1,980,956                  | 1,980,956                   |
| Trusts                                 | -                          | -                                            | -                                                | -                            | 386,567                    | 386,567                     |
| Future capital projects                | -                          | -                                            | 699,113                                          | -                            | -                          | 699,113                     |
| <b>Committed to:</b>                   |                            |                                              |                                                  |                              |                            |                             |
| Cable access television                | -                          | -                                            | -                                                | -                            | 329,841                    | 329,841                     |
| <b>Assigned to:</b>                    |                            |                                              |                                                  |                              |                            |                             |
| Subsequent year's budget               | 212,118                    | -                                            | -                                                | -                            | -                          | 212,118                     |
| Tax equivalent                         | 1,618,838                  | -                                            | -                                                | -                            | -                          | 1,618,838                   |
| Self insurance                         | 150,000                    | -                                            | -                                                | -                            | -                          | 150,000                     |
| Carryovers                             | 119,890                    | -                                            | -                                                | -                            | -                          | 119,890                     |
| Youth and family                       | 2,394                      | -                                            | -                                                | -                            | -                          | 2,394                       |
| EMS                                    | 22,026                     | -                                            | -                                                | -                            | -                          | 22,026                      |
| Library                                | 16,038                     | -                                            | -                                                | -                            | -                          | 16,038                      |
| Sick accrual                           | 389,731                    | -                                            | -                                                | -                            | -                          | 389,731                     |
| Signs                                  | 7,474                      | -                                            | -                                                | -                            | -                          | 7,474                       |
| Replacement funds                      | 660,328                    | -                                            | -                                                | -                            | -                          | 660,328                     |
| Capital projects                       | -                          | -                                            | 160,403                                          | -                            | -                          | 160,403                     |
| <b>Unassigned (deficit):</b>           | <u>3,710,361</u>           | <u>-</u>                                     | <u>-</u>                                         | <u>(1,086,426)</u>           | <u>(1,054,389)</u>         | <u>1,569,546</u>            |
| <b>Total Fund Balances</b>             | <u><u>\$ 9,494,372</u></u> | <u><u>\$ 31,614</u></u>                      | <u><u>\$ 859,516</u></u>                         | <u><u>\$ (1,086,426)</u></u> | <u><u>\$ 4,853,408</u></u> | <u><u>\$ 14,152,484</u></u> |

**CITY OF SUN PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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**H. NET POSITION/FUND BALANCES (cont.)**

***Business-type Activities***

|                                             |                       |
|---------------------------------------------|-----------------------|
| Net Investment in Capital Assets            |                       |
| Land                                        | \$ 7,983,192          |
| Construction in progress                    | 4,221,010             |
| Other capital assets, net of depreciation   | 130,369,194           |
| Less: Long-term debt outstanding            | (23,396,542)          |
| Plus: Unspent capital related debt proceeds | 2,362,251             |
| Less: Unamortized premium                   | (226,707)             |
| Plus: Unamortized deferred charge           | <u>30,396</u>         |
| Total Net Investment in Capital Assets      | <u>\$ 121,342,794</u> |

**I. RESTATEMENT OF FUND BALANCES**

Fund balance has been restated to change the presentation of required restricted cash for the lease revenue bonds from the affected TID funds to the CDA.

**TID No. 8 - Capital Projects Fund**

|                                                                             |                       |
|-----------------------------------------------------------------------------|-----------------------|
| TID No. 8 - Capital Projects Fund balance - December 31, 2013 (as reported) | \$ 556,425            |
| Less: Restricted cash                                                       | <u>(1,707,890)</u>    |
| Fund Balance - December 31, 2013 (as restated)                              | <u>\$ (1,151,465)</u> |

**Nonmajor Funds**

|                                                         |                     |
|---------------------------------------------------------|---------------------|
| Nonmajor Fund balance - December 31, 2013 (as reported) | \$ 4,903,141        |
| Less: Restricted cash                                   | <u>(721,432)</u>    |
| Fund Balance - December 31, 2013 (as restated)          | <u>\$ 4,181,709</u> |

# CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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### ***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. The total of these accounts is \$2,272,835 at December 31, 2014, and is reported as restricted cash and investments in the CDA.

d. Long-Term Obligations

The CDA has pledged future lease revenues, net of specified operating expenses, to repay revenue bonds issued in 2003 through 2014. 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 2024. Annual principal and interest payments on the bonds are expected to require 100.00% of net revenues. The total principal and interest remaining to be paid on the bonds is \$20,328,023. Principal and interest paid for the current year and total customer net revenues were \$1,718,601 and \$883,615, 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 the TID's 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, 2014

**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 the TID improvements to the city. See Note IV.G. for the schedule of lease payments to the CDA. Upon final payment of the bonds, title to the leased property will transfer to the city.

|             | <u>Beginning<br/>Balance</u> | <u>Increases</u>     | <u>Decreases</u>     | <u>Ending<br/>Balance</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|-------------|------------------------------|----------------------|----------------------|---------------------------|--------------------------------------------|
| 2003 Series | \$ 1,735,000                 | \$ -                 | \$ 1,735,000         | \$ -                      | \$ -                                       |
| 2005 Series | 8,875,000                    | -                    | 8,300,000            | 575,000                   | 575,000                                    |
| 2006 Series | 3,295,000                    | -                    | 2,945,000            | 350,000                   | 175,000                                    |
| 2009 Series | 4,960,000                    | -                    | 530,000              | 4,430,000                 | 535,000                                    |
| 2014 Series | <u>-</u>                     | <u>12,785,000</u>    | <u>-</u>             | <u>12,785,000</u>         | <u>420,000</u>                             |
| Totals      | <u>\$ 18,865,000</u>         | <u>\$ 12,785,000</u> | <u>\$ 13,510,000</u> | <u>\$ 18,140,000</u>      | <u>\$ 1,705,000</u>                        |

Debt service requirements to maturity are as follows:

|           | <u>Principal</u>     | <u>Interest</u>     | <u>Totals</u>        |
|-----------|----------------------|---------------------|----------------------|
| 2015      | \$ 1,705,000         | \$ 416,109          | \$ 2,121,109         |
| 2016      | 1,800,000            | 348,700             | 2,148,700            |
| 2017      | 1,895,000            | 316,618             | 2,211,618            |
| 2018      | 1,955,000            | 284,263             | 2,239,263            |
| 2019      | 1,985,000            | 246,293             | 2,231,293            |
| 2020-2024 | <u>8,800,000</u>     | <u>576,040</u>      | <u>9,376,040</u>     |
| Totals    | <u>\$ 18,140,000</u> | <u>\$ 2,188,023</u> | <u>\$ 20,328,023</u> |

On June 24, 2014, the CDA issued \$12,785,000 in community development lease revenue refunding bonds with a coupon rate ranging from 0.4-2.4% to advance refund \$12,290,000 of outstanding lease revenue bonds with interest rates ranging from 3.75-4.6%. The net proceeds along with existing reserve funds 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 refunded lease revenue bonds. As a result, the refunded lease revenue bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

**CITY OF SUN PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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**J. COMPONENT UNIT (cont.)**

**COMMUNITY DEVELOPMENT AUTHORITY (cont.)**

d. Long-Term Obligations (cont.)

The cash flow requirements on the refunded debt prior to the advance refunding was \$15,559,183 from 2015 through 2025. The cash flow requirements on the new refunding bonds are \$14,211,017 from 2015 through 2024. 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 \$1,012,373.

e. Employee Retirement System

The CDA has no employees.

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**NOTE V - OTHER INFORMATION**

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**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, 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 changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, 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, 2014 were:

|                                    | <u>Employee</u> | <u>Employer</u> |
|------------------------------------|-----------------|-----------------|
| Protective without Social Security | 7.00%           | 13.70%          |

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE V - OTHER INFORMATION (cont.)

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#### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

The payroll for police sworn employees covered by the WRS for the year ended December 31, 2014 was \$3,544,279; the employer's total payroll was \$12,831,371. The total required contribution for the year ended December 31, 2014 was \$613,515 or 17.3% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended 2013 and 2012 were \$635,083 and \$554,252, 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, 2014 there was no pension related debt for the city.

#### ***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 2014 was \$461,572. The total covered payroll for the year ended December 31, 2014 was \$6,418,593. Total contributions for the years ended December 31, 2013 and 2012 were \$417,397 and \$445,759, 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.

# CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## **NOTE V - OTHER INFORMATION (cont.)**

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### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

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

##### ***Plan Description***

The utility contributes to the Sun Prairie Utilities' Employees' 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.

As of January 1, 2014, the Plan stopped allowing new entrants. Instead, the utility established the Sun Prairie Utilities' Employees' Retirement Plan, a defined contribution plan that new employees can join.

##### ***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 hired prior to January 1, 2014, 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.

##### ***Annual Money-Weighted Rate of Return***

For the year ended December 31, 2014, the annual money-weighted rate of return on the Plan's investments was 2.85%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE V - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Plan Membership*

Membership of the Plan at December 31, 2014, the date of the latest actuarial valuation, consisted of:

|                                                                       |                  |
|-----------------------------------------------------------------------|------------------|
| Retirees and beneficiaries receiving benefits                         | -                |
| Terminated plan members entitled to, but not yet receiving benefits   | 1                |
| Active plan members                                                   | 22               |
| Actives suspended accruals due to change to defined contribution plan | <u>6</u>         |
| Total                                                                 | <u><u>29</u></u> |

##### *Net Pension Liability*

Components of the Plan's net pension liability, the total pension liability less the fiduciary net position, were as follows at December 31, 2014:

|                                                                 |                     |
|-----------------------------------------------------------------|---------------------|
| Total pension liability                                         | \$ 3,522,283        |
| Fiduciary net position                                          | <u>3,367,140</u>    |
| Net Pension Liability                                           | <u>\$ 155,143</u>   |
| Fiduciary Net Position as Percentage of Total Pension Liability | <u><u>95.6%</u></u> |

The schedule of changes in the employer's net pension liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information related to the funded status of the Pension Fund.

##### *Actuarial Assumptions*

The total pension liability is based on the results of the actuarial valuation as of December 31, 2014 using the aggregate cost method. The actuarial assumptions included (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 2.5% per year. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities. Information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and that the information presented is intended to approximate the funding progress of the plan. Mortality rates were based on the Applicable Mortality Table as defined in Rev. Rul. 200767.

**CITY OF SUN PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE V - OTHER INFORMATION (cont.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

***Discount Rate***

The discount rate used to measure the total pension liability for the Plan was 5%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that utility contributions will be made at rates equal to actuarially determined contribution rates. Based on those assumptions, the Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Discount Rate Sensitivity***

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Plan calculated using the discount rate of 5% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (4%) or 1 percentage point higher (6%) than the current rate:

|                               | <u>1% Decrease<br/>(4%)</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase<br/>(6%)</u> |
|-------------------------------|-----------------------------|----------------------------------|-----------------------------|
| Net pension liability (asset) | \$957,608                   | \$155,143                        | (\$461,651)                 |

***Long Term Expected Rate of Return***

The long term expected rate of return was determined using a conservative approach. The expected median return for the following asset allocation strategy the Plan has been using is 6.08%. The actuarial expected rate of return is 5% in order to be more confident that there will not be a short fall of funding in future years.

| <u>Asset Class</u>        | <u>Target</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|---------------------------|---------------|-------------------------------------------------------|
| Equities                  | 35-40%        | 7.5%                                                  |
| Bonds                     | 40-45%        | 6.0%                                                  |
| Preferreds                | 15-20%        | 4.0%                                                  |
| Cash and Cash Equivalents | 0-5%          | .5%                                                   |

## CITY OF SUN PRAIRIE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

#### **NOTE V - OTHER INFORMATION** (cont.)

##### **A. EMPLOYEES' RETIREMENT SYSTEM** (cont.)

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

|                                                    |    |                  |
|----------------------------------------------------|----|------------------|
| Annual required contribution                       | \$ | 281,155          |
| Interest on net pension obligation                 |    | -                |
| Adjustment to annual required contribution         |    | <u>1,075</u>     |
| <br>                                               |    |                  |
| Annual pension cost                                |    | 282,230          |
| Contributions made                                 |    | <u>(281,155)</u> |
| Decrease in net pension obligation (asset)         |    | 1,075            |
| <br>                                               |    |                  |
| Net Pension Obligation (Asset) - Beginning of Year |    | <u>(1,075)</u>   |
| <br>                                               |    |                  |
| Net Pension Obligation (Asset) - End of Year       | \$ | <u><u>-</u></u>  |

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the aggregate cost method. The 2014 contribution as calculated by the actuary were made as of December 31, 2014. The actuarial assumptions included (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 2.5% per year. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities. Information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and that the information presented is intended to approximate the funding progress of the plan.

| Fiscal Year Ended | Annual Pension<br>Cost | Percentage of<br>Annual<br>Pension Cost<br>Contributed | Net Pension<br>Obligation<br>(Asset) |
|-------------------|------------------------|--------------------------------------------------------|--------------------------------------|
| December 31, 2014 | \$ 281,155             | 100.0%                                                 | \$ -                                 |
| December 31, 2013 | 303,119                | 193.6                                                  | (1,075)                              |
| December 31, 2012 | 327,020                | 106.2                                                  | 282,518                              |

**CITY OF SUN PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**NOTE V - OTHER INFORMATION (cont.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

**Funded Status and Funding Progress**

|      | Actuarial Value of Assets<br>(a) | Actuarial Liability (AAL) Entry Age Normal<br>(b) | Unfunded AAL (UAAL)<br>(b a) | Funded Ratio<br>(a / b) | Covered Payroll<br>(c) | UAAL as a Percentage of Covered Payroll<br>((b a) / c) |
|------|----------------------------------|---------------------------------------------------|------------------------------|-------------------------|------------------------|--------------------------------------------------------|
| 2014 | \$ 3,367,140                     | \$ 3,522,283                                      | \$ 155,143                   | 95.6%                   | \$ 1,753,037           | 8.8%                                                   |
| 2013 | 3,038,863                        | 3,425,850                                         | 386,987                      | 88.7                    | 1,763,818              | 21.9                                                   |
| 2012 | 2,092,779                        | 3,397,963                                         | 1,305,184                    | 61.6                    | 1,686,294              | 77.4                                                   |

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, will present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation follows:

|                               |                             |
|-------------------------------|-----------------------------|
| Actuarial cost method         |                             |
| Annual pension contribution   | Individual aggregate        |
| Actuarial accrued liability   | Entry age normal            |
| Amortization method           | Level percentage of payroll |
| Remaining amortization period | 1 year                      |
| Asset valuation method        | Market value                |
| Actuarial assumptions:        |                             |
| Investment rate of return     | 5.0%                        |
| Projected salary increases    | 2.5%                        |
| Mortality                     | (1)                         |

(1) Applicable Mortality Table as defined in Rev. Rul. 200767.

**Defined Contribution Plan**

Beginning in January 1, 2014, in addition to the defined benefit pension plan, the utilities established the Sun Prairie Utilities Employees Retirement Plan which is a defined contribution plan. All employees hired on or after January 1, 2013 have the option of joining the Sun Prairie Utilities Employees Retirement Plan (Defined Contribution Plan) which is administered by Coe Administrators, LLC. In addition to employees starting on or after January 1, 2014, all existing employees had the option of leaving the defined benefit pension plan and joining the Defined Contribution Plan. Participants become fully vested in the Defined Contribution Plan after five years of employment. The employer contributions are currently 8.5% of employee compensation. Contributions of \$39,708 for 2014 compensation were made in 2015.

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE V - OTHER INFORMATION (cont.)

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#### ***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.

#### ***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.

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE V - OTHER INFORMATION (cont.)

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#### ***C. COMMITMENTS AND CONTINGENCIES***

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

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

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

#### ***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 \$455 million as of December 31, 2014.

# CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## **NOTE V - OTHER INFORMATION (cont.)**

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### **C. COMMITMENTS AND CONTINGENCIES (cont.)**

#### ***Other Commitments***

The city has entered into various agreements with developers. There are two separate agreements that include economic incentive payments from the city to developers upon satisfactory completion of various criteria in the agreement and the developed property reaching an agreed upon assessed value. Both agreements include a payment period of 3 years beginning with the first full tax year following operation. Both developments began operation in 2015. The amount of the incentives are \$225,000 for one of the developers and a range of \$156,000 to \$260,000 for the other.

### **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.

#### ***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.

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### NOTE V - OTHER INFORMATION (cont.)

#### ***E. OTHER POSTEMPLOYMENT BENEFITS***

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

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               | \$ | 14,711                 |
| Interest on net OPEB obligation            |    | 2,331                  |
| Adjustment to annual required contribution |    | <u>(3,241)</u>         |
| Annual OPEB cost                           |    | 13,801                 |
| Contributions made                         |    | <u>(14,709)</u>        |
| Decrease in Net OPEB obligation            |    | (908)                  |
| Net OPEB Obligation - Beginning of Year    |    | <u>58,277</u>          |
| Net OPEB Obligation - End of Year          | \$ | <u><u>57,369</u></u> * |

\* The other postemployment benefits liability of \$46,176 is included in the noncurrent liabilities due in more than one year of the Governmental Activities on the Statement of Net Position. The remaining \$11,193 relates to the Business-type Activities. The amount was not recorded as it is not material to these financial statements.

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years 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, 2012        | \$ 18,892               | 67.00%                                            | \$ 52,095                  |
| December 31, 2013        | 18,898                  | 67.29                                             | 58,277                     |
| December 31, 2014        | 13,801                  | 107.00                                            | 57,369                     |

# CITY OF SUN PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE V - OTHER INFORMATION (cont.)

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#### *E. OTHER POSTEMPLOYMENT BENEFITS* (cont.)

The funded status of the plan as of January 1, 2014, the most recent actuarial valuation date, was as follows:

|                                                   |    |                |
|---------------------------------------------------|----|----------------|
| Actuarial accrued liability (AAL)                 | \$ | 107,303        |
| Actuarial value of plan assets                    |    | <u>-</u>       |
| Unfunded Actuarial Accrued Liability (UAAL)       | \$ | <u>107,303</u> |
| Funded ratio (actuarial value of plan assets/AAL) |    | -%             |
| Covered payroll (active plan members)             | \$ | 8,666,153      |
| UAAL as a percentage of covered payroll           |    | 1%             |

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.

In the January 1, 2014 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 ten years. Both rates include a 4% 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, 2014, was 30 years.

#### *F. SUBSEQUENT EVENTS*

On July 7, 2015 the city issued general obligation promissory notes in the amount of \$3,805,000 with an interest rates ranging from 2.0-2.5%. This amount will be used to fund capital projects. Final maturity is scheduled in 2025.

# CITY OF SUN PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## **NOTE V - OTHER INFORMATION** (cont.)

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

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

- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
  
- > Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*

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, 2014

|                                      | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
|                                      | Original          | Final             |                   |                               |
| <b>REVENUES</b>                      |                   |                   |                   |                               |
| <b>TAXES</b>                         |                   |                   |                   |                               |
| General property taxes               | \$ 12,741,648     | \$ 12,741,648     | \$ 12,741,648     | \$ -                          |
| Room taxes                           | 16,000            | 16,000            | 18,846            | 2,846                         |
| Payments in lieu of taxes            | 102,400           | 102,400           | 109,109           | 6,709                         |
| Interest on taxes                    | 2,000             | 2,000             | 715               | (1,285)                       |
| Other taxes                          | -                 | -                 | 11,892            | 11,892                        |
| Total Taxes                          | <u>12,862,048</u> | <u>12,862,048</u> | <u>12,882,210</u> | <u>20,162</u>                 |
| <b>INTERGOVERNMENTAL</b>             |                   |                   |                   |                               |
| Police school liaison                | 139,700           | 139,700           | 139,657           | (43)                          |
| State shared revenues                | 680,372           | 680,372           | 694,715           | 14,343                        |
| Fire insurance tax (2% fire dues)    | 83,000            | 83,000            | 93,388            | 10,388                        |
| State expenditure restraint          | 584,773           | 584,773           | 584,773           | -                             |
| State aid - road allotment           | 1,414,867         | 1,414,867         | 1,414,562         | (305)                         |
| State aid - connecting streets       | 54,034            | 54,034            | 53,755            | (279)                         |
| State aid - exempt computer          | 283,833           | 283,833           | 292,309           | 8,476                         |
| State aid - EMS                      | 6,900             | 6,900             | 4,617             | (2,283)                       |
| State aid - police                   | 8,000             | 8,000             | 10,450            | 2,450                         |
| State aid - recycling                | 47,000            | 47,000            | 47,104            | 104                           |
| County aid - libraries               | 399,292           | 399,292           | 399,292           | -                             |
| Other state payments                 | -                 | -                 | 9,747             | 9,747                         |
| Total Intergovernmental              | <u>3,701,771</u>  | <u>3,701,771</u>  | <u>3,744,369</u>  | <u>42,598</u>                 |
| <b>LICENSES AND PERMITS</b>          |                   |                   |                   |                               |
| Liquor and malt beverage licenses    | 25,000            | 25,000            | 28,149            | 3,149                         |
| Operators' license                   | 8,600             | 8,600             | 10,793            | 2,193                         |
| Electrical contractor licenses       | 6,000             | 2,700             | -                 | (2,700)                       |
| Cigarette licenses                   | 800               | 800               | 920               | 120                           |
| Dog and cat licenses                 | 6,700             | 6,700             | 9,502             | 2,802                         |
| Building permits                     | 130,000           | 130,000           | 146,377           | 16,377                        |
| Occupancy permits                    | 11,000            | 11,000            | 9,225             | (1,775)                       |
| Plumbing permits                     | 55,000            | 55,000            | 70,915            | 15,915                        |
| Electrical permits                   | 55,000            | 55,000            | 75,959            | 20,959                        |
| Heating and air conditioning permits | 55,000            | 55,000            | 74,420            | 19,420                        |
| Street openings                      | 8,000             | 8,000             | 21,600            | 13,600                        |
| Zoning permits and fees              | 25,250            | 25,250            | 39,095            | 13,845                        |
| Other permits                        | 25,500            | 25,500            | 60,930            | 35,430                        |
| Other licenses                       | <u>7,800</u>      | <u>7,800</u>      | <u>6,332</u>      | <u>(1,468)</u>                |
| Total Licenses and Permits           | <u>419,650</u>    | <u>416,350</u>    | <u>554,217</u>    | <u>137,867</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, 2014

|                                               | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget</u> |
|-----------------------------------------------|-------------------------|------------------|------------------|---------------------------------------|
|                                               | <u>Original</u>         | <u>Final</u>     |                  |                                       |
| <b>FINES, FORFEITURES AND PENALTIES</b>       |                         |                  |                  |                                       |
| Court penalties and costs                     | \$ 134,000              | \$ 134,000       | \$ 164,101       | \$ 30,101                             |
| Parking violations                            | <u>52,000</u>           | <u>52,000</u>    | <u>48,778</u>    | <u>(3,222)</u>                        |
| Total Fines, Forfeitures and Penalties        | <u>186,000</u>          | <u>186,000</u>   | <u>212,879</u>   | <u>26,879</u>                         |
| <b>PUBLIC CHARGES FOR SERVICES</b>            |                         |                  |                  |                                       |
| Clerk's fees                                  | 30,000                  | 30,000           | 35,023           | 5,023                                 |
| General government                            | 100                     | 100              | 40               | (60)                                  |
| Police department fees                        | 12,500                  | 12,500           | 14,329           | 1,829                                 |
| Miscellaneous public works                    | 8,000                   | 8,000            | 7,495            | (505)                                 |
| Ambulance fees                                | 783,000                 | 783,000          | 869,939          | 86,939                                |
| Sewage inspection                             | 5,000                   | 5,000            | 4,650            | (350)                                 |
| Recycling                                     | 404,580                 | 404,580          | 415,601          | 11,021                                |
| Animal pound                                  | 330                     | 330              | 360              | 30                                    |
| Engineer review fees                          | 4,000                   | 4,000            | 8,878            | 4,878                                 |
| Family aquatic center                         | 238,250                 | 238,250          | 184,095          | (54,155)                              |
| Miscellaneous planning charges                | -                       | -                | 410              | 410                                   |
| Township EMS fees                             | 55,000                  | 55,000           | 54,239           | (761)                                 |
| Miscellaneous building inspection             | 15,000                  | 15,000           | 8,002            | (6,998)                               |
| Miscellaneous park fees                       | 15,000                  | 15,000           | 15,285           | 285                                   |
| Summer recreation fees                        | 114,393                 | 114,393          | 125,309          | 10,916                                |
| Winter recreation fees                        | 46,660                  | 46,660           | 53,211           | 6,551                                 |
| Miscellaneous engineering                     | 3,000                   | 3,000            | 1,706            | (1,294)                               |
| Urban development                             | -                       | -                | 1,100            | 1,100                                 |
| Solid waste disposal                          | <u>652,413</u>          | <u>652,413</u>   | <u>637,406</u>   | <u>(15,007)</u>                       |
| Total Public Charges for Services             | <u>2,387,226</u>        | <u>2,387,226</u> | <u>2,437,078</u> | <u>49,852</u>                         |
| <b>SPECIAL ASSESSMENTS</b>                    |                         |                  |                  |                                       |
| Interest on special assessments               | 10,000                  | 10,000           | 1,279            | (8,721)                               |
| Delinquent special assessments held by county | <u>10,000</u>           | <u>10,000</u>    | <u>38,081</u>    | <u>28,081</u>                         |
| Total Special Assessments                     | <u>20,000</u>           | <u>20,000</u>    | <u>39,360</u>    | <u>19,360</u>                         |
| <b>INVESTMENT INCOME</b>                      |                         |                  |                  |                                       |
| Investment income                             | <u>40,000</u>           | <u>40,000</u>    | <u>12,962</u>    | <u>(27,038)</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, 2014

|                                 | <u>Budgeted Amounts</u> |                       | <u>Actual</u>         | <u>Variance with<br/>Final Budget</u> |
|---------------------------------|-------------------------|-----------------------|-----------------------|---------------------------------------|
|                                 | <u>Original</u>         | <u>Final</u>          |                       |                                       |
| <b>MISCELLANEOUS</b>            |                         |                       |                       |                                       |
| Payment from utilities          | \$ 183,098              | \$ 183,098            | \$ 183,098            | \$ -                                  |
| Sale of materials and equipment | 95,000                  | 95,000                | 130,938               | 35,938                                |
| Insurance dividends             | 60,000                  | 60,000                | 84,120                | 24,120                                |
| Donations                       | 1,000                   | 1,000                 | 3,091                 | 2,091                                 |
| Human resources chargebacks     | 5,000                   | 5,000                 | 5,000                 | -                                     |
| City attorney chargebacks       | 2,500                   | 2,500                 | 1,435                 | (1,065)                               |
| Engineering chargebacks         | 105,000                 | 105,000               | 270,338               | 165,338                               |
| Other chargebacks               | 17,000                  | 17,000                | 22,608                | 5,608                                 |
| Other miscellaneous             | 81,000                  | 81,000                | 102,215               | 21,215                                |
| Total Miscellaneous             | <u>549,598</u>          | <u>549,598</u>        | <u>802,843</u>        | <u>253,245</u>                        |
| <br>Total Revenues              | <br><u>20,166,293</u>   | <br><u>20,162,993</u> | <br><u>20,685,918</u> | <br><u>522,925</u>                    |
| <b>EXPENDITURES</b>             |                         |                       |                       |                                       |
| <b>GENERAL GOVERNMENT</b>       |                         |                       |                       |                                       |
| Mayor                           | 39,230                  | 39,230                | 38,951                | 279                                   |
| Council                         | 70,234                  | 70,234                | 58,832                | 11,402                                |
| Municipal court                 | 97,504                  | 97,504                | 96,360                | 1,144                                 |
| City attorney                   | 212,362                 | 243,362               | 244,654               | (1,292)                               |
| Clerk                           | 238,576                 | 238,576               | 207,298               | 31,278                                |
| Elections                       | 105,372                 | 105,372               | 60,412                | 44,960                                |
| Administrator                   | 277,754                 | 266,658               | 261,574               | 5,084                                 |
| Human resources                 | 262,405                 | 262,405               | 269,514               | (7,109)                               |
| Finance                         | 616,917                 | 459,748               | 519,378               | (59,630)                              |
| Building maintenance            | 479,610                 | 499,110               | 386,836               | 112,274                               |
| Information technology          | 1,106,328               | 1,117,424             | 1,105,179             | 12,245                                |
| Risk management                 | 344,421                 | 344,421               | 346,993               | (2,572)                               |
| Assessment of property          | 330,926                 | 330,926               | 296,679               | 34,247                                |
| Total General Government        | <u>4,181,639</u>        | <u>4,074,970</u>      | <u>3,892,660</u>      | <u>182,310</u>                        |
| <b>PUBLIC SAFETY</b>            |                         |                       |                       |                                       |
| Building inspection             | 356,237                 | 356,237               | 355,763               | 474                                   |
| Police                          | 6,791,022               | 6,796,381             | 6,461,341             | 335,040                               |
| Crossing guards                 | 87,000                  | 87,000                | 81,448                | 5,552                                 |
| Emergency medical services      | 1,590,165               | 1,590,165             | 1,578,418             | 11,747                                |
| Fire protection                 | 673,456                 | 670,156               | 694,734               | (24,578)                              |
| Total Public Safety             | <u>9,497,880</u>        | <u>9,499,939</u>      | <u>9,171,704</u>      | <u>328,235</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, 2014

|                                                              | <u>Budgeted Amounts</u> |                    | <u>Actual</u>     | <u>Variance with<br/>Final Budget</u> |
|--------------------------------------------------------------|-------------------------|--------------------|-------------------|---------------------------------------|
|                                                              | <u>Original</u>         | <u>Final</u>       |                   |                                       |
| <b>PUBLIC WORKS</b>                                          |                         |                    |                   |                                       |
| Public works                                                 | \$ 2,724,444            | \$ 2,913,872       | \$ 2,989,412      | \$ (75,540)                           |
| Recycling                                                    | 1,400,125               | 1,400,125          | 1,418,394         | (18,269)                              |
| Engineering                                                  | <u>568,544</u>          | <u>568,544</u>     | <u>564,123</u>    | <u>4,421</u>                          |
| Total Public Works                                           | <u>4,693,113</u>        | <u>4,882,541</u>   | <u>4,971,929</u>  | <u>(89,388)</u>                       |
| <b>CULTURE, RECREATION AND<br/>EDUCATION</b>                 |                         |                    |                   |                                       |
| Library                                                      | 1,587,601               | 1,686,601          | 1,682,367         | 4,234                                 |
| Museum administration                                        | 32,682                  | 32,682             | 28,658            | 4,024                                 |
| Senior citizen program                                       | 160,000                 | 160,000            | 160,000           | -                                     |
| Youth and family commission                                  | 2,500                   | 2,700              | 4,099             | (1,399)                               |
| Parks and recreation                                         | 968,385                 | 954,385            | 891,854           | 62,531                                |
| Family aquatic center                                        | <u>245,608</u>          | <u>245,608</u>     | <u>248,410</u>    | <u>(2,802)</u>                        |
| Total Culture, Recreation and<br>Education                   | <u>2,996,776</u>        | <u>3,081,976</u>   | <u>3,015,388</u>  | <u>66,588</u>                         |
| <b>CONSERVATION AND<br/>DEVELOPMENT</b>                      |                         |                    |                   |                                       |
| Planning                                                     | 335,809                 | 335,809            | 325,540           | 10,269                                |
| Forestry                                                     | 46,823                  | 46,823             | 40,830            | 5,993                                 |
| Economic development                                         | 114,898                 | 114,898            | 110,659           | 4,239                                 |
| Other conservation and development                           | <u>-</u>                | <u>-</u>           | <u>23,000</u>     | <u>(23,000)</u>                       |
| Total Conservation and<br>Development                        | <u>497,530</u>          | <u>497,530</u>     | <u>500,029</u>    | <u>(2,499)</u>                        |
| <b>DEBT SERVICE</b>                                          |                         |                    |                   |                                       |
| Principal                                                    | <u>-</u>                | <u>-</u>           | <u>61,765</u>     | <u>(61,765)</u>                       |
| Total Expenditures                                           | <u>21,866,938</u>       | <u>22,036,956</u>  | <u>21,613,475</u> | <u>423,481</u>                        |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(1,700,645)</u>      | <u>(1,873,963)</u> | <u>(927,557)</u>  | <u>946,406</u>                        |
| <b>OTHER FINANCING SOURCES<br/>(USES)</b>                    |                         |                    |                   |                                       |
| Sale of property                                             | -                       | -                  | 4,300             | 4,300                                 |
| Long-term debt issued                                        | -                       | -                  | 185,295           | 185,295                               |
| Transfers in                                                 | 1,700,263               | 1,700,263          | 1,636,016         | (64,247)                              |
| Transfers out                                                | <u>(119,618)</u>        | <u>(119,618)</u>   | <u>(364,309)</u>  | <u>(244,691)</u>                      |
| Total Other Financing Sources<br>(Uses)                      | <u>1,580,645</u>        | <u>1,580,645</u>   | <u>1,461,302</u>  | <u>(119,343)</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, 2014

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|                                   | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with<br/>Final Budget</u> |
|-----------------------------------|-------------------------|---------------------|---------------------|---------------------------------------|
|                                   | <u>Original</u>         | <u>Final</u>        |                     |                                       |
| <b>Net Change in Fund Balance</b> | \$ (120,000)            | \$ (293,318)        | 533,745             | \$ 827,063                            |
| FUND BALANCE - Beginning of Year  | <u>8,960,627</u>        | <u>8,960,627</u>    | <u>8,960,627</u>    | <u>-</u>                              |
| <b>FUND BALANCE - END OF YEAR</b> | <u>\$ 8,840,627</u>     | <u>\$ 8,667,309</u> | <u>\$ 9,494,372</u> | <u>\$ 827,063</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, 2014

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#### ***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 action.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$780,217. Budgets are adopted at the department level of expenditure.

**CITY OF SUN PRAIRIE**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
PENSION TRUST FUND

For the Year Ended December 31, 2014

|                                                                                   |                     |
|-----------------------------------------------------------------------------------|---------------------|
| <hr/>                                                                             |                     |
| <b>Total pension liability</b>                                                    |                     |
| Service cost                                                                      | \$ 119,397          |
| Interest                                                                          | 176,220             |
| Differences between expected and actual experience                                | (153,688)           |
| Changes of assumptions                                                            | -                   |
| Benefit payments, including refunds of member contributions                       | <u>(45,496)</u>     |
| <b>Net change in total pension liability</b>                                      | 96,433              |
| <b>Total pension liability - beginning</b>                                        | <u>3,425,850</u>    |
| <b>Total pension liability - ending (a)</b>                                       | <u>\$ 3,522,283</u> |
| <b>Plan fiduciary net position</b>                                                |                     |
| Employer contributions                                                            | \$ 281,155          |
| Employee contributions                                                            | -                   |
| Net investment income                                                             | 117,384             |
| Benefit payments, including refunds of member contributions                       | (45,496)            |
| Administration                                                                    | (24,766)            |
| Other                                                                             | <u>-</u>            |
| <b>Net change in plan fiduciary net position</b>                                  | 328,277             |
| <b>Plan fiduciary net position - beginning</b>                                    | <u>3,038,863</u>    |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <u>\$ 3,367,140</u> |
| <b>Net pension liability - ending (a) - (b)</b>                                   | <u>\$ 155,143</u>   |
| <br>                                                                              |                     |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 95.60%              |
| <br>                                                                              |                     |
| <b>Covered-employee payroll</b>                                                   | \$ 1,753,037        |
| <br>                                                                              |                     |
| <b>Net pension liability as a percentage of covered-employee payroll</b>          | 8.85%               |

**Notes to Schedule:**

The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

# CITY OF SUN PRAIRIE

## SCHEDULE OF EMPLOYER CONTRIBUTIONS PENSION TRUST FUND

For the Year Ended December 31, 2014

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|                                                                      |    |                |
|----------------------------------------------------------------------|----|----------------|
| Actuarially determined contribution                                  | \$ | 281,155        |
| Contributions in relation to the actuarially determined contribution |    | <u>281,155</u> |
| Contribution deficiency (excess)                                     | \$ | <u>-</u>       |
| Covered-employee payroll                                             | \$ | 1,753,037      |
| Contributions as a percentage of covered-employee payroll            |    | 16.04%         |

### Notes to Schedule:

The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

Valuation date: Actuarially determined contributions are calculated as of December 31, 2014.

### Methods and assumptions used to determine contribution rates:

|                               |                                                            |
|-------------------------------|------------------------------------------------------------|
| Actuarial cost method         | Entry-age normal                                           |
| Amortization method           | Level percentage of payroll                                |
| Remaining amortization period | 1 year                                                     |
| Asset valuation method        | Market Value                                               |
| Inflation                     | 2.50%                                                      |
| Salary increases              | 2.50%                                                      |
| Investment rate of return     | 5.00%                                                      |
| Retirement age                | See Note V.A. in the Notes to Financial Statements         |
| Mortality                     | Applicable Mortality Table as defined in Rev. Rul. 2007 67 |

**CITY OF SUN PRAIRIE**

**SCHEDULE OF INVESTMENT RETURNS  
PENSION TRUST FUND  
For the Year Ended December 31, 2014**

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Annual money-weighted rate of return, net of investment expense 2.85%

**Notes to Schedule:**

The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

**CITY OF SUN PRAIRIE**

PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN INFORMATION  
For the Year Ended December 31, 2014

**SCHEDULE OF FUNDED STATUS - PENSION TRUST FUND**

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) - Entry Age Normal</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---------------------------------|----------------------------------|-------------------------------------------------------------|----------------------------|---------------------|------------------------|------------------------------------------------|
| 12/31/2014                      | \$ 3,367,140                     | \$ 3,522,283                                                | \$ 155,143                 | 96%                 | \$ 1,753,037           | 9%                                             |
| 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%                                            |

12/31/2014 valuation based on report as of 1/1/2015.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION TRUST FUND**

| <u>Year Ended</u> | <u>Annual Required Contribution</u> | <u>Percentage Contributed*</u> |
|-------------------|-------------------------------------|--------------------------------|
| 12/31/2014        | 281,155                             | 100%                           |
| 12/31/2013        | 288,993                             | 194%                           |
| 12/31/2012        | 311,883                             | 106%                           |

\*As a percentage of the Annual Pension Cost paid

**SCHEDULE OF FUNDED STATUS - OTHER POSTEMPLOYMENT BENEFITS**

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) - Projected Unit Credit</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---------------------------------|----------------------------------|------------------------------------------------------------------|----------------------------|---------------------|------------------------|------------------------------------------------|
| 1/1/2014                        | \$ -                             | \$ 107,303                                                       | \$ 107,303                 | 0.0%                | N/A                    | N/A                                            |
| 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                                            |

The most recent actuarial valuation date of the plan was as of January 1, 2014.

See independent auditors' report.

**SUPPLEMENTARY INFORMATION**

**CITY OF SUN PRAIRIE**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2014

|                                                                            | Special Revenue Funds       |                                  |                                        |                   |
|----------------------------------------------------------------------------|-----------------------------|----------------------------------|----------------------------------------|-------------------|
|                                                                            | Park<br>Improvement<br>Fund | Wisconsin<br>Development<br>Fund | Transporta-<br>tion Impact<br>Fee Fund | Grant<br>Funds    |
| <b>ASSETS</b>                                                              |                             |                                  |                                        |                   |
| Cash and investments                                                       | \$ 1,338,997                | \$ 80,280                        | \$ -                                   | \$ -              |
| Receivables                                                                |                             |                                  |                                        |                   |
| Taxes                                                                      | -                           | -                                | -                                      | -                 |
| Accounts                                                                   | 168,545                     | -                                | -                                      | 9,154             |
| Accrued interest                                                           | 1,242                       | -                                | -                                      | -                 |
| Loans                                                                      | -                           | 48,159                           | -                                      | -                 |
| Due from other funds                                                       | -                           | 17,218                           | 850,370                                | -                 |
| Due from other governments                                                 | -                           | -                                | -                                      | 132,142           |
| Restricted cash and investments                                            | -                           | -                                | 1,058,797                              | -                 |
| Prepaid items                                                              | -                           | -                                | -                                      | -                 |
|                                                                            | <b>\$ 1,508,784</b>         | <b>\$ 145,657</b>                | <b>\$ 1,909,167</b>                    | <b>\$ 141,296</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>       |                             |                                  |                                        |                   |
| Liabilities                                                                |                             |                                  |                                        |                   |
| Accounts payable                                                           | \$ -                        | \$ -                             | \$ -                                   | \$ 398            |
| Accrued liabilities                                                        | -                           | -                                | -                                      | -                 |
| Deposits                                                                   | 5,000                       | -                                | -                                      | -                 |
| Due to other funds                                                         | 210,545                     | -                                | -                                      | 27,450            |
| Advances from other funds                                                  | -                           | -                                | -                                      | -                 |
| Total Liabilities                                                          | <b>215,545</b>              | <b>-</b>                         | <b>-</b>                               | <b>27,848</b>     |
| Deferred Inflows of Resources                                              |                             |                                  |                                        |                   |
| Unearned revenues                                                          | -                           | -                                | -                                      | -                 |
| Unavailable revenues                                                       | 169,355                     | 48,159                           | -                                      | 132,142           |
| Total Deferred Inflows of Resources                                        | <b>169,355</b>              | <b>48,159</b>                    | <b>-</b>                               | <b>132,142</b>    |
| Fund Balances                                                              |                             |                                  |                                        |                   |
| Restricted                                                                 | 1,123,884                   | 97,498                           | 1,909,167                              | -                 |
| Committed                                                                  | -                           | -                                | -                                      | -                 |
| Unassigned (deficit)                                                       | -                           | -                                | -                                      | (18,694)          |
| Total Fund Balances                                                        | <b>1,123,884</b>            | <b>97,498</b>                    | <b>1,909,167</b>                       | <b>(18,694)</b>   |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> | <b>\$ 1,508,784</b>         | <b>\$ 145,657</b>                | <b>\$ 1,909,167</b>                    | <b>\$ 141,296</b> |

| Special Revenue Funds |                              | Debt Service Fund | Capital Projects Funds |                   |                 |                      |
|-----------------------|------------------------------|-------------------|------------------------|-------------------|-----------------|----------------------|
| Library Fund          | Cable Access Television Fund | TID No. 6         | TID No. 7              | TID No. 9         | TID No. 10      | Development Projects |
| \$ 79,884             | \$ -                         | \$ -              | \$ -                   | \$ -              | \$ -            | \$ -                 |
| -                     | -                            | 135,574           | 880,671                | 33,110            | -               | -                    |
| -                     | 94,308                       | 35,826            | -                      | -                 | -               | 66,297               |
| -                     | -                            | -                 | -                      | -                 | -               | -                    |
| -                     | -                            | -                 | 10,000                 | -                 | -               | -                    |
| -                     | 243,989                      | -                 | 1,980,956              | -                 | -               | -                    |
| -                     | -                            | -                 | -                      | -                 | -               | -                    |
| -                     | -                            | -                 | -                      | 98,651            | -               | -                    |
| -                     | 2,620                        | -                 | -                      | -                 | -               | -                    |
| <u>\$ 79,884</u>      | <u>\$ 340,917</u>            | <u>\$ 171,400</u> | <u>\$ 2,871,627</u>    | <u>\$ 131,761</u> | <u>\$ -</u>     | <u>\$ 66,297</u>     |
| \$ -                  | \$ 940                       | \$ -              | \$ -                   | \$ 228            | \$ -            | \$ 4,215             |
| -                     | 10,136                       | -                 | -                      | -                 | -               | -                    |
| -                     | -                            | -                 | -                      | -                 | -               | -                    |
| -                     | -                            | -                 | -                      | -                 | -               | 130,330              |
| -                     | -                            | 107,102           | -                      | 881,162           | 39,369          | -                    |
| -                     | 11,076                       | 107,102           | -                      | 881,390           | 39,369          | 134,545              |
| -                     | -                            | 135,574           | 880,671                | 33,110            | -               | -                    |
| -                     | -                            | 35,826            | 10,000                 | -                 | -               | 38,237               |
| -                     | -                            | 171,400           | 890,671                | 33,110            | -               | 38,237               |
| 79,884                | -                            | -                 | 1,980,956              | -                 | -               | -                    |
| -                     | 329,841                      | -                 | -                      | -                 | -               | -                    |
| -                     | -                            | (107,102)         | -                      | (782,739)         | (39,369)        | (106,485)            |
| <u>79,884</u>         | <u>329,841</u>               | <u>(107,102)</u>  | <u>1,980,956</u>       | <u>(782,739)</u>  | <u>(39,369)</u> | <u>(106,485)</u>     |
| <u>\$ 79,884</u>      | <u>\$ 340,917</u>            | <u>\$ 171,400</u> | <u>\$ 2,871,627</u>    | <u>\$ 131,761</u> | <u>\$ -</u>     | <u>\$ 66,297</u>     |

**CITY OF SUN PRAIRIE**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2014

|                                                                                    | Permanent Funds      |                       |                                            |
|------------------------------------------------------------------------------------|----------------------|-----------------------|--------------------------------------------|
|                                                                                    | Ashley Trust<br>Fund | Library Trust<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
| <b>ASSETS</b>                                                                      |                      |                       |                                            |
| Cash and investments                                                               | \$ 1,000             | \$ 385,567            | \$ 1,885,728                               |
| Receivables                                                                        |                      |                       |                                            |
| Taxes                                                                              | -                    | -                     | 1,049,355                                  |
| Accounts                                                                           | -                    | -                     | 374,130                                    |
| Accrued interest                                                                   | -                    | -                     | 1,242                                      |
| Loans                                                                              | -                    | -                     | 58,159                                     |
| Due from other funds                                                               | -                    | -                     | 3,092,533                                  |
| Due from other governments                                                         | -                    | -                     | 132,142                                    |
| Restricted cash and investments                                                    | -                    | -                     | 1,157,448                                  |
| Prepaid items                                                                      | -                    | -                     | 2,620                                      |
|                                                                                    | -                    | -                     | 2,620                                      |
| <b>TOTAL ASSETS</b>                                                                | <b>\$ 1,000</b>      | <b>\$ 385,567</b>     | <b>\$ 7,753,357</b>                        |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCES</b>           |                      |                       |                                            |
| Liabilities                                                                        |                      |                       |                                            |
| Accounts payable                                                                   | \$ -                 | \$ -                  | \$ 5,781                                   |
| Accrued liabilities                                                                | -                    | -                     | 10,136                                     |
| Deposits                                                                           | -                    | -                     | 5,000                                      |
| Due to other funds                                                                 | -                    | -                     | 368,325                                    |
| Advances from other funds                                                          | -                    | -                     | 1,027,633                                  |
| Total Liabilities                                                                  | -                    | -                     | 1,416,875                                  |
| Deferred Inflows of Resources                                                      |                      |                       |                                            |
| Unearned revenues                                                                  | -                    | -                     | 1,049,355                                  |
| Unavailable revenues                                                               | -                    | -                     | 433,719                                    |
| Total Deferred Inflows of Resources                                                | -                    | -                     | 1,483,074                                  |
| Fund Balances                                                                      |                      |                       |                                            |
| Restricted                                                                         | 1,000                | 385,567               | 5,577,956                                  |
| Committed                                                                          | -                    | -                     | 329,841                                    |
| Unassigned (deficit)                                                               | -                    | -                     | (1,054,389)                                |
| Total Fund Balances                                                                | 1,000                | 385,567               | 4,853,408                                  |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES, AND FUND<br/>BALANCES</b> | <b>\$ 1,000</b>      | <b>\$ 385,567</b>     | <b>\$ 7,753,357</b>                        |

**CITY OF SUN PRAIRIE**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2014

|                                                              | Special Revenue Funds       |                                  |                                        |                    |
|--------------------------------------------------------------|-----------------------------|----------------------------------|----------------------------------------|--------------------|
|                                                              | Park<br>Improvement<br>Fund | Wisconsin<br>Development<br>Fund | Transporta-<br>tion Impact<br>Fee Fund | Grant Funds        |
| <b>REVENUES</b>                                              |                             |                                  |                                        |                    |
| Taxes                                                        | \$ -                        | \$ -                             | \$ -                                   | \$ 43,974          |
| Intergovernmental                                            | -                           | -                                | -                                      | 337,924            |
| Licenses and permits                                         | 133,762                     | -                                | -                                      | -                  |
| Public charges for services                                  | 33,358                      | -                                | 566,262                                | -                  |
| Investment income                                            | 1,345                       | 3,250                            | 3,227                                  | -                  |
| Miscellaneous                                                | 950                         | 12,968                           | -                                      | 26,184             |
| Total Revenues                                               | <u>169,415</u>              | <u>16,218</u>                    | <u>569,489</u>                         | <u>408,082</u>     |
| <b>EXPENDITURES</b>                                          |                             |                                  |                                        |                    |
| Current                                                      |                             |                                  |                                        |                    |
| Public safety                                                | -                           | -                                | -                                      | 814                |
| Public works                                                 | -                           | -                                | -                                      | 454,411            |
| Culture, recreation and education                            | 122,117                     | -                                | -                                      | 9,420              |
| Conservation and development                                 | -                           | -                                | -                                      | 21,229             |
| Capital Outlay                                               | -                           | -                                | -                                      | -                  |
| Debt Service                                                 |                             |                                  |                                        |                    |
| Principal                                                    | -                           | -                                | -                                      | -                  |
| Interest and fiscal charges                                  | -                           | -                                | -                                      | -                  |
| Total Expenditures                                           | <u>122,117</u>              | <u>-</u>                         | <u>-</u>                               | <u>485,874</u>     |
| Excess (deficiency) of revenues over expenditures            | <u>47,298</u>               | <u>16,218</u>                    | <u>569,489</u>                         | <u>(77,792)</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                             |                                  |                                        |                    |
| Sale of property                                             | -                           | -                                | -                                      | -                  |
| Long-term debt issued                                        | -                           | -                                | -                                      | -                  |
| Premium on debt issued                                       | -                           | -                                | -                                      | -                  |
| Debt issuance costs                                          | -                           | -                                | -                                      | -                  |
| Transfers in                                                 | -                           | -                                | -                                      | 89,780             |
| Transfers out                                                | -                           | -                                | (694,537)                              | (6,000)            |
| Total Other Financing Sources (Uses)                         | <u>-</u>                    | <u>-</u>                         | <u>(694,537)</u>                       | <u>83,780</u>      |
| <b>Net Change in Fund Balances</b>                           | 47,298                      | 16,218                           | (125,048)                              | 5,988              |
| FUND BALANCES (DEFICIT) -<br>Beginning of Year (as restated) | <u>1,076,586</u>            | <u>81,280</u>                    | <u>2,034,215</u>                       | <u>(24,682)</u>    |
| <b>FUND BALANCES (DEFICIT) - END OF YEAR</b>                 | <u>\$ 1,123,884</u>         | <u>\$ 97,498</u>                 | <u>\$ 1,909,167</u>                    | <u>\$ (18,694)</u> |

| Special Revenue Funds |                              | Debt Service Fund   | Capital Projects Funds |                     |                    |                      |
|-----------------------|------------------------------|---------------------|------------------------|---------------------|--------------------|----------------------|
| Library Fund          | Cable Access Television Fund | TID No. 6           | TID No. 7              | TID No. 9           | TID No. 10         | Development Projects |
| \$ -                  | \$ -                         | \$ 133,509          | \$ 922,993             | \$ -                | \$ -               | \$ -                 |
| -                     | -                            | 202                 | 48,965                 | 2,926               | 4,075              | -                    |
| -                     | 354,425                      | -                   | -                      | -                   | -                  | -                    |
| 75,836                | -                            | -                   | -                      | -                   | -                  | 54,755               |
| 15                    | 195                          | 12                  | 1,045                  | -                   | -                  | -                    |
| <u>32,200</u>         | <u>17,265</u>                | <u>35,960</u>       | <u>-</u>               | <u>-</u>            | <u>-</u>           | <u>-</u>             |
| <u>108,051</u>        | <u>371,885</u>               | <u>169,683</u>      | <u>973,003</u>         | <u>2,926</u>        | <u>4,075</u>       | <u>54,755</u>        |
| -                     | -                            | -                   | -                      | -                   | -                  | -                    |
| -                     | -                            | -                   | -                      | -                   | -                  | 138,415              |
| 137,736               | 305,396                      | -                   | -                      | -                   | -                  | -                    |
| -                     | -                            | -                   | -                      | -                   | -                  | -                    |
| 208                   | -                            | 1,090               | 1,481                  | 455,070             | 40,259             | -                    |
| -                     | -                            | 189,816             | 420,000                | 4,210,000           | -                  | -                    |
| -                     | -                            | <u>31,682</u>       | <u>147,376</u>         | <u>152,037</u>      | <u>-</u>           | <u>-</u>             |
| <u>137,944</u>        | <u>305,396</u>               | <u>222,588</u>      | <u>568,857</u>         | <u>4,817,107</u>    | <u>40,259</u>      | <u>138,415</u>       |
| <u>(29,893)</u>       | <u>66,489</u>                | <u>(52,905)</u>     | <u>404,146</u>         | <u>(4,814,181)</u>  | <u>(36,184)</u>    | <u>(83,660)</u>      |
| -                     | -                            | -                   | 184,360                | -                   | -                  | -                    |
| -                     | -                            | -                   | -                      | 4,870,000           | -                  | -                    |
| -                     | -                            | -                   | -                      | 17,237              | -                  | -                    |
| -                     | -                            | -                   | -                      | (72,409)            | -                  | -                    |
| 10,000                | 274,529                      | -                   | -                      | -                   | -                  | -                    |
| -                     | (11,177)                     | -                   | -                      | (10,596)            | -                  | -                    |
| <u>10,000</u>         | <u>263,352</u>               | <u>-</u>            | <u>184,360</u>         | <u>4,804,232</u>    | <u>-</u>           | <u>-</u>             |
| (19,893)              | 329,841                      | (52,905)            | 588,506                | (9,949)             | (36,184)           | (83,660)             |
| <u>99,777</u>         | <u>-</u>                     | <u>(54,197)</u>     | <u>1,392,450</u>       | <u>(772,790)</u>    | <u>(3,185)</u>     | <u>(22,825)</u>      |
| <u>\$ 79,884</u>      | <u>\$ 329,841</u>            | <u>\$ (107,102)</u> | <u>\$ 1,980,956</u>    | <u>\$ (782,739)</u> | <u>\$ (39,369)</u> | <u>\$ (106,485)</u>  |

**CITY OF SUN PRAIRIE**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2014

|                                                              | Permanent Funds      |                       |                                            |
|--------------------------------------------------------------|----------------------|-----------------------|--------------------------------------------|
|                                                              | Ashley Trust<br>Fund | Library Trust<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
| <b>REVENUES</b>                                              |                      |                       |                                            |
| Taxes                                                        | \$ -                 | \$ -                  | \$ 1,100,476                               |
| Intergovernmental                                            | -                    | -                     | 394,092                                    |
| Licenses and permits                                         | -                    | -                     | 488,187                                    |
| Public charges for services                                  | -                    | -                     | 730,211                                    |
| Investment income                                            | -                    | 21,487                | 30,576                                     |
| Miscellaneous                                                | -                    | -                     | 125,527                                    |
| Total Revenues                                               | -                    | 21,487                | 2,869,069                                  |
| <b>EXPENDITURES</b>                                          |                      |                       |                                            |
| Current                                                      |                      |                       |                                            |
| Public safety                                                | -                    | -                     | 814                                        |
| Public works                                                 | -                    | -                     | 592,826                                    |
| Culture, recreation and education                            | -                    | -                     | 574,669                                    |
| Conservation and development                                 | -                    | -                     | 21,229                                     |
| Capital Outlay                                               | -                    | -                     | 498,108                                    |
| Debt Service                                                 |                      |                       |                                            |
| Principal                                                    | -                    | -                     | 4,819,816                                  |
| Interest and fiscal charges                                  | -                    | -                     | 331,095                                    |
| Total Expenditures                                           | -                    | -                     | 6,838,557                                  |
| Excess (deficiency) of revenues over expenditures            | -                    | 21,487                | (3,969,488)                                |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                      |                       |                                            |
| Sale of property                                             | -                    | -                     | 184,360                                    |
| Long-term debt issued                                        | -                    | -                     | 4,870,000                                  |
| Premium on debt issued                                       | -                    | -                     | 17,237                                     |
| Debt issuance costs                                          | -                    | -                     | (72,409)                                   |
| Transfers in                                                 | -                    | -                     | 374,309                                    |
| Transfers out                                                | -                    | (10,000)              | (732,310)                                  |
| Total Other Financing Sources (Uses)                         | -                    | (10,000)              | 4,641,187                                  |
| <b>Net Change in Fund Balances</b>                           | -                    | 11,487                | 671,699                                    |
| FUND BALANCES (DEFICIT) - Beginning of Year<br>(as restated) | 1,000                | 374,080               | 4,181,709                                  |
| <b>FUND BALANCES (DEFICIT) - END OF YEAR</b>                 | \$ 1,000             | \$ 385,567            | \$ 4,853,408                               |

# CITY OF SUN PRAIRIE

## COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2014

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|                          | <u>Tax Collection<br/>Fund</u> | <u>MPSISC</u>     | <u>Totals</u>        |
|--------------------------|--------------------------------|-------------------|----------------------|
| <b>ASSETS</b>            |                                |                   |                      |
| Cash and investments     | \$ 30,157,180                  | \$ 216,735        | \$ 30,373,915        |
| Taxes receivable         | <u>9,134,193</u>               | <u>-</u>          | <u>9,134,193</u>     |
| <b>TOTAL ASSETS</b>      | <u>\$ 39,291,373</u>           | <u>\$ 216,735</u> | <u>\$ 39,508,108</u> |
| <b>LIABILITIES</b>       |                                |                   |                      |
| Due to other governments | <u>\$ 39,291,373</u>           | <u>\$ 216,735</u> | <u>\$ 39,508,108</u> |
| <b>TOTAL LIABILITIES</b> | <u>\$ 39,291,373</u>           | <u>\$ 216,735</u> | <u>\$ 39,508,108</u> |

**CITY OF SUN PRAIRIE**

STATEMENT OF CASH FLOWS  
COMPONENT UNIT  
For the Year Ended December 31, 2014

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|                                                                                         | <u>Community<br/>Development<br/>Authority</u> |
|-----------------------------------------------------------------------------------------|------------------------------------------------|
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES</b>                     |                                                |
| Debt retired                                                                            | \$ (725,000)                                   |
| Interest paid                                                                           | (613,710)                                      |
| Debt issuance costs paid                                                                | (269,905)                                      |
| Capital lease payments received                                                         | <u>725,000</u>                                 |
| Net Cash Flows From Capital and<br>Related Financing Activities                         | <u>(883,615)</u>                               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                             |                                                |
| Investment income                                                                       | <u>883,615</u>                                 |
| <b>Net Change in Cash and Cash Equivalents</b>                                          | -                                              |
| CASH AND CASH EQUIVALENTS - Beginning of Year                                           | <u>-</u>                                       |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                                          | <u>\$ -</u>                                    |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS<br/>TO THE STATEMENT OF NET POSITION</b> |                                                |
| Restricted cash and investments                                                         | \$ 2,272,835                                   |
| Less: Noncash equivalents                                                               | <u>(2,272,835)</u>                             |
| <b>CASH AND CASH EQUIVALENTS</b>                                                        | <u>\$ -</u>                                    |
| <b>NONCASH ACTIVITIES</b>                                                               |                                                |
| Advance refunding of debt                                                               | \$ 12,785,000                                  |
| Amortization of deferred charge on debt                                                 | <u>\$ 40,961</u>                               |