

CITY OF
SUN PRAIRIE
Wisconsin

**Popular Annual
Financial Report**

**For the year ended
December 31, 2016**





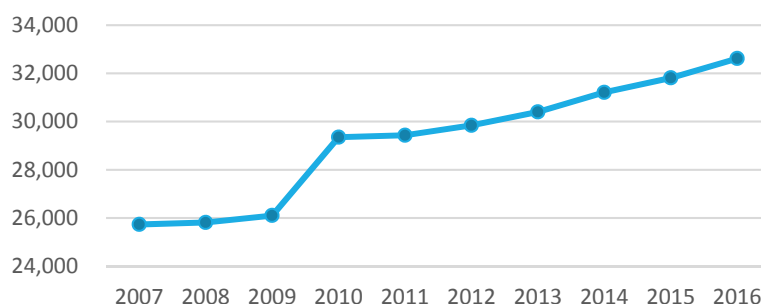
Message from the Administrator



Thank you for taking the time to read Sun Prairie's first Popular Annual Financial Report for the year ended December 31, 2016. This report summarizes the city's financial information and operations in a concise and accessible format. It is meant to increase resident awareness of the city and its financial condition.

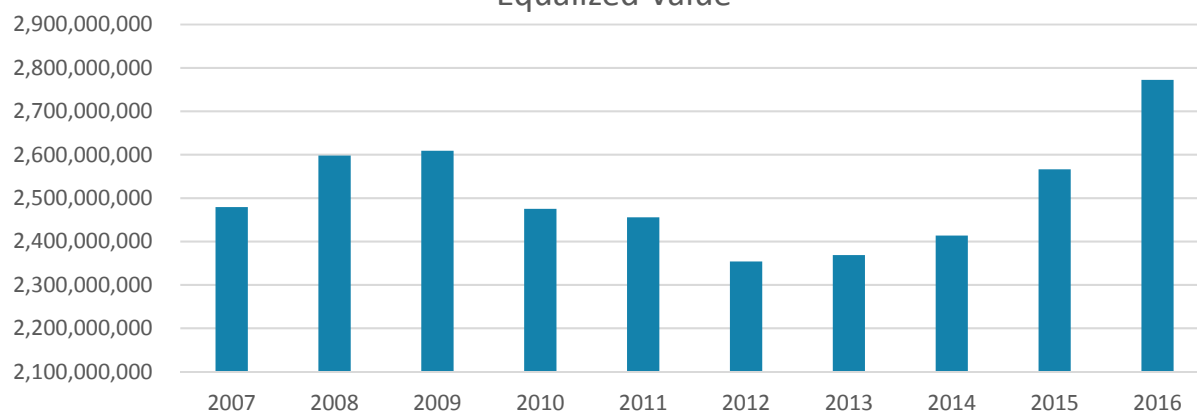
Sun Prairie is a vibrant and growing community. Over the last ten years, Sun Prairie's population has increased by nearly 7,000 residents, making it one of the fastest growing communities in Wisconsin.

Sun Prairie Population



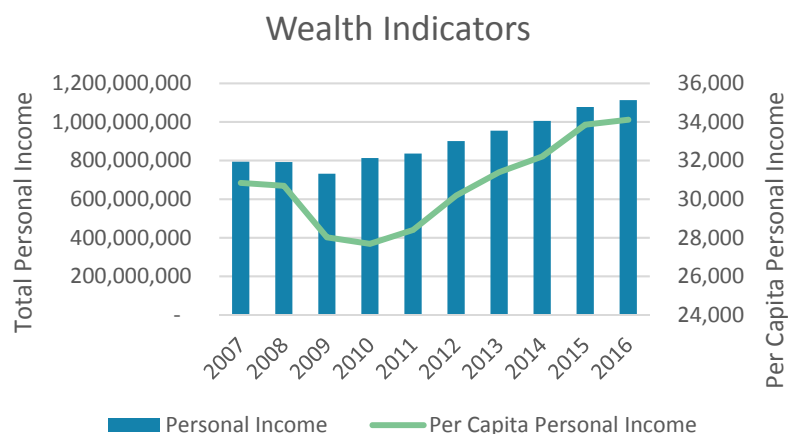
The city has also seen significant increases in its equalized* value. Since 2007, the city's equalized value has risen by over \$292 million or 11.8%. This indicates existing property's values are increasing as well as significant new private investment. Equalized value decreased significantly between 2010 and 2012 due to the great recession. 2016 marks the first year the city realized an increase in equalized value over the 2009 pre-recession high.

Equalized Value



*Equalized value is an estimate of the value of all properties in a municipality. The estimate is produced by the WI Department of Revenue to approximate equality across all jurisdictions.

Additionally, personal income within the City of Sun Prairie continues to grow. Per capita personal income has risen over \$3,000 since 2007 to \$34,117. This continues to exceed the per capita personal income of the State of Wisconsin as a whole. The 2016 State of Wisconsin per capita personal income is \$29,490.



The above trends show Sun Prairie is an attractive place to live, work or start a business. As we continue to grow, the need and demand for city services will also increase. Documents such as this report will be important tools to communicate the state of the city’s finances to the public and demonstrate the city is responsibly managing public funds. The city’s goal is to ensure it can continue to provide a high level of service to the community.



Common Council



Mayor: Paul Esser (608) 228-4681

District 1 (SE Quadrant)

Emily Lindsey
(608) 354-8513

Steve Stocker
(608) 354-8511

District 2 (NE Quadrant)

Bill Connors
(608) 354-5553

Jon Freund
(608) 206-3916

District 3 (SW Quadrant)

Maureen Crombie
(608) 669-7058

Mike Jacobs
(608) 438-6983

District 4 (NW Quadrant)

Al Guyant
(608) 354-5705

Mary Polenske
(608) 512-9115

City Staff

Aaron Oppenheimer

City Administrator
(608) 825-1193

Connie DeKemper

Director of Administrative Services
(608) 825-1192

ADMINISTRATION

City Treasurer
City Assessor
City Clerk
City Engineer
City Attorney
Director of Community Development
Sun Prairie Media Center Director
Director of Building Inspection
Director of Public Works
Director of Economic Development
EMS Director (*acting*)
Human Resources Director
Information Technology Director
Library Director
Parks & Recreation Director
Police Chief
Fire Chief
WWTP Superintendent
Sun Prairie Utilities Manager

Kristin Vander Kooi
Debbie Mason
Elena Hilby
Adam Schleicher
Mark Leonard
Scott Kugler
Jeffrey Robbins
Brian Flannery
Lee Igl
Neil Stechschulte
Eric Lang
Brenda Sukenik
Paul Watkins
Svetha Hetzler
To Be Determined
Pat Anhalt
Christopher Garrison
John Krug
Rick Wicklund

Introduction

The City of Sun Prairie strives to provide useful financial information to our citizens. The Popular Annual Financial Report (PAFR) is designed to provide financial transparency to citizens without the technical details or terms of the CAFR and to communicate with our citizens where city dollars come from and how they are spent in a clear and concise format.

The financial information found in this report is extracted directly from the city's Comprehensive Annual Financial Report (CAFR). A CAFR is a report prepared in accordance with generally accepted accounting principles (GAAP). It contains detailed information regarding the city's financial performance. A copy of the city's annual CAFR is available on the city's website at www.cityofsunprairie.com on the Finance Department's page under Financial Statements.

Fund Definitions:

General Fund: The primary fund for general government. This fund includes administration, finance, clerk, public safety, public works, library, parks and recreation, planning, and economic development. This fund accounts for all financial resources not assigned to a special purpose fund.

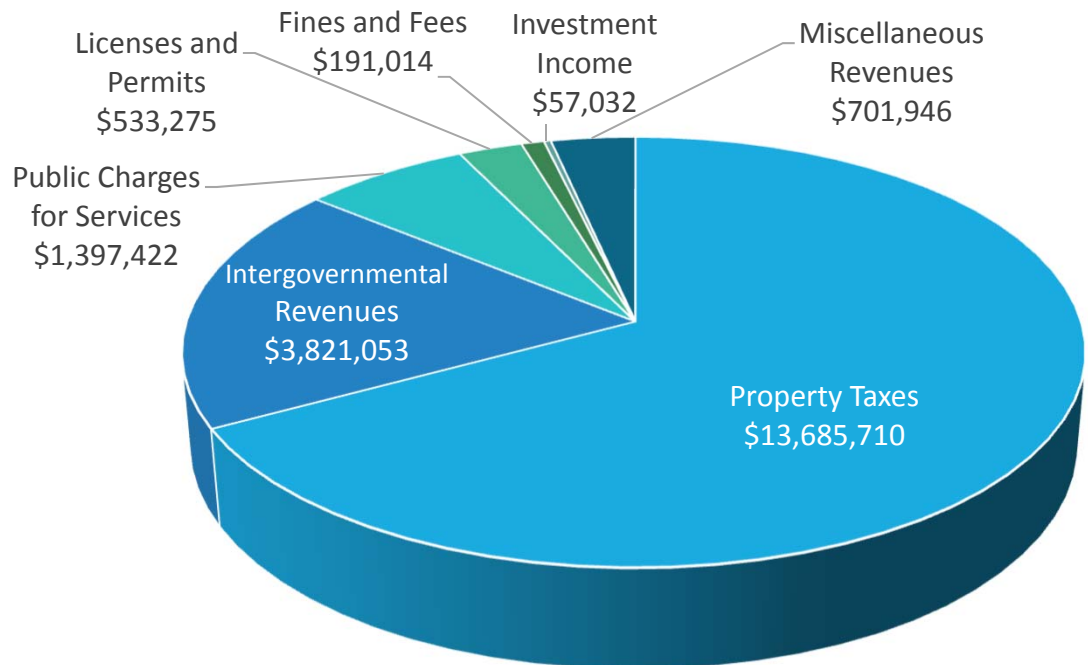
Debt Service Fund: The fund used to account for long-term debt payments. Debt is used to finance capital projects that cannot be funded with cash reserves.

Capital Projects Fund: The fund used to account for capital acquisitions and projects. This includes land, equipment, and infrastructure with costs greater than \$25,000 and a useful life of 10 years or more.

Enterprise Funds: Service fee revenues and all expenses paid for with the fees are accounted for in an enterprise fund. These funds operate similar to a private business. The city's enterprise funds are the wastewater utility and the stormwater utility.

Where the Money Comes From: General Fund

The City of Sun Prairie collected \$20,387,452 in general fund revenues from multiple sources in 2016. These include property taxes, intergovernmental revenues, public charges for services, licenses and permits, fines and fees, investment income, and miscellaneous revenues.



	2014	2015	2016
Property Taxes	\$ 12,882,210	\$ 13,040,275	\$ 13,685,710
Intergovernmental Revenues	3,744,369	3,836,071	3,821,053
Public Charges for Services	2,437,078	1,462,738	1,397,422
Licenses and Permits	554,217	515,432	533,275
Fines and Fees	212,879	192,788	191,014
Investment Income	12,962	28,646	57,032
Miscellaneous Revenues	842,203	1,241,682	701,946
Total Revenues	\$ 20,685,918	\$ 20,317,632	\$ 20,387,452

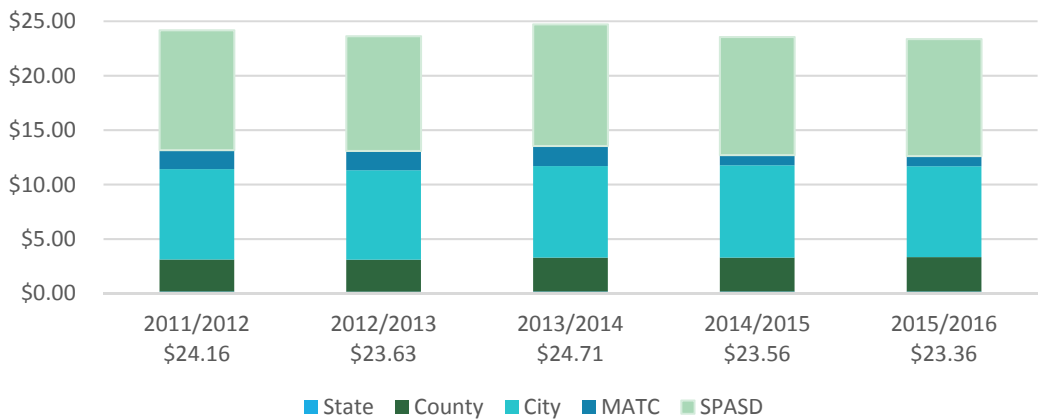
Property Taxes

The 2015/16 mill rate was \$23.36 per \$1,000 of assessed value. This rate is a combination of multiple taxing jurisdictions including the State (\$.17), Dane County (\$3.17), Sun Prairie Area School District (\$10.75), Madison Area Technical College (\$.93), and the City of Sun Prairie (\$8.34). The average home was assessed at \$224,700 and paid \$5,250.74 in taxes. The city received \$.36 for every dollar collected in property taxes, or approximately \$1,875 from the average home.



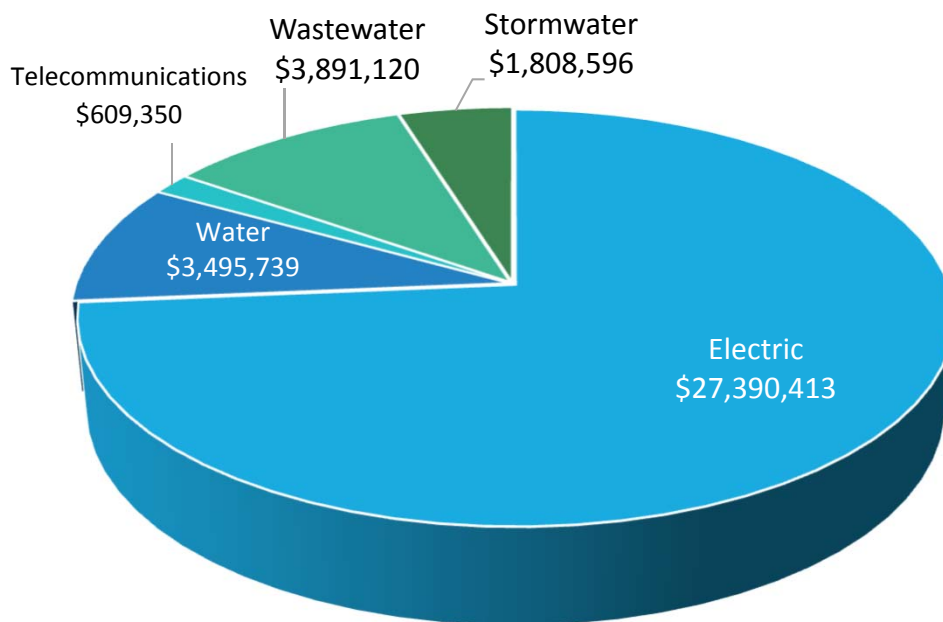
State	County	City	MATC	SPASD
\$0.01	\$0.14	\$0.36	\$0.04	\$0.45

Mill Rate History



Where the Money Comes From: Enterprise Funds

City enterprise funds collected a total of \$37,195,218. This includes Sun Prairie Utilities (electric, water, and telecommunications), wastewater, and stormwater revenues. Utility charges are collected based upon the customer's rate class, as well as individual usage. The three main categories of utility customers are: residential, commercial, and industrial.

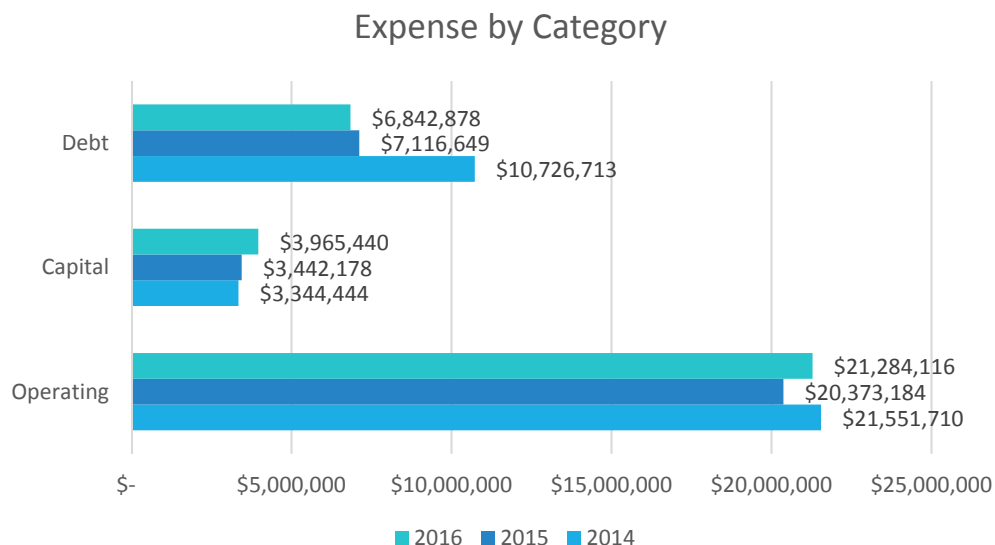


	2014	2015	2016
Wastewater	\$ 3,762,049	\$ 3,771,488	\$ 3,891,120
Stormwater	1,616,450	1,680,540	1,808,596
Electric	26,245,287	26,741,334	27,390,413
Water	3,135,457	3,259,410	3,495,739
Telecommunications	450,214	512,036	609,350
Total Revenues	\$ 35,209,457	\$ 35,964,808	\$ 37,195,218

Where the Money Goes: General Fund

The city's expenses are broken down into three categories: operating, capital, and debt. Operating expenses are those costs associated with city functions. These include personnel, supplies and materials, professional services, insurance, and professional development. Capital expenses are those needed to acquire or improve city assets. Principal and interest payments on borrowed monies are categorized as debt. Capital assets purchased are discussed in the "what we have-assets" section and the debt payments are discussed in the "what we owe" section.

	2014	2015	2016
General Government	\$ 3,892,660	\$ 3,610,525	\$ 4,298,261
Public Safety	9,171,704	9,796,061	10,288,497
Public Works	4,971,929	3,025,007	2,656,667
Health and Human Services	-	23,500	54,500
Culture, Recreation, and Education	3,015,388	3,268,968	3,245,894
Conservation and Development	500,029	649,123	740,297
Total Expenditures	\$ 21,551,710	\$ 20,373,184	\$ 21,284,116



Where Do My Tax Dollars Go?

The average home was assessed at \$224,700 and paid \$5,251 in taxes. The city received \$.36 for every dollar collected in property taxes, or approximately \$1,875 from the average home. This equates to \$156 per month in property taxes.

What could you buy with \$156 per month?

One of these...

- One Month of Internet Service
- One Month of Cell Phone Service
- A Golf Lesson
- Dinner and a Movie for the Family

OR

ALL of these!

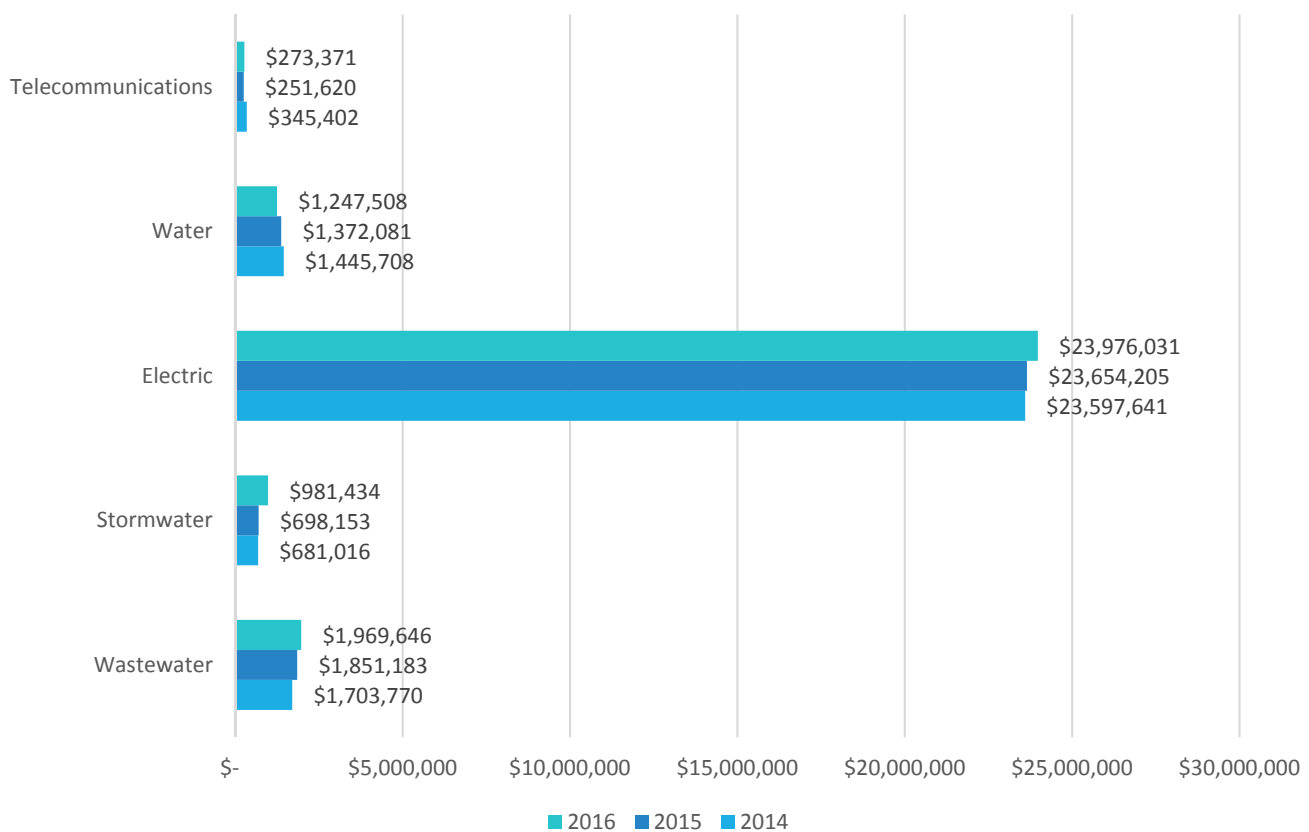
- 24/7 Police Protection
- 24/7 Emergency Medical Services
- 24/7 Fire Protection
- Snow and Ice Removal
- Well Maintained Parks and Equipment
- Street Lighting
- Paved & Maintained Streets



Where the Money Goes: Enterprise Funds

Enterprise funds include wastewater, stormwater, and Sun Prairie Utilities. Sun Prairie Utilities maintain the city's water, electricity, and telecommunications. Each of these utilities collect service fees to fund their operating, capital, and debt expenses. In 2016, operating and maintenance expenses totaled \$28,447,990 across all utilities. 2015 operating expenses totaled \$27,827,242.

Operation and Maintenance Totals



Operating Indicators by Program

Sun Prairie strives to continually deliver high-quality, affordable services. The chart below provides statistics on the city's performance for the past three years.

	2016	2015	2014
Public Safety			
Police			
Arrests	641	509	548
Citations ¹	2,680	2,385	2,452
Warnings	3,420	2,863	3,596
Fire Department			
Total Calls	1,120	1,020	1,003
Fire Calls	59	64	103
EMS			
Calls	2,467	2,391	2,205
En route Time (minutes)	1.25	1.22	1.25
Public Works			
Refuse/ Recycling			
Units Collected	9,820	9,627	9,519
Recycling Tonnage	2,737	2,763	2,758
Refuse Tonnage	7,255	7,250	6,736
Recreation			
Reservations	935	994	922
Program Enrollments	7,906	7,400	8,196
Open Swim Attendance	31,316	30,051	23,281
Library			
Circulation	643,423	634,628	644,178
Visits	236,526	219,893	221,615
Registered Borrowers	23,455	22,921	22,649
WWTP			
Wastewater Treatment (thousands of gallons)	1,394,968	1,093,819	1,228,833
Sun Prairie Utilities			
Water Mains Added (miles)	0.7	2.9	2.2
Water Mains Replaced (miles)	0.9	1.3	1.7
Pumpage (Gallons) (thousands)	970,006	923,654	894,825
Electric Meters	15,505	15,014	15,304
Electric Miles Added	4	7	4
Energy Used (kWh)	282,102,714	269,676,644	264,912,000
Peak Demand (kW)	62,481	57,530	58,125

Source: Department annual reports

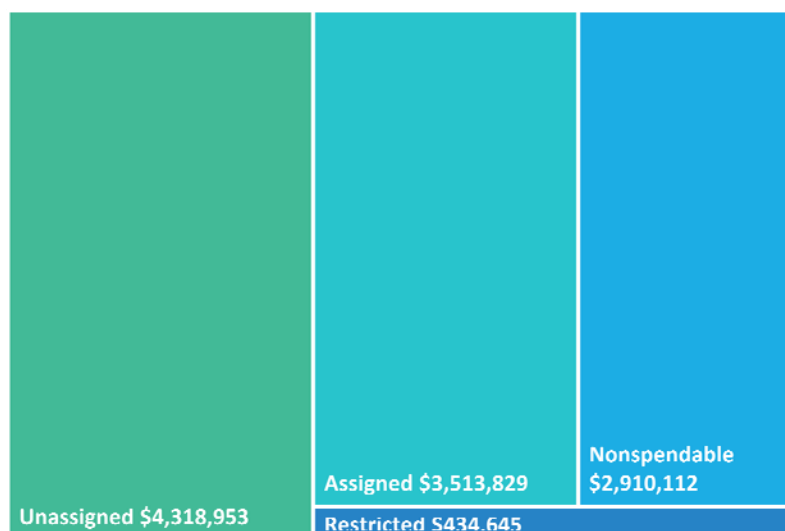
1 - The Citations issued do not include parking citations.

What We Have- Fund Balances

The financial stability of a municipality is important. Having adequate equity balances provides flexibility to a municipality to address shortfalls and unexpected costs. Equity is broken down into five categories.

- ❑ *Non-spendable*: Amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be intact.
- ❑ *Restricted*: Amounts that are restricted by constraints imposed on the use of resources either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- ❑ *Committed*: Amounts that can only be used for specific purposes pursuant to constraints imposed by the Common Council.
- ❑ *Assigned*: Amounts that are constrained by the government's intent to be used for a specific purpose but are neither restricted nor committed.
- ❑ *Unassigned*: Amounts that are in a spendable form and are not restricted, committed, or assigned to a specific purpose.

Fund Balances- General Fund

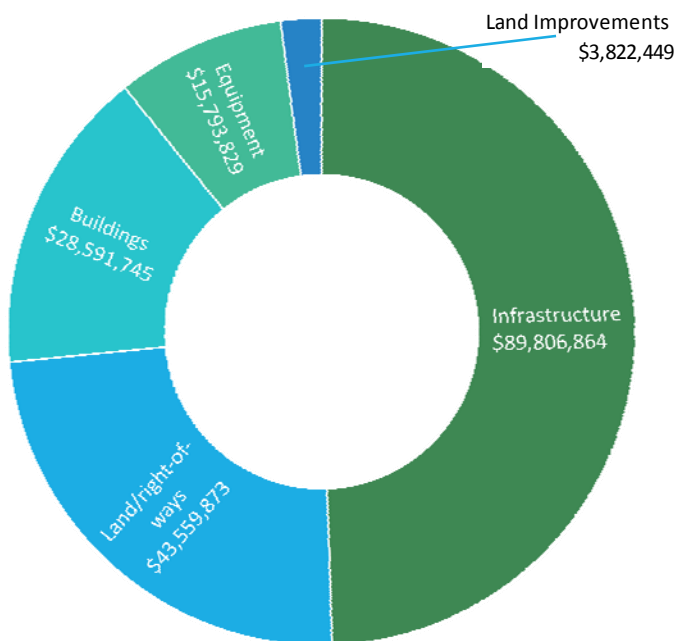


The city's Fund Balance Policy states that the city shall establish a formal minimum fund balance to respond to one-time unforeseen emergencies and temporary reductions in revenues. The reserve shall be maintained at an amount equal to at least 12% and not more than 18% of the prior year's budgeted general fund revenues. This reserve is part of the city's unassigned fund balance and equates to \$4 million of the \$4.3 million in unassigned fund balance for 2016.

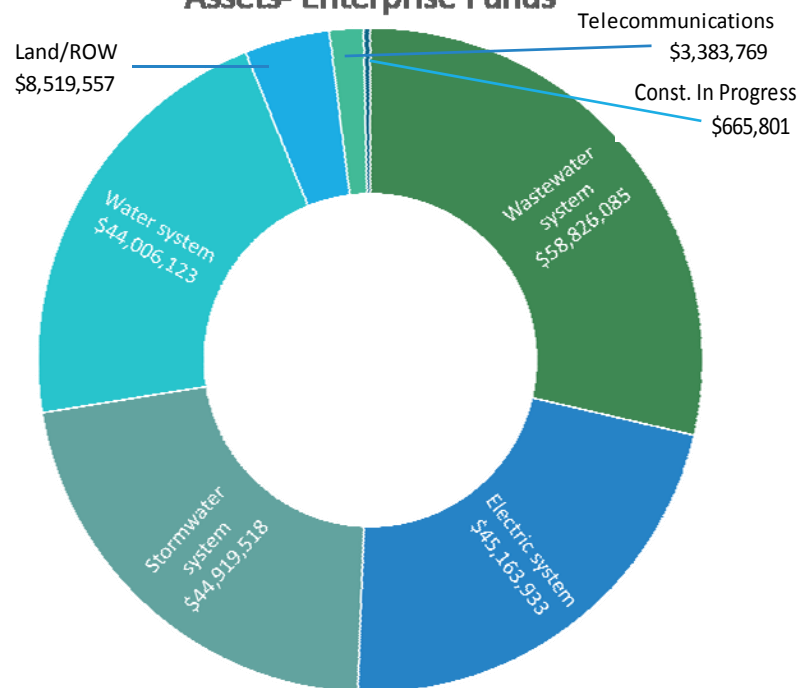
What We Have- Assets

The capital projects fund is used to account for capital acquisitions and projects. This includes land, equipment, and infrastructure with costs greater than \$25,000 and a useful life of 10 years or more. Each year the five-year Capital Improvement Plan is updated to plan for replacement of large capital assets and other major expenses.

Assets- General Fund



Assets- Enterprise Funds



What We Have- Assets

2016 Major Capital Asset Additions

- Completed and progressed on several street projects
- Constructed 3 new bike paths
- Started phase 2 Wyndham Hills pickleball court
- Replaced 10 vehicles
- Constructed new PD evidence room
- Resurfaced City Hall parking lot
- Replaced carpet in the City Hall Community Room



Major Capital Assets as of 12/31/2016

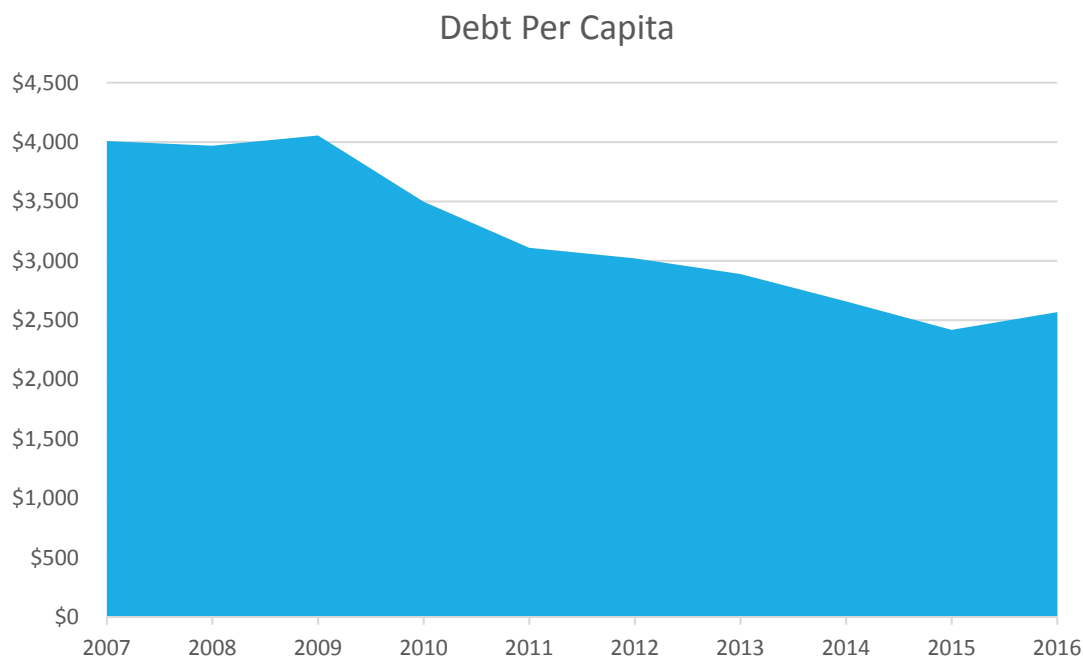
- 196 miles of streets
- 370 acres of parkland
- 838,862 feet of water main
- 697,917 feet of sewer main
- Wastewater Treatment Facility
- 5 substations
- 7 wells
- 17 buildings

How's Our Credit?

External credit ratings are very important and have a direct influence on the city's ability to minimize borrowing cost and successfully borrow money to complete the acquisition and construction of capital assets.

The city maintains a "Aa2" rating from Moody's Investors Service for general obligation debt. An "Aa2" credit rating is defined as high quality and very low credit risk. This means that Sun Prairie has sound financial operations and healthy reserve levels to manage current debt payments.

Sun Prairie's 2016 total debt per capita is \$2,567, which is approximately 7.53% of personal income for our residents.



What We Owe

Sun Prairie's debt policy, which was approved in December 2016, provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale, and structural features that may be incorporated. One benefit of issuing debt to pay for large projects is to allocate the payment of the project to those that benefit from the project. The debt payments will be made by future residents that use the asset acquired.

WI State Statutes limit GO debt to 5% or less of equalized value. Sun Prairie's debt to equalized value ratio is well below this limit at 1.97% for 2016. The city will strive to continue to be conservative when issuing debt in future years.

Fiscal Year	Net General Obligation Debt	Equalized Valuation	Percent of Debt to Equalization
2016	\$ 54,573,396	\$ 2,772,245,800	1.97%
2015	44,147,390	2,566,183,900	1.72%
2014	46,485,087	2,413,488,900	1.93%
2013	45,814,613	2,368,668,500	1.93%
2012	49,574,901	2,353,842,900	2.11%
2011	50,351,652	2,455,733,700	2.05%
2010	55,729,783	2,475,211,200	2.25%
2009	59,275,134	2,608,947,700	2.27%
2008	54,508,915	2,597,980,500	2.10%
2007	57,255,318	2,479,381,200	2.31%

Stay Informed!

The city's website (www.cityofsunprairie.com) provides information about city services, community events, construction alerts, and much more. Take advantage of many online services on the website including:

- ☐ Online payments
- ☐ Meeting Agendas and Minutes
- ☐ Elections Information
- ☐ Refuse and Recycle Information
- ☐ TDS Fiber Information
- ☐ City Forms and Documents
- ☐ City Budgets and Annual Finance Reports
- ☐ Sign up for the Clock Tower News!



