

Popular Annual Financial Report

For the year ended December 31, 2017





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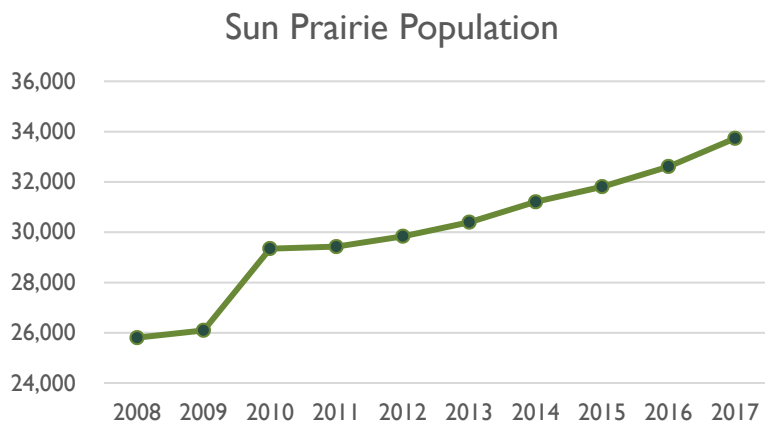


MESSAGE FROM THE ADMINISTRATOR



Thank you for your interest in the City's finances. The City's Popular Annual Financial Report for the year ended December 31, 2017 summarizes the City's financial information and operations in a concise and easily understood format. Our goal is to provide interested residents with information on the current state of the city.

Sun Prairie is a vibrant and growing community. Over the last ten years, Sun Prairie's population has increased by nearly 8,000 residents, making it one of the fastest growing communities in Wisconsin.



As our city grows, it is also becoming increasingly diverse.

According to the latest estimates from the U.S. Census, 80.7% of residents are white, 7% are black or African American, 5% are Hispanic or Latino and 4.5% are Asian. In 2010, 86.4% of residents identified as white-only, a difference of over 5%.

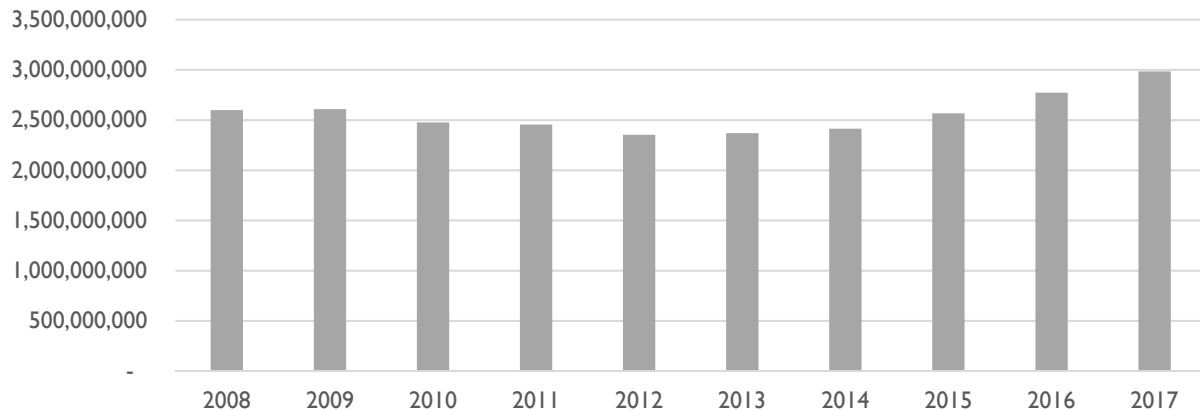
Sun Prairie Top Employers	
Employer	No. of Employees
Sun Prairie School District	1,141
General Casualty Co of WI	700
Colony Brands	505
Prairie Athletic Club	330
Royle Printing	275
Continental ContiTech	268
Frontier	250
Wal-Mart	250
City of Sun Prairie	241
Wisconsin Distributors	238

Sun Prairie also benefits from a strong and diverse local economy demonstrated by a 2017-unemployment rate of 2.4%, significantly lower than the State of Wisconsin as a whole (3.3%).

Employers within the city represent a variety of different industries with positions of varying skills and education levels. Some of the industries include advanced manufacturing, finance and insurance, agricultural technology, retail, customized product design, printing, publishing and graphics, warehousing and distribution, and others.

Over the last ten years, the City has seen significant increases in its equalized value. Since 2008, the City's equalized value has risen by over \$386 million or 14.9%. This indicates existing property's values are increasing as well as significant new private investment.

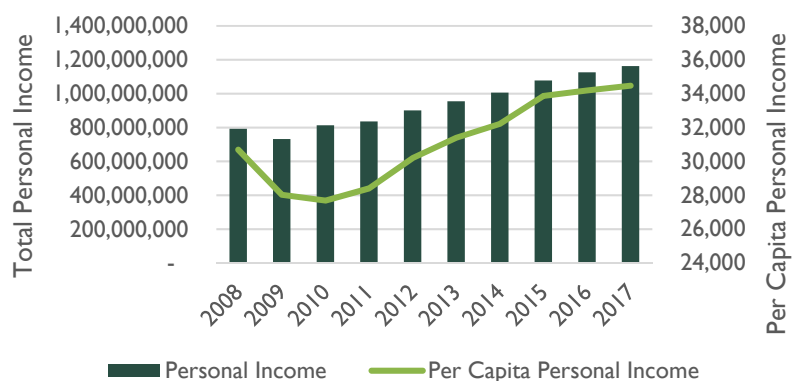
Equalized Value



*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 \$4,000 since 2008 to \$34,470. This continues to exceed the per capita personal income of the State of Wisconsin as a whole.

Wealth Indicators



The above trends show Sun Prairie is an attractive place to live, work or start a business. Sun Prairie is a full service community with a high quality of life offering over 41 parks, an aquatic center, recreational opportunities, and many other amenities. 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 with the public. It demonstrates the City is responsibly managing public funds 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 3 (SW Quadrant)

Maureen Crombie
(608) 669-7058

Mike Jacobs
(608) 438-6983

District 2 (NE Quadrant)

Bill Connors
(608) 354-5553

Jon Freund
(608) 206-3916

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	Kristin Vander Kooi
City Assessor	Debbie Mason
City Clerk	Elena Hilby
City Engineer	Adam Schleicher
City Attorney	Mark Leonard
Director of Community Development	Scott Kugler
Sun Prairie Media Center Director	Jeffrey Robbins
Director of Building Inspection	Brian Flannery
Director of Public Works	Lee Igl
Director of Economic Development	Neil Stechschulte
EMS Director	Vacant
Human Resources Director	Brenda Sukenik
Information Technology Director	Paul Watkins
Library Director	Svetha Hetzler
Parks & Recreation Director	Kristin Grissom
Police Chief	Pat Anhalt
Fire Chief	Christopher Garrison
WWTP Superintendent	John Krug
Sun Prairie Utilities Manager	Rick Wicklund

AWARDS AND RECOGNITION

Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Sun Prairie for its Popular Annual Financial Report for the fiscal year ended December 31, 2016. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Sun Prairie
Wisconsin**

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

A handwritten signature in dark ink, reading "Christopher P. Morrell". The signature is written in a cursive style with a prominent 'C' and 'M'.

Executive Director/CEO



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 Comprehensive Annual Financial Report (CAFR). The PAFR strives 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 relates to the city's major funds and is extracted directly from the city's (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:

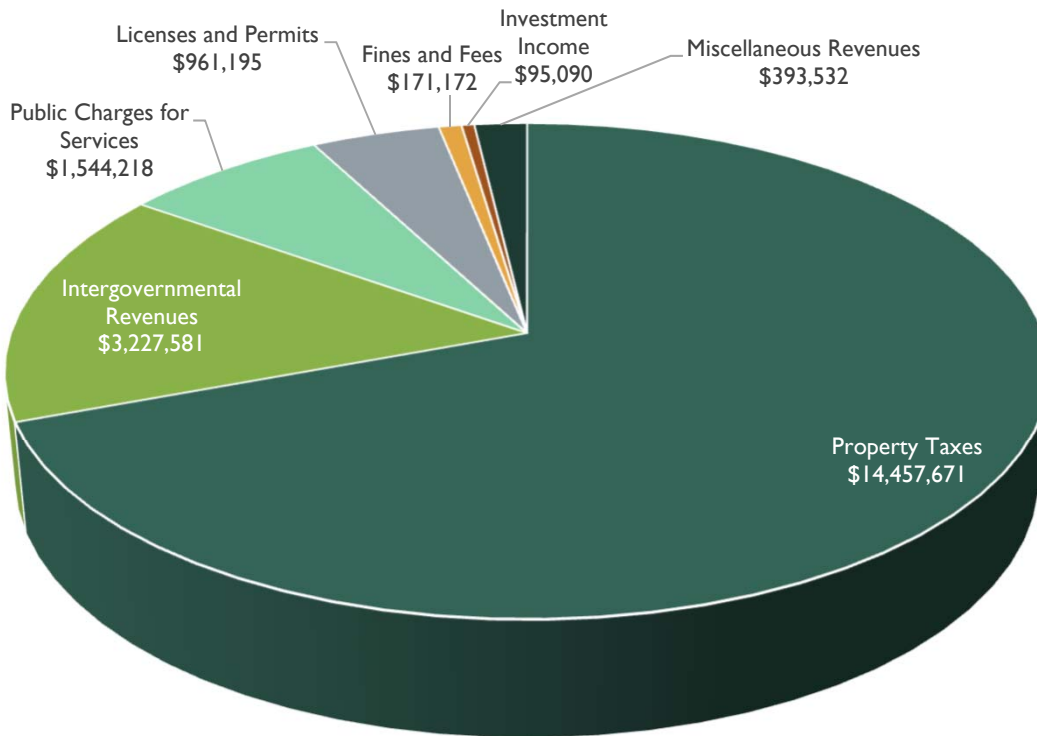
General Fund: The primary fund for general government. This fund includes administration, finance, clerk, public safety, public works, library, parks and recreation, planning, and economic development. This fund accounts for all financial resources not assigned to a special purpose fund.

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 include the wastewater utility, the stormwater utility, and Sun Prairie Utilities, which operates water, electric, and telecommunications.

WHERE THE MONEY COMES FROM: GENERAL FUND



The City of Sun Prairie collected \$20,850,459 in general fund revenues from multiple sources in 2017. These include property taxes, intergovernmental revenues, public charges for services, licenses and permits, fines and fees, investment income, and miscellaneous revenues. The city experienced significant growth in 2017, which can be viewed in the increased license and permit revenues over 2016.

	2015	2016	2017
Property Taxes	\$ 13,040,275	\$ 13,685,710	\$14,457,671
Intergovernmental Revenues	3,836,071	3,821,053	3,227,581
Public Charges for Services	1,462,738	1,397,422	1,544,218
Licenses and Permits	515,432	533,275	961,195
Fines and Fees	192,788	191,014	171,172
Investment Income	28,646	57,032	95,090
Miscellaneous Revenues	<u>1,241,682</u>	<u>701,946</u>	<u>393,532</u>
Total Revenues	\$ 20,317,632	\$ 20,387,452	\$20,850,459

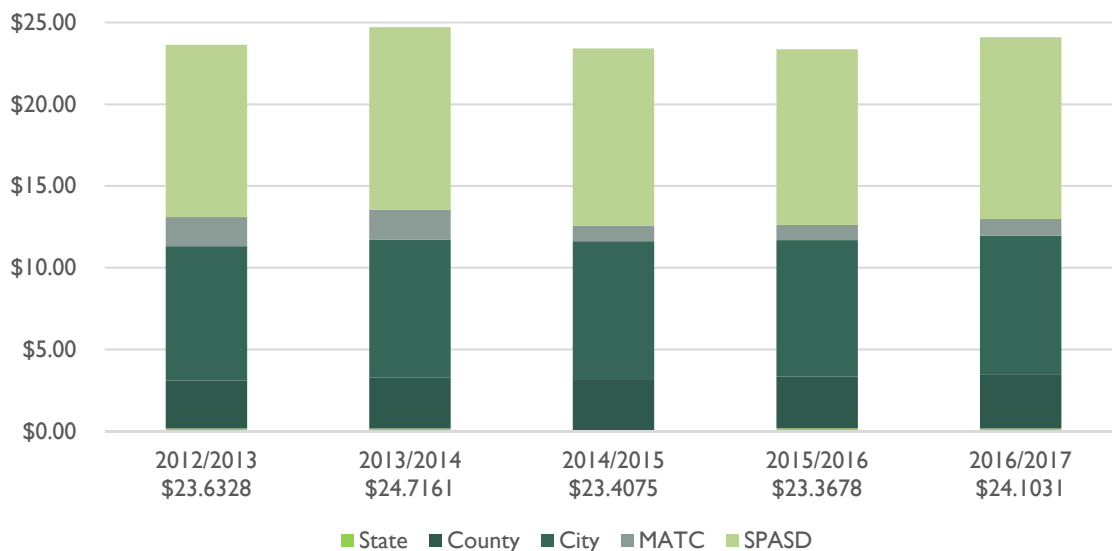
PROPERTY TAXES



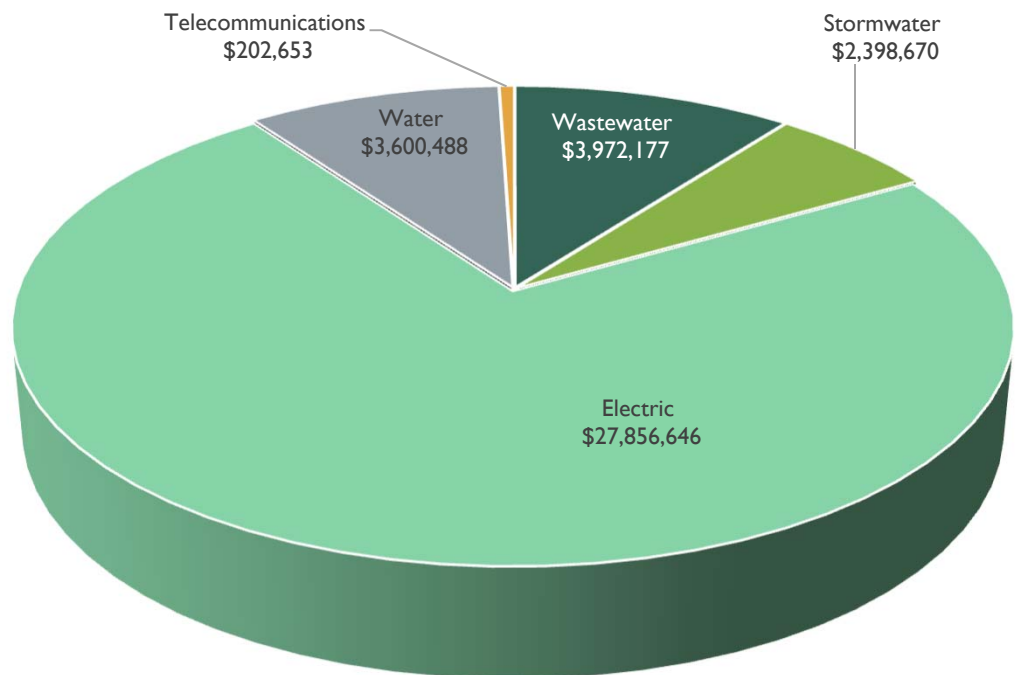
State	County	City	MATC	SPASD
\$0.01	\$0.14	\$0.35	\$0.04	\$0.46

The 2016/17 mill rate was \$24.10 per \$1,000 of assessed value. This rate is a combination of multiple taxing jurisdictions including the State (\$0.17), Dane County (\$3.31), Sun Prairie Area School District- SPASD (\$11.12), Madison Area Technical College-MATC (\$1.02), and the City of Sun Prairie (\$8.48). The average home was assessed at \$226,400 and paid \$5,457 in taxes.

Mill Rates



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. Stormwater revenues increased over 2016 due to a mid-year increase of stormwater fees.

	2015	2016	2017
Wastewater	\$ 3,771,488	\$ 3,891,120	\$ 3,972,177
Stormwater	1,680,540	1,808,596	2,398,670
Electric	26,741,334	27,390,413	27,856,646
Water	3,259,410	3,495,739	3,600,488
Telecommunications	512,036	609,350	202,653
Total Revenues	\$ 35,964,808	\$ 37,195,218	\$ 38,030,634

WHERE THE MONEY GOES: GENERAL FUND

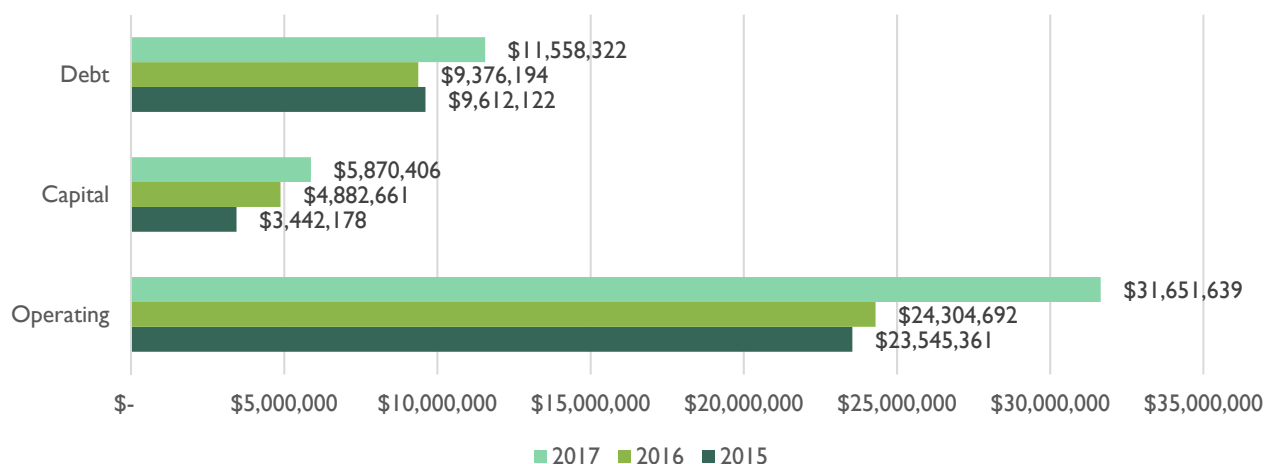
	2015	2016	2017
General Government	\$ 3,610,525	\$ 4,298,261	\$ 4,218,868
Public Safety	9,796,061	10,288,497	10,854,383
Public Works	3,025,007	2,656,667	2,915,598
Health and Human Services	23,500	54,500	84,500
Culture, Recreation, and Education	3,268,968	3,245,894	1,693,518
Conservation and Development	649,123	740,297	546,847
Total Expenditures	\$ 20,373,184	\$ 21,284,116	\$ 20,313,714

GENERAL GOVERNMENT

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.

General Government Expenses by Category



WHERE DO MY TAX DOLLARS GO?

What could you buy with \$160 per month?

One of these...

OR

ALL of these!

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

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

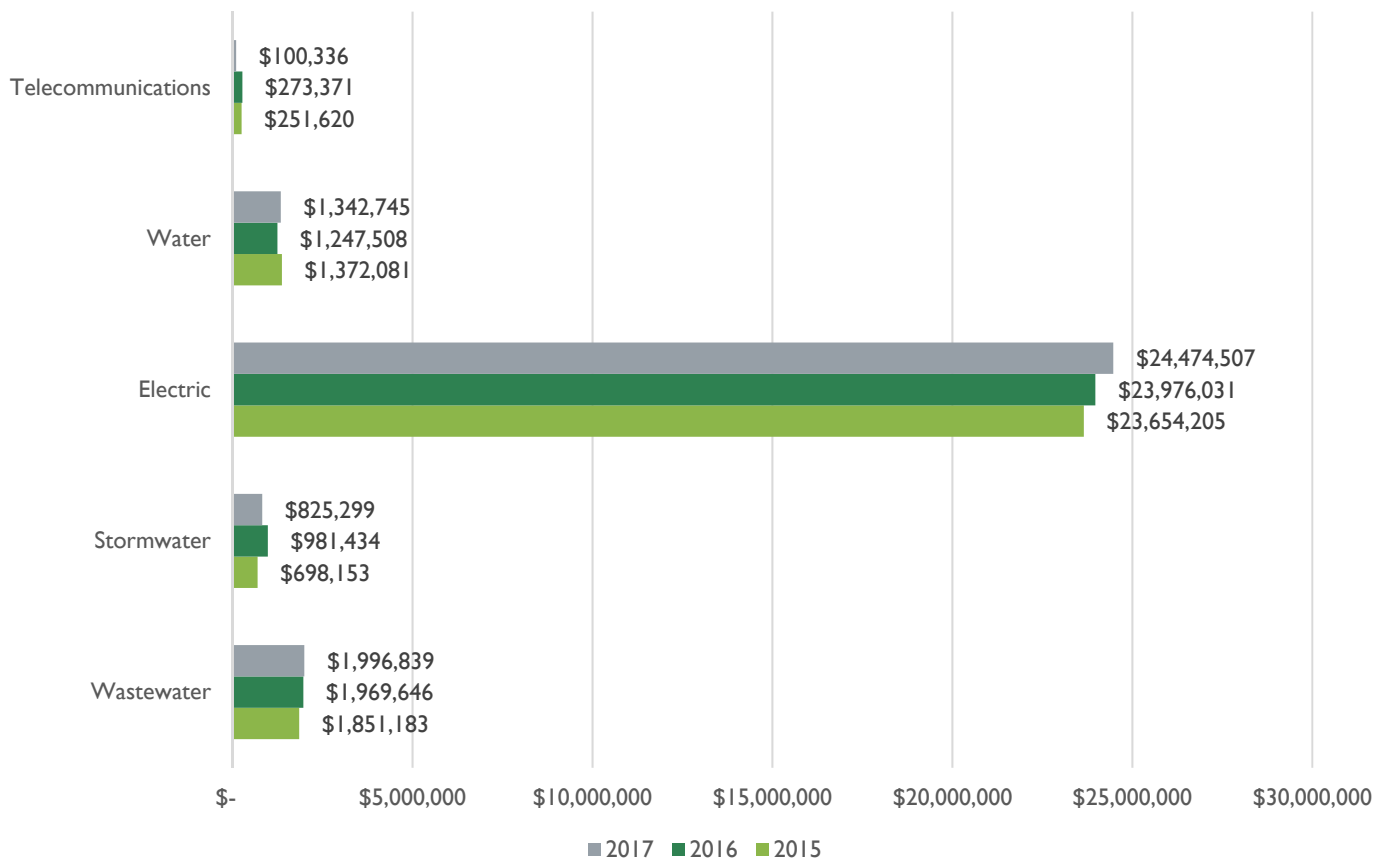


The average home was assessed at \$226,400 and paid \$5,457 in property tax. The city received \$0.35 for every dollar collected in property taxes, or approximately \$1,919 from the average home. This equates to \$160 per month in property taxes.

WHERE THE MONEY GOES: ENTERPRISE FUNDS

Enterprise funds include wastewater, stormwater, and Sun Prairie Utilities. Sun Prairie Utilities maintain the city's water, electric, and telecommunications infrastructure. Each of these utilities collect service fees to fund their operating, capital, and debt expenses. In 2017, operating and maintenance expenses totaled \$28,739,726 across all utilities. 2016 operating expenses totaled \$28,447,990. In 2017, Sun Prairie Utilities sold their telecommunications assets to a private company, Telephone and Data Systems, Inc. (TDS).

Operation and Maintenance Totals



OPERATING INDICATORS BY PROGRAM

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



	2017	2016	2015
Public Safety			
Police			
Arrests	645	641	509
Citations ¹	2,914	2,680	2,385
Warnings	3,042	3,420	2,863
Fire Department			
Total Calls	1,373	1,120	1,020
Fire Calls	652	59	64
Fire Stations	2	2	2
Fire Apparatus	12	11	11
EMS			
Calls	2,828	2,467	2,391
En route Time (minutes)	1.45	1.25	1.22
Public Works			
Refuse/ Recycling			
Units Collected	9,917	9,743/9,820	9,627
Recycling Tonnage	2,578	2,737	2,763
Refuse Tonnage	7,494	7,255	7,250
Recreation			
Reservations	668	935	994
Program Enrollments	4,898	7,906	7,400
Open Swim Attendance	26,353	31,316	30,051
Library			
Circulation	648,172	643,423	634,628
Visits	231,554	236,526	219,893
Registered Borrowers	23,830	23,455	22,921
WWTP			
Wastewater Treatment (thousands of gallons)	1,485,512	1,394,968	1,093,819
Sun Prairie Utilities			
Water Mains Added (miles)	4.1	0.7	2.9
Water Mains Replaced (miles)	1.5	0.9	1.3
Pumpage (Gallons) (thousands)	987,169	970,006	923,654
Electric Meters	16,555	15,505	15,014
Miles Added	(6)	4	7
Energy Used (kWh)	283,216,940	282,102,714	269,676,644
Peak Demand (kW)	60,742	62,481	57,530

Source: Department annual reports

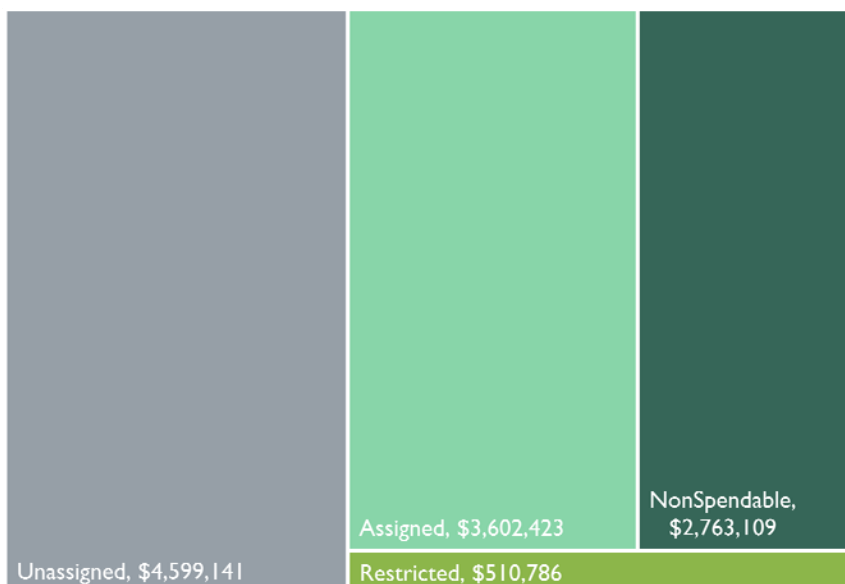
1 - The Citations issued do not include parking citations.

WHAT WE HAVE: FUND BALANCE

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

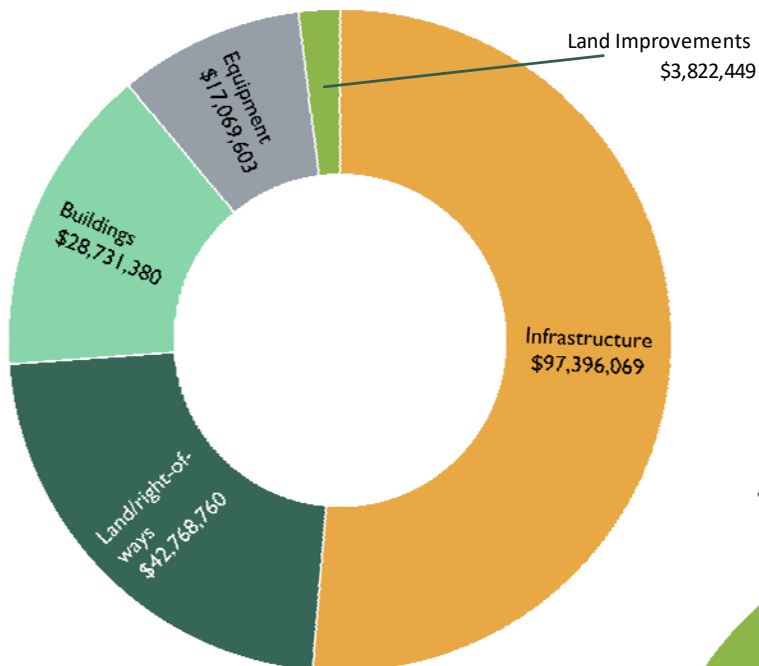


The city's Fund Balance Policy states that the city shall establish a formal minimum fund balance to respond to one-time unforeseen emergencies and temporary reductions in revenues. The reserve shall be maintained at an amount equal to at least 12% and not more than 18% of the prior year's budgeted general fund revenues. This reserve is part of the city's unassigned fund balance and equates to \$4.1 million of the \$4.6 million in unassigned fund balance for 2017.

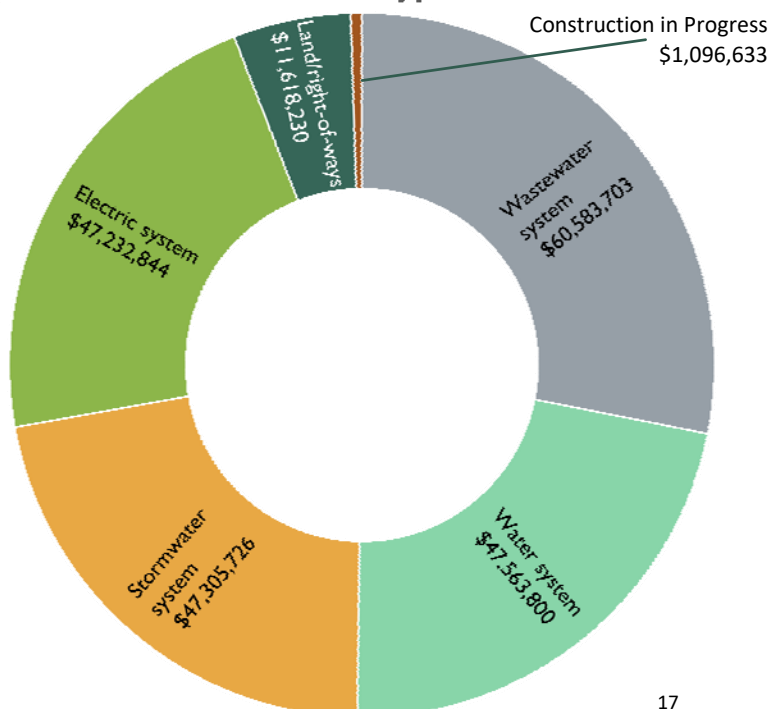
WHAT WE HAVE: ASSETS

Capital assets are assets that have an expected life of more than one year and are not bought and sold in a usual course of business. For the city, this includes land, equipment, and infrastructure with costs greater than \$5,000. Each year the city produces a five-year Capital Improvement Plan to provide a strategy for the replacement of large capital assets and other major expenses.

Assets- Governmental Activities



Assets- Business Type Activities



WHAT WE HAVE: ASSETS

2017 Major Capital Asset Additions

- Completed and progressed on several street projects
- Constructed 5 new bike paths
- Added 2 new traffic signals
- Replaced 11 vehicles and equipment
- Renovated IT office space
- Added \$237,180 of library materials
- Upgraded technology in Council Chambers



Major Capital Assets as of 12/31/2017

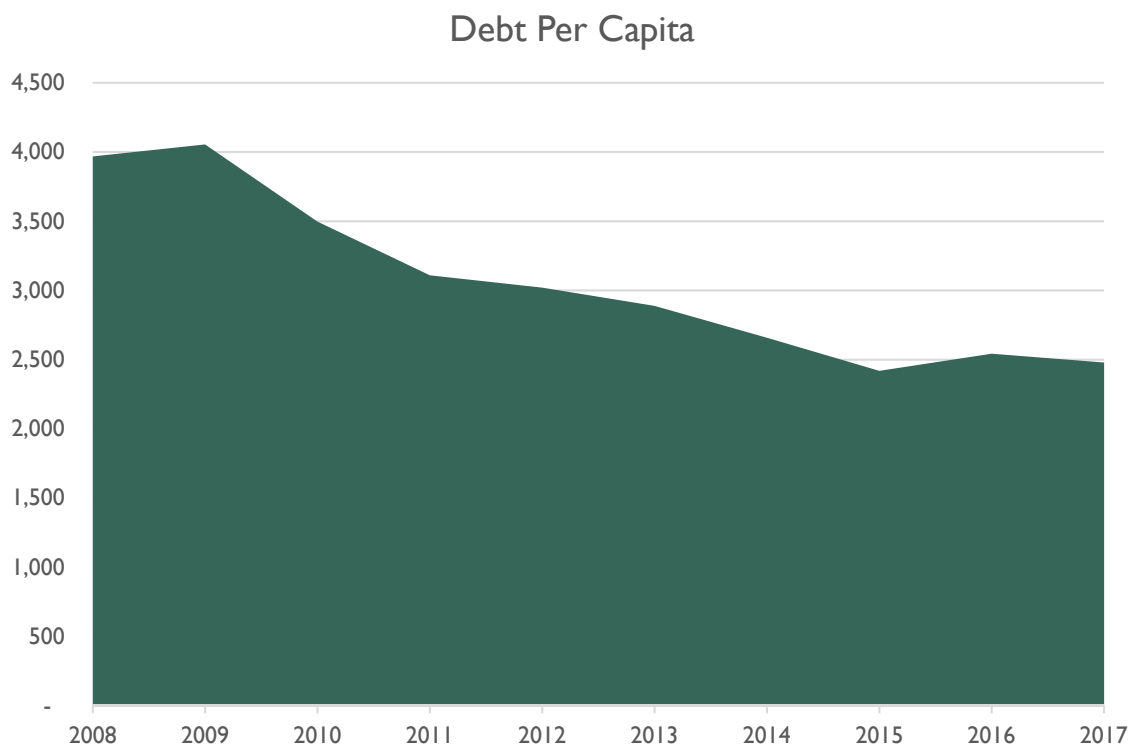
- 136 miles of streets
- 411 acres of parkland
- 791,427 feet of water main
- 844,800 feet of sanitary sewer main
- Wastewater Treatment Facility
- 5 substations
- 7 wells
- 16 buildings

HOW'S OUR CREDIT?

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

The city maintains an "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 2017 total debt per capita is \$2,479, which is approximately 7.19% 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, through property taxes, that use the asset acquired.

WI State Statutes limit General Obligation debt to 5% or less of equalized value. Sun Prairie's debt to equalized value ratio is well below this limit at 2.01% for 2017. The city will strive to continue to be conservative when issuing debt in future years.

<u>Fiscal Year</u>	<u>Net General Obligation Debt</u>	<u>Equalized Valuation</u>	<u>Percent of Debt to Equalization</u>
2017	60,003,576	2,984,707,700	2.01%
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%

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!



