

CITY OF BEAVER DAM

Beaver Dam, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

CITY OF BEAVER DAM

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Beaver Dam
Beaver Dam, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beaver Dam, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Beaver Dam's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the City of Beaver Dam'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 Beaver Dam'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 Beaver Dam

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, each major fund, and the aggregate remaining fund information of the City of Beaver Dam, Wisconsin, as of December 31, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

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

To the City Council
City of Beaver Dam

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2017 on our consideration of the City of Beaver Dam's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Beaver Dam's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
September 28, 2017

CITY OF BEAVER DAM

STATEMENT OF NET POSITION As of December 31, 2016

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 3,665,079	\$ 14,190	\$ 3,679,269
Receivables (net)			
Taxes	12,074,343	-	12,074,343
Accounts	391,468	1,572,574	1,964,042
Special assessments	82,801	-	82,801
Loans	2,476,007	-	2,476,007
Internal balances	1,964,796	(1,964,796)	-
Inventories and prepaid items	415,110	198,788	613,898
Capital Assets			
Land	5,079,083	174,780	5,253,863
Construction in progress	750,024	387,209	1,137,233
Other capital assets, net of depreciation	<u>25,102,828</u>	<u>53,400,624</u>	<u>78,503,452</u>
Total Assets	<u>52,001,539</u>	<u>53,783,369</u>	<u>105,784,908</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>5,179,019</u>	<u>612,711</u>	<u>5,791,730</u>
LIABILITIES			
Accounts payable	579,218	617,708	1,196,926
Accrued liabilities	503,286	140,602	643,888
Deposits	33,063	-	33,063
Noncurrent Liabilities			
Due within one year	3,752,672	1,461,902	5,214,574
Due in more than one year	<u>24,378,284</u>	<u>10,880,242</u>	<u>35,258,526</u>
Total Liabilities	<u>29,246,523</u>	<u>13,100,454</u>	<u>42,346,977</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	11,700,670	-	11,700,670
Pension related amounts	<u>1,962,667</u>	<u>240,209</u>	<u>2,202,876</u>
Total Deferred Inflows of Resources	<u>13,663,337</u>	<u>240,209</u>	<u>13,903,546</u>
NET POSITION			
Net investment in capital assets	12,945,699	42,662,691	53,089,815
Restricted for			
TIF purposes	450,193	-	450,193
Library	1,006,926	-	1,006,926
Senior citizens	71,449	-	71,449
Housing programs	2,812,453	-	2,812,453
Transit program	20,328	-	20,328
Unrestricted (deficit)	<u>(3,036,350)</u>	<u>(1,607,274)</u>	<u>(2,125,049)</u>
TOTAL NET POSITION	<u>\$ 14,270,698</u>	<u>\$ 41,055,417</u>	<u>\$ 55,326,115</u>

See accompanying notes to financial statements.

CITY OF BEAVER DAM

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

<u>Functions/Programs</u>	Program Revenues			
<u>Primary Government</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General government	\$ 1,554,124	\$ 52,112	\$ 16,672	\$ -
Public safety	8,200,880	1,295,492	197,765	-
Public works	3,695,136	301,890	1,187,380	101,881
Health and human services	51,303	-	-	-
Culture, recreation, and education	2,680,741	127,585	277,504	351,729
Conservation and development	913,637	7,864	-	6,650
Interest and fiscal charges	498,450	-	-	-
Total Governmental Activities	17,594,271	1,784,943	1,679,321	460,260
Business-type Activities				
Water Utility	2,458,905	2,780,496	-	39,391
Wastewater Utility	4,633,087	4,094,092	-	32,099
Stormwater Utility	849,388	798,887	-	444,185
Total Business-type Activities	7,941,380	7,673,475	-	515,675
Total Primary Government	\$ 25,535,651	\$ 9,458,418	\$ 1,679,321	\$ 975,935

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Property taxes, levied for capital projects

Property taxes, levied for other purposes

Other taxes

Cable television revenues

Intergovernmental revenues not restricted to specific programs

Public gifts and grants

Investment income

Gain on the sale of assets

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (1,485,340)	\$ -	\$ (1,485,340)
(6,707,623)	-	(6,707,623)
(2,103,985)	-	(2,103,985)
(51,303)	-	(51,303)
(1,923,923)	-	(1,923,923)
(899,123)	-	(899,123)
(498,450)	-	(498,450)
<u>(13,669,747)</u>	<u>-</u>	<u>(13,669,747)</u>
-	360,982	360,982
-	(506,896)	(506,896)
-	<u>393,684</u>	<u>393,684</u>
-	<u>247,770</u>	<u>247,770</u>
<u>(13,669,747)</u>	<u>247,770</u>	<u>(13,421,977)</u>
7,157,832	-	7,157,832
2,144,696	-	2,144,696
1,731,364	-	1,731,364
382,138	-	382,138
86,506	-	86,506
128,442	-	128,442
197,984	-	197,984
2,000,649	-	2,000,649
125,694	-	125,694
57,290	1,606	58,896
80,885	-	80,885
125,563	3,510	129,073
<u>(925,676)</u>	<u>925,676</u>	<u>-</u>
<u>13,293,367</u>	<u>930,792</u>	<u>14,224,159</u>
(376,380)	1,178,562	802,182
<u>14,647,078</u>	<u>39,876,855</u>	<u>54,523,933</u>
<u>\$ 14,270,698</u>	<u>\$ 41,055,417</u>	<u>\$ 55,326,115</u>

See accompanying notes to financial statements.

CITY OF BEAVER DAM

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	<u>General</u>	<u>Housing Rehabilitation Fund</u>	<u>Debt Service Fund</u>	<u>TIF District No. 4</u>
ASSETS				
Cash and investments	\$ 700,189	\$ 202,478	\$ -	\$ 529,438
Receivables (net)				
Taxes	7,840,138	-	2,128,537	1,585,978
Delinquent personal property taxes	13,680	-	-	-
Accounts	258,924	-	-	-
Special assessments	-	-	-	-
Loans	-	1,949,126	-	-
Due from other funds	2,051,499	-	-	-
Prepaid items	408,061	-	-	-
Advances to other funds	<u>18,773</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 11,291,264</u>	<u>\$ 2,151,604</u>	<u>\$ 2,128,537</u>	<u>\$ 2,115,416</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 416,755	\$ -	\$ -	\$ 89,202
Accrued liabilities	380,304	-	-	-
Due to other funds	-	-	-	15,000
Deposits	31,645	-	-	1,418
Advances from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>828,704</u>	<u>-</u>	<u>-</u>	<u>105,620</u>
Deferred Inflows of Resources				
Unearned revenues	7,480,145	-	2,128,537	1,585,978
Unavailable revenues	<u>48,609</u>	<u>1,949,126</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>7,528,754</u>	<u>1,949,126</u>	<u>2,128,537</u>	<u>1,585,978</u>
Fund Balances				
Nonspendable	810,514	-	-	-
Restricted	-	202,478	-	423,818
Assigned	594,242	-	-	-
Unassigned	<u>1,529,050</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,933,806</u>	<u>202,478</u>	<u>-</u>	<u>423,818</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 11,291,264</u>	<u>\$ 2,151,604</u>	<u>\$ 2,128,537</u>	<u>\$ 2,115,416</u>

See accompanying notes to financial statements.

<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 940,822	\$ 1,292,152	\$ 3,665,079
264,931	241,079	12,060,663
-	-	13,680
21,497	111,047	391,468
82,801	-	82,801
-	526,881	2,476,007
-	-	2,051,499
7,049	-	415,110
-	-	18,773
<u>\$ 1,317,100</u>	<u>\$ 2,171,159</u>	<u>\$ 21,175,080</u>
\$ 52,136	\$ 21,125	\$ 579,218
-	-	380,304
-	71,703	86,703
-	-	33,063
-	18,773	18,773
<u>52,136</u>	<u>111,601</u>	<u>1,098,061</u>
264,931	241,079	11,700,670
<u>82,801</u>	<u>526,881</u>	<u>2,607,417</u>
<u>347,732</u>	<u>767,960</u>	<u>14,308,087</u>
-	-	810,514
497,117	1,291,598	2,415,011
420,115	-	1,014,357
-	-	1,529,050
<u>917,232</u>	<u>1,291,598</u>	<u>5,768,932</u>
<u>\$ 1,317,100</u>	<u>\$ 2,171,159</u>	<u>\$ 21,175,080</u>

See accompanying notes to financial statements.

CITY OF BEAVER DAM

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2016

Total Fund Balances - Governmental Funds	\$ 5,768,932
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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.

Land	5,079,083
Construction in progress	750,024
Other capital assets, net of accumulated depreciation	25,102,828

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.

	2,607,417
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The net pension liability does not relate to current financial resources and is not reported in the governmental funds.

	(928,056)
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Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

	5,179,019
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Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

	(1,962,667)
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Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(21,001,928)
Compensated absences	(2,099,466)
Accrued interest	(122,982)
Unfunded pension liability	(2,102,663)
Landfill postclosure care	(686,335)
Other postemployment benefits	<u>(1,312,508)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 14,270,698</u>
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CITY OF BEAVER DAM

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2016

	General	Housing Rehabilitation Fund	Debt Service Fund	TIF District No. 4
REVENUES				
Taxes	\$ 7,292,780	\$ -	\$ 2,144,696	\$ 1,579,350
Intergovernmental	3,116,453	-	-	11,309
Licenses and permits	522,879	-	-	-
Fines, forfeitures and penalties	273,998	-	-	-
Public charges for services	1,188,341	-	-	-
Intergovernmental charges for services	288,490	-	-	-
Special assessments	25,718	-	-	-
Investment income	3,647	72	-	1,598
Miscellaneous	147,863	139,590	-	13,671
Total Revenues	12,860,169	139,662	2,144,696	1,605,928
EXPENDITURES				
Current				
General government	1,572,772	-	-	29,677
Public safety	6,893,830	-	-	-
Public works	2,387,541	-	-	-
Health and human services	51,303	-	-	-
Culture, recreation and education	2,023,832	-	-	-
Conservation and development	141,637	113,272	-	-
Capital Outlay	29,307	-	-	2,278,087
Debt Service				
Principal	-	-	1,705,000	1,550,000
Interest and fiscal charges	8,468	-	397,735	120,493
Debt issuance costs	-	-	-	27,342
Total Expenditures	13,108,690	113,272	2,102,735	4,005,599
Excess (deficiency) of revenues over expenditures	(248,521)	26,390	41,961	(2,399,671)
OTHER FINANCING SOURCES (USES)				
Transfers in	491,455	-	-	-
Transfers out	(21,592)	-	(41,961)	-
Long-term debt issued	-	-	-	2,005,000
Premium on debt issued	-	-	-	26,680
Property sales	72,885	-	-	-
Total Other Financing Sources (Uses)	542,748	-	(41,961)	2,031,680
Net Change in Fund Balances	294,227	26,390	-	(367,991)
FUND BALANCES - Beginning of Year	2,639,579	176,088	-	791,809
FUND BALANCES - END OF YEAR	\$ 2,933,806	\$ 202,478	\$ -	\$ 423,818

See accompanying notes to financial statements.

Capital Projects Fund	Nonmajor Governmental Funds	Totals
\$ 382,138	\$ 232,014	\$ 11,630,978
208,073	581,675	3,917,510
-	-	522,879
-	-	273,998
-	-	1,188,341
-	-	288,490
74,423	-	100,141
4,932	47,041	57,290
296	242,377	543,797
<u>669,862</u>	<u>1,103,107</u>	<u>18,523,424</u>
-	9,572	1,612,021
-	-	6,893,830
-	574,342	2,961,883
-	-	51,303
-	43,723	2,067,555
-	109,866	364,775
2,070,054	74,918	4,452,366
372,373	-	3,627,373
26,729	-	553,425
21,819	-	49,161
<u>2,490,975</u>	<u>812,421</u>	<u>22,633,692</u>
<u>(1,821,113)</u>	<u>290,686</u>	<u>(4,110,268)</u>
206,961	-	698,416
-	(183,773)	(247,326)
1,600,000	-	3,605,000
21,290	-	47,970
8,000	-	80,885
<u>1,836,251</u>	<u>(183,773)</u>	<u>4,184,945</u>
15,138	106,913	74,677
<u>902,094</u>	<u>1,184,685</u>	<u>5,694,255</u>
<u>\$ 917,232</u>	<u>\$ 1,291,598</u>	<u>\$ 5,768,932</u>

See accompanying notes to financial statements.

CITY OF BEAVER DAM

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, 2016

Net change in fund balances - total governmental funds	\$	74,677
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		4,452,366
Some items reported as capital outlay were not capitalized		(1,769,295)
Depreciation is reported in the government-wide financial statements		(1,851,903)
Net book value of assets retired		(502,185)
<p>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.</p>		
Special assessments		(15,070)
Loans receivable		(49,828)
Ambulance charges		(24,495)
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Debt issued		(3,605,000)
Principal repaid		3,651,355
<p>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.</p>		
Amortization of premium		62,150
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences		(7,001)
Unfunded prior service cost		(63,349)
Accrued interest on debt		(5,984)
Net pension liability		(2,343,666)
Deferred outflows of resources related to pensions		3,724,980
Deferred inflows of resources related to pensions		(1,962,667)
Landfill postclosure care		24,995
Other postemployment benefits		(166,460)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(376,380)</u>

CITY OF BEAVER DAM

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2016

	Business-type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Totals
ASSETS				
Current Assets				
Cash and investments	\$ -	\$ 14,190	\$ -	\$ 14,190
Accounts receivable	492,376	523,778	556,419	1,572,573
Due from other funds	236,930	-	-	236,930
Materials and supplies	130,080	20,951	47,757	198,788
Total Current Assets	859,386	558,919	604,176	2,022,481
Noncurrent Assets				
Capital Assets				
Property and equipment	26,924,052	47,900,285	13,221,826	88,046,163
Construction in progress	-	-	387,209	387,209
Less: Accumulated depreciation	(10,193,701)	(20,897,032)	(3,380,025)	(34,470,758)
Total Noncurrent Assets	16,730,351	27,003,253	10,229,010	53,962,614
Total Assets	17,589,737	27,562,172	10,833,186	55,985,095
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	319,233	224,459	69,019	612,711
LIABILITIES				
Current Liabilities				
Accounts payable	57,978	174,833	384,897	617,708
Due to other funds	1,261,910	365,464	574,352	2,201,726
Accrued liabilities	49,463	28,605	4,560	82,628
Current portion of leases payable	23,952	-	23,237	47,189
Current portion of general obligation debt	625,000	101,000	160,000	886,000
Accrued interest	5,055	39,678	13,241	57,974
Current portion of WRS unfunded liability	6,476	3,665	706	10,847
Current portion of revenue bonds	-	517,866	-	517,866
Total Current Liabilities	2,029,834	1,231,111	1,160,993	4,421,938
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt	475,000	522,000	1,380,000	2,377,000
Revenue bonds	-	7,404,896	-	7,404,896
Compensated absences	235,602	119,589	24,281	379,472
Leases payable	33,128	-	3,835	36,963
WRS unfunded liability	146,537	82,932	15,984	245,453
Other postemployment benefits	39,519	13,346	-	52,865
Unamortized bond premium	6,144	8,066	15,799	30,009
Customer advances for construction	-	240,000	-	240,000
Net pension liability	59,401	41,899	12,284	113,584
Total Noncurrent Liabilities	995,331	8,432,728	1,452,183	10,880,242
Total Liabilities	3,025,165	9,663,839	2,613,176	15,302,180

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Stormwater Fund</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	\$ 125,623	\$ 88,608	\$ 25,978	\$ 240,209
Total Deferred Inflows of Resources	<u>125,623</u>	<u>88,608</u>	<u>25,978</u>	<u>240,209</u>
NET POSITION				
Net investment in capital assets	15,567,127	18,449,425	8,646,139	42,662,691
Unrestricted (deficit)	<u>(808,945)</u>	<u>(415,241)</u>	<u>(383,088)</u>	<u>(1,607,274)</u>
TOTAL NET POSITION	<u>\$ 14,758,182</u>	<u>\$ 18,034,184</u>	<u>\$ 8,263,051</u>	<u>\$ 41,055,417</u>

See accompanying notes to financial statements.

CITY OF BEAVER DAM

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Totals
OPERATING REVENUES				
Public charges for services	\$ 2,625,153	\$ 4,058,339	\$ 787,779	\$ 7,471,271
Other	<u>155,343</u>	<u>35,753</u>	<u>11,108</u>	<u>202,204</u>
Total Operating Revenues	<u>2,780,496</u>	<u>4,094,092</u>	<u>798,887</u>	<u>7,673,475</u>
OPERATING EXPENSES				
Operation and maintenance	1,729,743	2,964,854	502,359	5,196,956
Depreciation	<u>704,446</u>	<u>1,426,402</u>	<u>296,603</u>	<u>2,427,451</u>
Total Operating Expenses	<u>2,434,189</u>	<u>4,391,256</u>	<u>798,962</u>	<u>7,624,407</u>
Operating Income (Loss)	<u>346,307</u>	<u>(297,164)</u>	<u>(75)</u>	<u>49,068</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income (loss)	1,606	-	-	1,606
Miscellaneous expense	-	(312)	-	(312)
Amortization of bond premium	768	1,372	1,370	3,510
Debt issuance costs	-	(6,818)	(9,546)	(16,364)
Interest expense	<u>(24,716)</u>	<u>(234,701)</u>	<u>(40,880)</u>	<u>(300,297)</u>
Total Nonoperating Revenues (Expenses)	<u>(22,342)</u>	<u>(240,459)</u>	<u>(49,056)</u>	<u>(311,857)</u>
Income (Loss) Before Contributions and Transfers	<u>323,965</u>	<u>(537,623)</u>	<u>(49,131)</u>	<u>(262,789)</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	213,381	215,159	1,463,901	1,892,441
Transfers in	-	-	21,592	21,592
Transfers out	<u>(472,682)</u>	<u>-</u>	<u>-</u>	<u>(472,682)</u>
Total Contributions and Transfers	<u>(259,301)</u>	<u>215,159</u>	<u>1,485,493</u>	<u>1,441,351</u>
Change in Net Position	64,664	(322,464)	1,436,362	1,178,562
NET POSITION - Beginning of Year	<u>14,693,518</u>	<u>18,356,648</u>	<u>6,826,689</u>	<u>39,876,855</u>
NET POSITION - END OF YEAR	<u>\$ 14,758,182</u>	<u>\$ 18,034,184</u>	<u>\$ 8,263,051</u>	<u>\$ 41,055,417</u>

See accompanying notes to financial statements.

CITY OF BEAVER DAM

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 2,615,753	\$ 4,001,553	\$ 788,109	\$ 7,405,415
Paid to suppliers for goods and services	(1,182,689)	(2,491,969)	(423,103)	(4,097,761)
Paid to employees for services	(504,522)	(387,013)	(124,296)	(1,015,831)
Net Cash Flows From Operating Activities	<u>928,542</u>	<u>1,122,571</u>	<u>240,710</u>	<u>2,291,823</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	1,606	-	-	1,606
Net Cash Flows From Investing Activities	<u>1,606</u>	<u>-</u>	<u>-</u>	<u>1,606</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(447,352)	-	-	(447,352)
Transfers from other funds	-	-	21,592	21,592
Deficit cash provided by (repaid to) other funds	437,279	(162,144)	242,230	517,365
Net Cash Flows From Noncapital Financing Activities	<u>(10,073)</u>	<u>(162,144)</u>	<u>263,822</u>	<u>91,605</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(615,000)	(1,054,409)	(600,000)	(2,269,409)
Interest paid	(31,906)	(236,130)	(37,480)	(305,516)
Proceeds from debt issuance	-	500,000	700,000	1,200,000
Capital lease payments	(23,249)	(67,393)	(27,655)	(118,297)
Capital contributions received	-	60	-	60
Acquisition and construction of capital assets	(249,920)	(88,199)	(539,166)	(877,285)
Debt issuance costs	-	(6,818)	(9,546)	(16,364)
Premium on debt issued	-	6,652	9,315	15,967
Net Cash Flows From Capital and Related Financing Activities	<u>(920,075)</u>	<u>(946,237)</u>	<u>(504,532)</u>	<u>(2,370,844)</u>
Net Change in Cash and Cash Equivalents	<u>-</u>	<u>14,190</u>	<u>-</u>	<u>14,190</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ 14,190</u>	<u>\$ -</u>	<u>\$ 14,190</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 346,307	\$ (297,164)	\$ (75)	\$ 49,068
Nonoperating expense	-	(312)	-	(312)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	704,446	1,426,402	296,603	2,427,451
Depreciation charged to other funds	44,987	-	-	44,987
Changes in assets and liabilities				
Accounts receivable	(93,711)	(92,227)	(10,778)	(196,716)
Due from other funds	(120,849)	-	-	(120,849)
Materials and supplies	(15,766)	3,066	(10,782)	(23,482)
Accounts payable	(22,949)	(92,657)	5,411	(110,195)
Due to other funds	10,497	122,612	(28,582)	104,527
Compensated absences	18,460	42,146	(21,592)	39,014
Accrued liabilities	10,036	3,256	(951)	12,341
WRS and OPEB liabilities	24,605	(19,545)	206	5,266
Pension related deferrals and liabilities	22,479	26,994	11,250	60,723
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 928,542	\$ 1,122,571	\$ 240,710	\$ 2,291,823
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants accrued	\$ -	\$ -	\$ 444,185	
Developer financed additions to utility plant	\$ 39,391	\$ 32,099	\$ -	
Municipal financed additions to utility plant	\$ 173,990	\$ 183,060	\$ 1,019,716	

See accompanying notes to financial statements.

CITY OF BEAVER DAM

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 8,432,788
Taxes receivable	<u>5,896,071</u>
TOTAL ASSETS	<u>\$ 14,328,859</u>
LIABILITIES	
Due to other governments	<u>\$ 14,328,859</u>
TOTAL LIABILITIES	<u>\$ 14,328,859</u>

CITY OF BEAVER DAM

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CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Beaver Dam, 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 city has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2015, the GASB issued statement No. 72 - *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

In August 2015, the GASB issued Statement No. 77 - *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This standard was implemented January 1, 2016.

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 BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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.
- Housing Rehabilitation Special Revenue Fund - accounts for resources legally restricted to supporting expenditures for the city's community development block grant program.
- Debt Service Fund - 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, other than TIF or enterprise debt.
- Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the program.
- Tax Incremental Financing (TIF) No. 4 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TIF project plan.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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:

Water Utility - accounts for operations of the water system
Wastewater Utility - accounts for operations of the wastewater system
Stormwater Utility - accounts for operations of the stormwater system

The city reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Spring Isle I	Spring Isle II
Senior Citizens Endowment	Library Endowment
Library Gift and Lost Book	Transit Fund

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.

Highway 151 Business Park	TIF District No. 6
TIF District No. 7	

In addition, the city reports the following fund type:

Agency Fund - 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

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Government-Wide Financial Statements

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

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

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.

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.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements (cont.)

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

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

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

1. Deposits and Investments (cont.)

- 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.

The city has adopted an investment policy. That policy follows the state statute for allowable investments. The policy states that deposits with financial institutions should not exceed collateralized amounts guaranteed by the financial institution. Individual investments with fixed interest rates should not mature in more than 10 years. The policy does not address other risks attributable to the city's deposits and investments. As of year end, the city is not in compliance with its policy as it relates to custodial credit risk and maturity of investments.

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

See Note III. A. for further information.

2. Receivables

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

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

2. Receivables (cont.)

Property tax calendar - 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2019

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

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.

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

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

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. 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.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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.)

3. Inventories and Prepaid Items (cont.)

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. 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 \$500 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	30 Years
Land Improvements	30 Years
Machinery and Equipment	3 - 15 Years
Utility System	15 - 100 Years
Infrastructure	25 - 85 Years

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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.)

4. Capital Assets (cont.)

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.

5. 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.

6. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2016, are determined on the basis of current salary rates and include salary related payments.

7. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences and benefits.

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.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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.)

8. *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.

9. *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."

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 12,945,699	\$ 42,662,691	\$ (2,518,575)	\$ 53,089,815
Unrestricted (deficit)	(3,036,350)	(1,607,274)	2,518,575	(2,125,049)

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

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

9. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are displayed as follows:

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

See Note III. H. for further information.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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.)

10. Pension

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

11. Basis for Existing Rates

Water Utility

Current water rates were approved by the PSCW effective February 24, 2005 and placed into effect by the utility on March 1, 2005. The rates were designed to provide a 5.35% return on rate base.

Wastewater Utility

Current stormwater rates were approved by the public works committee on November 17, 2014. These rates were effective January 1, 2015.

Stormwater Utility

Current stormwater rates were approved by the public works committee on November 3, 2008. The rates became effective on December 1, 2008.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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>
Housing rehabilitation fund	\$ 31,000	\$ 113,272	\$ 82,272
TID No. 4	2,940,493	4,005,599	1,065,106
TID No. 6	125,000	177,351	52,351
Debt service fund	2,144,385	2,144,696	311
Senior citizens endowment	22,222	115,000	92,778

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

B. 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 BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 9,698,714	\$ 7,826,698	Custodial credit
U.S. agencies - explicitly guaranteed	1,323,870	1,323,870	Custodial credit, interest rate, highly sensitive to interest rate changes
Mutual funds - other than bond funds	1,074,518	1,074,518	N/A
Stocks	12,680	12,680	Custodial credit, concentration of credit
Petty cash	2,275	-	N/A
Total Deposits and Investments	\$ 12,112,057	\$ 10,237,766	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 3,679,269		
Per statement of assets and liabilities - agency fund			
Agency Fund	8,432,788		
Total Deposits and Investments	\$ 12,112,057		

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

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

- > Quoted market prices
- > Net asset value

Investment Type	December 31, 2016			
	Level 1	Level 2	Level 3	Total
U.S. agencies - explicitly guaranteed	\$ 752,249	\$ 571,621	\$ -	\$ 1,323,870
Mutual funds - other than bond funds	1,074,518	-	-	1,074,518
Stocks	12,680	-	-	12,680
Total	\$ 1,839,447	\$ 571,621	\$ -	\$ 2,411,068

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, 2016, \$4,814,623 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>4,814,623</u>
Total	\$ <u><u>4,814,623</u></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.

As of December 31, 2016, investments that are reported as U.S. agencies explicitly guaranteed totaling \$1,323,870 were exposed to custodial credit risk because they are neither insured nor registered and held by a counterparty.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

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

As of December 31, 2016, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1 year	1-10 years	More than 10 years
U.S. agencies - explicitly guaranteed	\$ 1,323,870	\$ 8,999	\$ 743,250	\$ 571,621
Totals	<u>\$ 1,323,870</u>	<u>\$ 8,999</u>	<u>\$ 743,250</u>	<u>\$ 571,621</u>

Investments Highly Sensitive to Interest Rate Changes

At December 31, 2016, the city held \$571,621 in investments that mature in more than 10 years.

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

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

B. RECEIVABLES

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

	General Fund	Housing Rehabilitation Fund	Debt Service Fund	TIF District No. 4	Capital Projects Fund	Nonmajor and Other Funds	Totals
Receivables							
Taxes	\$7,840,138	\$ -	\$2,128,537	\$1,585,978	\$ 264,931	\$ 241,079	\$12,060,663
Accounts	327,222	-	-	-	21,497	111,047	459,766
Delinquent personal property taxes	13,680	-	-	-	-	-	13,680
Special assessments	-	-	-	-	82,801	-	82,801
Loans	-	<u>1,949,126</u>	-	-	-	<u>526,881</u>	<u>2,476,007</u>
Gross receivables	8,181,040	1,949,126	2,128,537	1,585,978	369,229	879,007	15,092,917
Less: Allowance for uncollectibles	<u>(68,298)</u>	-	-	-	-	-	<u>(68,298)</u>
Net Total Receivables	<u>\$8,112,742</u>	<u>\$ 1,949,126</u>	<u>\$2,128,537</u>	<u>\$1,585,978</u>	<u>\$ 369,229</u>	<u>\$ 879,007</u>	<u>\$15,024,619</u>
Amounts not expected to be collected within one year	<u>\$ 81,978</u>	<u>\$ 1,949,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,801</u>	<u>\$ 526,881</u>	<u>\$ 2,640,786</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:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 11,700,670	\$ -
Economic and rehabilitation loans receivable	-	2,476,007
Special assessments not yet due	-	82,801
Ambulance receivables	-	46,566
Miscellaneous	-	<u>2,043</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 11,700,670</u>	<u>\$ 2,607,417</u>

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

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

B. RECEIVABLES (cont.)

At December 31, 2016, the city has not exceeded the maximum amount of program income that it may retain or the amount of time for which funds may be held without use. When it does, a liability to the state will be recorded.

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 5,567,518	\$ -	\$ 488,435	\$ 5,079,083
Construction in progress	2,241,321	869,347	2,360,644	750,024
Total Capital Assets Not Being Depreciated	7,808,839	869,347	2,849,079	5,829,107
Capital assets being depreciated				
Land improvements	3,220,512	-	-	3,220,512
Buildings	10,292,280	2,196,671	69,869	12,419,082
Machinery and equipment	4,233,058	185,060	7,000	4,411,118
Furniture and fixtures	528,213	-	-	528,213
Vehicles	4,910,445	275,666	191,474	4,994,637
Other assets	3,734,411	-	-	3,734,411
Roads	19,794,172	1,447,787	60,075	21,181,884
Bridges	1,349,393	-	-	1,349,393
Traffic signals	787,232	-	-	787,232
Street lights	861,572	69,184	-	930,756
Total Capital Assets Being Depreciated	49,711,288	4,174,368	328,418	53,557,238
Total Capital Assets	57,520,127	5,043,715	3,177,497	59,386,345
Less: Accumulated depreciation for				
Land improvements	(463,632)	(79,602)	-	(543,234)
Buildings	(5,074,395)	(373,793)	68,065	(5,380,123)
Machinery and equipment	(3,205,894)	(198,473)	5,017	(3,399,350)
Furniture and fixtures	(416,929)	(20,006)	-	(436,935)
Vehicles	(2,726,536)	(359,793)	181,612	(2,904,717)
Other assets	(3,078,198)	(147,879)	-	(3,226,077)
Roads	(11,099,182)	(590,245)	59,974	(11,629,453)
Bridges	(329,753)	(19,759)	-	(349,512)
Traffic signals	(285,324)	(25,830)	-	(311,154)
Street lights	(237,332)	(36,523)	-	(273,855)
Total Accumulated Depreciation	(26,917,175)	(1,851,903)	314,668	(28,454,410)
Net Capital Assets Being Depreciated	22,794,113	2,322,465	13,750	25,102,828
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 30,602,952	\$ 3,191,812	\$ 2,862,829	\$ 30,931,935

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 217,563
Public safety	541,189
Public works	809,033
Culture, recreation, and education	<u>284,118</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 1,851,903</u></u>

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 164,343	\$ -	\$ -	\$ 164,343
Total Capital Assets Not Being Depreciated	<u>164,343</u>	<u>-</u>	<u>-</u>	<u>164,343</u>
Capital assets being depreciated				
Source of supply	798,008	-	-	798,008
Pumping	2,356,320	-	-	2,356,320
Water treatment	8,328,420	3,615	-	8,332,035
Transmission and distribution	14,264,191	464,269	23,822	14,704,638
General	568,709	-	-	568,709
Total Capital Assets Being Depreciated	<u>26,315,648</u>	<u>467,884</u>	<u>23,822</u>	<u>26,759,710</u>
Total Capital Assets	<u>26,479,991</u>	<u>467,884</u>	<u>23,822</u>	<u>26,924,053</u>
Less: Accumulated depreciation for				
Source of supply	(293,598)	(20,733)	-	(314,331)
Pumping	(620,068)	(77,899)	-	(697,967)
Water treatment	(4,122,909)	(272,548)	-	(4,395,457)
Transmission and distribution	(3,969,105)	(329,694)	23,822	(4,274,977)
General	(462,410)	(48,559)	-	(510,969)
Total Accumulated Depreciation	<u>(9,468,090)</u>	<u>(749,433)</u>	<u>23,822</u>	<u>(10,193,701)</u>
Net Capital Assets Being Depreciated	<u>16,847,558</u>	<u>(281,549)</u>	<u>-</u>	<u>16,566,009</u>
Net Water Capital Assets	<u><u>\$ 17,011,901</u></u>	<u><u>\$ (281,549)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,730,352</u></u>

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

C. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater</u>				
Capital assets not being depreciated				
Land and land rights	\$ 10,437	\$ -	\$ -	\$ 10,437
Construction in progress	<u>1,479</u>	<u>-</u>	<u>1,479</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>11,916</u>	<u>-</u>	<u>1,479</u>	<u>10,437</u>
Capital assets being depreciated				
Collecting system	10,603,472	354,967	20,200	10,938,239
Collecting system pumping	3,216,278	19,759	13,790	3,222,247
Treatment and disposal	29,664,032	88,482	15,417	29,737,097
General	<u>3,992,265</u>	<u>-</u>	<u>-</u>	<u>3,992,265</u>
Total Capital Assets Being Depreciated	<u>47,476,047</u>	<u>463,208</u>	<u>49,407</u>	<u>47,889,848</u>
Total Capital Assets	<u>47,487,963</u>	<u>463,208</u>	<u>50,886</u>	<u>47,900,285</u>
Less: Accumulated depreciation for				
Wastewater plant	<u>(19,520,037)</u>	<u>(1,426,402)</u>	<u>49,407</u>	<u>(20,897,032)</u>
Total Accumulated Depreciation	<u>(19,520,037)</u>	<u>(1,426,402)</u>	<u>49,407</u>	<u>(20,897,032)</u>
Net Capital Assets Being Depreciated	<u>27,956,010</u>	<u>(963,194)</u>	<u>-</u>	<u>26,992,816</u>
Net Wastewater Capital Assets	<u>\$ 27,967,926</u>	<u>\$ (963,194)</u>	<u>\$ 1,479</u>	<u>\$ 27,003,253</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital assets not being depreciated				
Construction in progress	\$ 30,269	\$ 775,584	\$ 418,644	\$ 387,209
Total Capital Assets Not Being Depreciated	<u>30,269</u>	<u>775,584</u>	<u>418,644</u>	<u>387,209</u>
Capital assets being depreciated				
Stormwater infrastructure	<u>11,689,564</u>	<u>1,537,635</u>	<u>5,373</u>	<u>13,221,826</u>
Total Capital Assets Being Depreciated	<u>11,689,564</u>	<u>1,537,635</u>	<u>5,373</u>	<u>13,221,826</u>
Total Capital Assets	<u>11,719,833</u>	<u>2,313,219</u>	<u>424,017</u>	<u>13,609,035</u>
Less: Accumulated depreciation for				
Stormwater infrastructure	<u>(3,088,795)</u>	<u>(296,603)</u>	<u>5,373</u>	<u>(3,380,025)</u>
Total Accumulated Depreciation	<u>(3,088,795)</u>	<u>(296,603)</u>	<u>5,373</u>	<u>(3,380,025)</u>
Net Capital Assets Being Depreciated	<u>8,600,769</u>	<u>1,241,032</u>	<u>-</u>	<u>9,841,801</u>
Net Stormwater Capital Assets	<u>\$ 8,631,038</u>	<u>\$ 2,016,616</u>	<u>\$ 418,644</u>	<u>\$ 10,229,010</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 53,610,865</u>	<u>\$ 771,873</u>	<u>\$ 420,123</u>	<u>\$ 53,962,615</u>

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 704,446
Wastewater	1,426,402
Stormwater	<u>296,603</u>
 Total Business-type Activities Depreciation Expense	 <u><u>\$ 2,427,451</u></u>

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

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General fund	TID No. 4	\$ 15,000
General fund	TID No. 6	2,000
General fund	Water utility	1,261,910
General fund	Wastewater utility	128,534
General fund	Stormwater utility	574,352
General fund	Transit fund	69,703
Water utility	Wastewater utility	<u>236,930</u>
Total Internal Balances - Government-Wide Statement of Net Position		2,288,429
Less: Fund eliminations		(86,703)
Less: Government-wide eliminations		<u>(236,930)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 1,964,796</u></u>

All amounts are due within one year. The General fund has also advanced \$18,773 to TIF No. 7 related to initial planning costs which is not expected to be collected in one year.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

Interfund Receivables/Payables (cont.)

The principal purpose of these interfunds is to cover shortages in cash that fund operations and capital projects. All remaining 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.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Water utility	\$ 472,682	Tax equivalent
Capital projects fund	Senior citizen fund	115,000	Watermark project
Capital projects fund	TIF 6	50,000	Watermark project
Stormwater utility	General fund	21,592	Transfer of employee benefits
Capital projects fund	Debt service fund	41,961	Transfer of taxes levied to pay interest on Watermark debt
General fund	Highway 151 Business Park fund	<u>18,773</u>	Transfer to close out 151 Business Park fund to general fund
Total - Fund Financial Statements		720,008	
Less: Fund eliminations		(225,734)	
Less: Government-wide eliminations		(43,184)	
Less: Transfer capital assets to business-type activities from governmental utilities		<u>(1,376,766)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ (925,676)</u>	

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 472,682
Business-type Activities	Governmental Activities	<u>(1,398,358)</u>
Total Government-wide Financial Statements		<u>\$ (925,676)</u>

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

D. INTERFUND RECEIVABLES/PAYABLES 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.

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 21,006,953	\$ 3,605,000	\$ 3,627,373	\$ 20,984,580	\$ 3,264,000
Notes payable	41,330	-	23,982	17,348	14,471
(Discounts)/Premiums	62,150	-	62,150	-	-
Sub-totals	<u>21,110,433</u>	<u>3,605,000</u>	<u>3,713,505</u>	<u>21,001,928</u>	<u>3,278,471</u>
Other Liabilities					
Vested compensated absences	2,092,465	355,977	348,976	2,099,466	350,888
Net pension (asset) liability	(1,415,610)	2,343,666	-	928,056	-
Landfill post-closure care	711,330	-	24,995	686,335	34,317
Unfunded pension liability	2,039,314	162,697	99,348	2,102,663	88,996
Other postemployment benefits	1,146,048	281,430	114,970	1,312,508	-
Total Other Liabilities	<u>4,573,547</u>	<u>3,143,770</u>	<u>588,289</u>	<u>7,129,028</u>	<u>474,201</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 25,683,980</u>	<u>\$ 6,748,770</u>	<u>\$ 4,301,794</u>	<u>\$ 28,130,956</u>	<u>\$ 3,752,672</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 3,828,000	\$ 1,200,000	\$ 1,765,000	\$ 3,263,000	\$ 886,000
Revenue bonds	8,427,171	-	504,409	7,922,762	517,866
(Discounts)/Premiums	17,552	15,967	3,510	30,009	-
Sub-totals	<u>12,272,723</u>	<u>1,215,967</u>	<u>2,272,919</u>	<u>11,215,771</u>	<u>1,403,866</u>

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

E. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities (cont.)					
Other Liabilities					
Vested compensated absences	\$ 340,458	\$ 119,971	\$ 80,957	\$ 379,472	\$ -
Capital leases	202,449	-	118,297	84,152	47,189
Unfunded pension liability	257,960	20,244	21,904	256,300	10,847
Other postemployment benefits	45,939	11,709	4,783	52,865	-
Customer advances for construction	240,000	-	-	240,000	-
Net pension (asset) liability	(153,894)	267,478	-	113,584	-
Total Other Liabilities	<u>932,912</u>	<u>419,402</u>	<u>225,941</u>	<u>1,126,373</u>	<u>58,036</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 13,205,635</u>	<u>\$ 1,635,369</u>	<u>\$ 2,498,860</u>	<u>\$ 12,342,144</u>	<u>\$ 1,461,902</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, 2016, was \$53,139,730. Total general obligation debt outstanding at year end was \$24,247,580.

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. 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, 2016
Promissory notes	03/30/2009	03/01/2019	2.50 - 4.10%	\$ 1,165,000	\$ 345,000
Refunding bonds	07/01/2010	11/01/2029	3.10 - 4.35%	2,685,000	2,180,000
Refunding bonds	12/30/2010	11/01/2030	2.25 - 4.90%	3,600,000	3,305,000
Promissory notes	12/05/2011	12/01/2020	0.65 - 3.05%	2,240,000	1,210,000
Promissory notes	06/14/2012	11/01/2021	0.40 - 2.00%	6,660,000	3,685,000
Promissory notes	06/17/2013	09/01/2022	1.25 - 2.00%	2,775,000	1,780,000
Promissory notes	07/17/2014	09/01/2023	1.95 - 2.45%	1,600,000	1,400,000
Promissory notes	05/14/2015	09/01/2024	0.90 - 2.05%	3,662,000	2,547,000
Promissory notes	08/13/2015	08/01/2020	2.45%	1,700,000	927,580
Promissory notes	07/19/2016	09/01/2025	1.25 - 2.00%	3,605,000	<u>3,605,000</u>

Total Governmental Activities - General Obligation Debt

\$ 20,984,580

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Promissory notes	03/30/2009	03/01/2019	2.50 - 4.10%	\$ 600,000	\$ 270,000
Promissory notes	06/14/2012	11/01/2021	1.73%	250,000	150,000
Promissory notes	07/07/2014	09/01/2023	2.30 - 2.45%	420,000	420,000
Promissory notes	05/15/2015	09/01/2024	1.00 - 2.35%	1,888,000	1,223,000
Promissory notes	07/19/2016	09/01/2025	1.25 - 2.00%	1,200,000	<u>1,200,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 3,263,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2017	\$ 3,264,000	\$ 515,402	\$ 886,000	\$ 59,851
2018	3,213,000	453,524	367,000	45,935
2019	3,180,000	388,828	305,000	37,826
2020	3,992,580	315,016	305,000	32,461
2021	1,365,000	234,203	525,000	36,106
2022-2026	4,325,000	732,990	875,000	40,985
2027-2030	<u>1,645,000</u>	<u>179,637</u>	-	-
Totals	<u>\$ 20,984,580</u>	<u>\$ 2,819,600</u>	<u>\$ 3,263,000</u>	<u>\$ 253,164</u>

Revenue Debt

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

The wastewater utility has pledged future operating revenues, net of specified operating expenses, to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for the wastewater plant improvements. The bonds are payable solely from operating revenues and are payable through 2029. Annual principal and interest payments on the bonds are expected to require 64% of net revenues. The total principal and interest remaining to be paid on the bonds is \$9,374,494. Principal and interest paid for the current year and total customer net revenues were \$722,516 and \$1,128,926, respectively.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

E. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2016, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>
<u>Wastewater Utility</u>					
Revenue bonds	12/23/09	5/01/29	2.67%	\$ 10,317,086	\$ <u>7,922,762</u>
Total Business-type Activities - Revenue Debt					\$ <u><u>7,922,762</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 517,866	\$ 204,471
2018	531,682	190,470
2019	545,868	176,095
2020	560,431	161,337
2021	575,384	146,186
2022-2026	3,115,544	489,120
2027-2029	<u>2,075,987</u>	<u>84,053</u>
Totals	\$ <u><u>7,922,762</u></u>	\$ <u><u>1,451,732</u></u>

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

E. LONG-TERM OBLIGATIONS (cont.)

Notes Payable

The notes are payable from the general fund and were used to finance the purchase of public works equipment.

Notes payable at December 31, 2016 consist of the following:

Governmental Activities						Balance
<u>Notes Payable</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>		<u>December 31, 2016</u>
Bank note	11/21/14	4/07/2018	2.5%	\$ 41,330		<u>\$ 17,348</u>
Total Governmental Activities Notes Payable						<u><u>\$ 17,348</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 14,471	\$ 695
2018	<u>2,877</u>	<u>694</u>
Totals	<u><u>\$ 17,348</u></u>	<u><u>\$ 1,389</u></u>

Capital Leases

Refer to Note III. F.

Other Debt Information

Estimated payments of the vested compensated absences, net pension liability, unfunded pension liability, other postemployment benefits, and postclosure care costs are not included in the debt service requirement schedules. These liabilities attributable to governmental activities will be liquidated by the general fund.

A statutory mortgage lien upon the wastewater'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 wastewater'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.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

E. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information (cont.)

Customer advances for construction represents fees collected from a wastewater customer for future capital improvements. These fees may be refundable based on statutory requirements.

Current Refunding

On July 19, 2016, the city issued \$4,805,000 in general obligation bonds with interest rate rates between 1.25% and > Statement No. 85,%. A portion of these bonds was used to refund a \$1,000,000 outstanding state trust fund loan with an interest rate of 3.25%. The net proceeds were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$1,178,682 from 2017 through 2025. The cash flow requirements on the current refunding bonds are \$1,085,370 from 2017 through 2025. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$72,694.

F. LEASE DISCLOSURES

Lessee - Capital Leases

The city has acquired capital assets through multiple lease/purchase agreements. The gross amount of these assets under capital leases is \$722,612, which are included in capital assets in the business-type activities. The future lease payments as of December 31, 2016, are as follows:

<u>Years</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 47,189	\$ 2,794	\$ 49,983
2018	28,518	1,523	30,041
2019	8,445	205	8,650
Totals	\$ 84,152	\$ 4,522	\$ 88,674

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

G. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the city to place a final cover on its solid waste landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for forty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the city reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$686,335 reported as landfill closure and postclosure care liability at December 31, 2016, represents the total amount needed by the city for postclosure care costs according to state and federal regulations. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The city is required by state and federal laws and regulations to provide proof of financial assurance for the postclosure costs. The city is in compliance with these requirements, and, at December 31, 2016, held an insurance policy in the amount of \$677,460. The maintenance and monitoring expenses for long-term care will be budgeted for each year by the city and the amount of insurance coverage will be adjusted accordingly.

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2016, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 5,079,083
Construction in progress	750,024
Other capital assets, net of accumulated depreciation	25,102,828
Less: Long-term debt outstanding	(21,001,928)
Plus: Unspent capital related debt proceeds	497,117
Plus: Noncapital debt proceeds	<u>2,518,575</u>
Total Net Investment in Capital Assets	<u>\$ 12,945,699</u>

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

Nonspendable	
Major Funds	
General Fund	
Delinquent personal property taxes	\$ 13,680
Prepaid items	408,061
Advance to other funds and long-term interfund balances	<u>388,773</u>
Total	<u>\$ 810,514</u>
Restricted	
Major Funds	
Special Revenue Fund	
Housing rehabilitation program	<u>\$ 202,478</u>
Capital Projects Funds	
TIF District No. 4	423,818
Capital projects - unspent debt proceeds	<u>497,117</u>
Sub-Total	<u>920,935</u>
Total	<u>\$ 1,123,413</u>
Nonmajor Funds	
Special Revenue Funds	
Spring Isle I	\$ 133,968
Senior citizens endowment	71,449
Library endowment	993,375
Library gift and lost book	13,551
Transit program	<u>20,328</u>
Sub-Total	<u>1,232,671</u>
Capital Project Fund	
TIF District No. 6	<u>58,927</u>
Sub-Total	<u>58,927</u>
Total	<u>\$ 1,291,598</u>

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Assigned	
Major Fund	
General Fund	
Budget carryovers	\$ 121,560
Payment in lieu of taxes - water utility	472,682
Capital Projects Fund	
Capital improvements	<u>420,115</u>
Total	<u>\$ 1,014,357</u>
Unassigned	
Major Fund	
General fund	<u>\$ 1,529,050</u>
Total	<u>\$ 1,529,050</u>
Business-type Activities	
Net Investment in Capital Assets	
Land	\$ 174,780
Construction in progress	387,209
Other capital assets, net of accumulated depreciation	53,400,624
Less: Long-term debt outstanding	(11,269,913)
Less: Unamortized debt premium	<u>(30,009)</u>
Total Net Investment in Capital Assets	<u>\$ 42,662,691</u>

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

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

During the reporting period, the WRS recognized \$614,422 in contributions from the city.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2016, the city reported a liability of \$1,041,640 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the city's proportion was 0.06410166%, which was an increase of 0.00018633% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the city recognized pension expense of \$1,265,622.

At December 31, 2016, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 176,216	\$ 2,192,113
Changes in assumptions	728,776	-
Net differences between projected and actual earnings on pension plan investments	4,264,771	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,213	10,763
Employer contributions subsequent to the measurement date	620,754	-
Totals	\$ 5,791,730	\$ 2,202,876

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$620,754 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 1,342,629	\$ 533,100
2018	1,342,629	533,100
2019	1,342,629	533,100
2020	1,119,772	533,100
2021	23,317	70,476

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Postretirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
 <u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$7,306,080	\$1,041,640	\$(3,851,000)

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

At December 31, 2016, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

At December 31, 2016, the city reported debt payable to the pension plan of \$2,358,963, which represents a contractual arrangement for contribution to the pension plan related to past service cost.

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. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

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.

The city has active construction projects as of December 31, 2016. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The city has a development agreement with the Beaver Dam Area Development Corporation (BDADC) whereby the city has agreed to pay the BDADC the first \$1,000,000 of land sales in TIF No. 4. In 2016, there were no land sales and the remaining amount that may be paid under the agreement at year end was \$789,340. This is not reported as a liability in the city's financial statements because no amounts are owed by the city unless land is sold.

D. OTHER POSTEMPLOYMENT BENEFITS

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

Contribution requirements are established through employment agreements and may be amended only through negotiations between the city and the employees. The city does not contribute toward the retired employees' premiums.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

Annual required contribution	\$ 252,394
Interest on net OPEB obligation	40,744
Adjustment to annual required contribution	<u>(71,303)</u>
Annual OPEB cost	221,835
Contributions made	<u>(48,449)</u>
Increase in net OPEB obligation	173,386
Net OPEB Obligation - Beginning of Year	<u>1,191,987</u>
Net OPEB Obligation - End of Year	<u><u>\$ 1,365,373</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2014	\$ 175,225	14%	\$ 1,018,602
December 31, 2015	221,835	22%	1,191,987
December 31, 2016	221,835	22%	1,365,373

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The funded status of the plan as of January 1, 2015, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 1,694,889
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,694,889</u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 7,100,000
UAAL as a percentage of covered payroll	23.87%

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, 2015 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 8.5% initially, reduced by decrements to an ultimate rate of 5.5% after 12 years. Both rates include a 3% 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, 2016, was 30 years.

E. SUBSEQUENT EVENTS

New customer rates for the water utility and the stormwater utility were approved and took effect on June 12, 2017 and March 20, 2017, respectively.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

E. SUBSEQUENT EVENTS (cont.)

On May 10, 2017 the city borrowed a state trust fund loan in the amount of \$1,000,000 with an interest rate of 3.5%. This amount was used to finance a TID development incentive. On July 27, 2017 the city issued taxable general obligation refunding bonds in the amount of \$1,030,000 with an interest rate ranging from 1.5% to 2.25%. This amount was used to refinance the state trust fund loan issued on May 10, 2017.

On July 27, 2017 the city issued general obligation promissory notes in the amount of \$2,075,000 with an interest rate of 2.25%. This amount will be used for projects planned under the capital improvement plan in 2017 for city projects.

F. ECONOMIC DEPENDENCY

The wastewater utility has one significant customer who was responsible for 51% of operating revenues in 2016.

G. TAX ABATEMENT

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The city through its TIF District No. 6, has entered into tax abatement agreements with a developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TIF project plans. The developers pay property taxes as they become due, and after meeting the criteria established in the development agreements, are entitled to future incentive payments that directly correlate to the taxes paid. The incentives are calculated based on the increment generated from the specific property developed and the developer commitments include development of specific property and payment of taxes. Aggregate incentive payments for the year ended December 31, 2016 were \$106,566.

CITY OF BEAVER DAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

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

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

- > *Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > *Statement No. 80, Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- > *Statement No. 81, Irrevocable Split-Interest Agreements*
- > *Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*
- > *Statement No. 83, Certain Asset Retirement Obligations*
- > *Statement No. 84, Fiduciary Activities*
- > *Statement No. 85, Omnibus 2017*
- > *Statement No. 86, Certain Debt Extinguishment Issues*
- > *Statement No. 87, Leases*

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BEAVER DAM

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
General property tax	\$ 7,157,832	\$ 7,157,832	\$ 7,164,338	\$ 6,506
Retained sales tax	120	120	120	-
Room tax	<u>124,495</u>	<u>124,495</u>	<u>128,322</u>	<u>3,827</u>
Total Taxes	<u>7,282,447</u>	<u>7,282,447</u>	<u>7,292,780</u>	<u>10,333</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	1,945,357	1,945,357	1,945,793	436
Fire insurance tax (2% fire dues)	56,000	56,000	63,397	7,397
State aid - law enforcement improvement	4,600	4,600	-	(4,600)
State aid - general transportation aids	601,132	601,132	600,838	(294)
State aid - other highway aid	47,877	47,877	47,395	(482)
State aid - other transportation	-	-	6,650	6,650
State aid - exempt computer aid	42,000	42,000	43,547	1,547
County aid - libraries	264,663	264,663	264,665	2
Other local government grants	<u>166,792</u>	<u>166,792</u>	<u>144,168</u>	<u>(22,624)</u>
Total Intergovernmental Revenues	<u>3,128,421</u>	<u>3,128,421</u>	<u>3,116,453</u>	<u>(11,968)</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	14,500	14,500	13,540	(960)
Business and occupational licenses	8,000	8,000	7,864	(136)
Cigarette licenses	2,300	2,300	2,000	(300)
Cable television franchise fees	195,000	195,000	197,984	2,984
Dog and cat licenses	12,400	12,400	9,682	(2,718)
Sundry licenses	1,100	1,100	1,040	(60)
Building permits	1,000	214,851	221,651	6,800
Electrical permits	-	23,040	23,040	-
Plumbing permits	-	18,044	18,044	-
Street opening permits	3,000	3,000	25,190	22,190
Fire permits	-	850	2,834	1,984
Sundry permits	-	-	10	10
Total Licenses and Permits	<u>237,300</u>	<u>493,085</u>	<u>522,879</u>	<u>29,794</u>
FINES AND FORFEITURES				
Court penalties and costs	180,000	193,918	224,722	30,804
Parking violations	20,000	20,000	32,564	12,564
Launch user violations	350	350	940	590
Law and ordinance violations	-	<u>15,772</u>	<u>15,772</u>	-
Total Fines and Forfeitures	<u>200,350</u>	<u>230,040</u>	<u>273,998</u>	<u>43,958</u>

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

CITY OF BEAVER DAM

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC CHARGES FOR SERVICES				
Publication fees	\$ 2,000	\$ 2,000	\$ 870	\$ (1,130)
Fire protection fees	556,450	551,100	630,597	79,497
Engineering fees	4,000	4,000	514	(3,486)
Parking lots, ramps and meters	4,000	4,000	6,393	2,393
Library	22,000	22,000	13,954	(8,046)
Parks	-	9,779	9,779	-
Recreation programs	120,000	120,000	103,852	(16,148)
Ambulance fees	435,000	435,562	422,382	(13,180)
Total Public Charges for Services	<u>1,143,450</u>	<u>1,148,441</u>	<u>1,188,341</u>	<u>39,900</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Local - motor pool rentals	20,000	20,000	4,210	(15,790)
Local - fringe benefits	45,000	45,000	66,280	21,280
Local - administration	220,000	220,000	218,000	(2,000)
Total Intergovernmental Charges for Services	<u>285,000</u>	<u>285,000</u>	<u>288,490</u>	<u>3,490</u>
SPECIAL ASSESSMENTS				
Special assessment letters	4,000	4,000	3,220	(780)
Weed control	15,000	15,000	22,498	7,498
Total Special Assessments	<u>19,000</u>	<u>19,000</u>	<u>25,718</u>	<u>6,718</u>
INVESTMENT INCOME				
Interest on investments	3,000	3,000	3,647	647
MISCELLANEOUS				
Rent	1,500	1,500	3,001	1,501
DPW non-eligible recycling	5,000	5,000	2,499	(2,501)
Sale of materials	3,000	3,000	-	(3,000)
Donations and contributions	-	35,329	38,713	3,384
Miscellaneous general revenues	34,600	34,600	103,650	69,050
Total Miscellaneous	<u>44,100</u>	<u>79,429</u>	<u>147,863</u>	<u>68,434</u>
Total Revenues	<u>12,343,068</u>	<u>12,668,863</u>	<u>12,860,169</u>	<u>191,306</u>

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

CITY OF BEAVER DAM

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
GENERAL GOVERNMENT				
Council	\$ 79,294	\$ 79,294	\$ 75,822	\$ 3,472
Attorney	120,662	120,662	118,503	2,159
Mayor	95,275	95,275	90,105	5,170
Clerk	165,576	165,576	162,005	3,571
Personnel	40,000	40,000	35,803	4,197
Employee recognition	3,000	3,000	1,921	1,079
Elections	28,632	28,632	30,658	(2,026)
Municipal court	100,043	101,737	97,839	3,898
Finance	429,296	429,296	425,941	3,355
Assessment of property	63,990	63,990	64,166	(176)
Historical building maintenance	5,000	5,000	194	4,806
Auditing and special accounting	40,000	40,000	38,980	1,020
Municipal building	176,859	177,859	158,687	19,172
Bad debt and illegal taxes	5,000	5,000	7,710	(2,710)
Property and liability insurance	55,000	55,000	41,114	13,886
Workers compensation insurance	215,000	215,000	196,243	18,757
Unemployment compensation	5,000	5,000	6,332	(1,332)
Other general government	5,000	7,800	20,749	(12,949)
Employee benefits adjustment	<u>64,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Government	<u>1,696,627</u>	<u>1,638,121</u>	<u>1,572,772</u>	<u>65,349</u>
PUBLIC SAFETY				
Police	3,943,742	3,971,912	4,023,524	(51,612)
Traffic control	66,849	66,849	62,113	4,736
Crossing guards	92,911	92,911	93,512	(601)
Fire	2,323,738	2,271,223	2,381,277	(110,054)
Ambulance	91,500	119,564	101,636	17,928
Building inspection	400	217,867	217,789	78
Sealer of weights and measures	6,000	6,000	6,000	-
Emergency government	<u>8,735</u>	<u>8,735</u>	<u>7,979</u>	<u>756</u>
Total Public Safety	<u>6,533,875</u>	<u>6,755,061</u>	<u>6,893,830</u>	<u>(138,769)</u>

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

CITY OF BEAVER DAM

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC WORKS				
Public works supervision	\$ 78,288	\$ 78,288	\$ 67,240	\$ 11,048
Employee pensions and benefits	270,119	334,119	318,901	15,218
Engineering	73,189	73,189	79,051	(5,862)
Motor pool	259,728	265,728	241,366	24,362
Garage	139,546	139,546	118,633	20,913
Street repair	179,301	200,828	190,080	10,748
Street sealing	32,462	32,462	31,835	627
Tree control	62,543	62,543	90,759	(28,216)
Public restrooms	-	-	130	(130)
Solid waste collection	542,164	542,164	512,179	29,985
Snow and ice control	225,377	225,377	280,486	(55,109)
Street lighting	201,671	201,671	179,062	22,609
Recycling	314,847	314,847	277,819	37,028
Total Public Works	<u>2,379,235</u>	<u>2,470,762</u>	<u>2,387,541</u>	<u>83,221</u>
HEALTH AND HUMAN SERVICES				
Animal control	47,500	47,500	47,500	-
Cemetery	4,526	4,526	3,803	723
Total Health and Human Services	<u>52,026</u>	<u>52,026</u>	<u>51,303</u>	<u>723</u>
CULTURE, RECREATION AND EDUCATION				
Library	778,749	777,349	746,730	30,619
Library - county funding	234,423	232,023	249,747	(17,724)
Senior citizen center	337,460	352,089	402,411	(50,322)
Parks	408,658	436,650	420,401	16,249
Recreation programs and events	154,354	182,289	116,220	66,069
Celebration and entertainment	17,955	14,455	16,552	(2,097)
Crystal lake park	30,979	30,979	26,899	4,080
Swan wading pool	5,748	5,748	12,056	(6,308)
Athletic fields	11,618	11,618	11,785	(167)
Weed control	19,166	19,166	21,031	(1,865)
Total Culture, Recreation and Education	<u>1,999,110</u>	<u>2,062,366</u>	<u>2,023,832</u>	<u>38,534</u>
CONSERVATION AND DEVELOPMENT				
Lake development	8,400	17,194	17,141	53
Planning	-	5,000	-	5,000
Tourism	-	124,496	124,496	-
Other conservation and development	-	3,668	-	3,668
Total Conservation and Development	<u>8,400</u>	<u>150,358</u>	<u>141,637</u>	<u>8,721</u>

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

CITY OF BEAVER DAM

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
CAPITAL OUTLAY				
Capital outlay	\$ -	\$ 84,393	\$ 29,307	\$ 55,086
DEBT SERVICE				
Interest and fiscal charges	9,300	9,300	8,468	832
Total Expenditures	<u>12,678,573</u>	<u>13,222,387</u>	<u>13,108,690</u>	<u>113,697</u>
Excess (deficiency) of revenues over expenditures	<u>(335,505)</u>	<u>(553,524)</u>	<u>(248,521)</u>	<u>305,003</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	450,000	460,000	491,455	31,455
Transfers out	-	-	(21,592)	(21,592)
Property sales	-	475	72,885	72,410
Total Other Financing Sources (Uses)	<u>450,000</u>	<u>460,475</u>	<u>542,748</u>	<u>82,273</u>
Net Change in Fund Balance	114,495	(93,049)	294,227	387,276
FUND BALANCE - Beginning of Year	<u>2,639,579</u>	<u>2,639,579</u>	<u>2,639,579</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,754,074</u>	<u>\$ 2,546,530</u>	<u>\$ 2,933,806</u>	<u>\$ 387,276</u>

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

CITY OF BEAVER DAM

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - HOUSING REHABILITATION FUND For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 50	\$ 50	\$ 72	\$ 22
Miscellaneous	<u>60,000</u>	<u>60,000</u>	<u>139,590</u>	<u>79,590</u>
Total Revenues	<u>60,050</u>	<u>60,050</u>	<u>139,662</u>	<u>79,612</u>
EXPENDITURES				
Conservation and development	<u>31,000</u>	<u>31,000</u>	<u>113,272</u>	<u>(82,272)</u>
Total Expenditures	<u>31,000</u>	<u>31,000</u>	<u>113,272</u>	<u>(82,272)</u>
Net Change in Fund Balance	29,050	29,050	26,390	(2,660)
FUND BALANCE - Beginning of Year	<u>176,088</u>	<u>176,088</u>	<u>176,088</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 205,138</u>	<u>\$ 205,138</u>	<u>\$ 202,478</u>	<u>\$ (2,660)</u>

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

CITY OF BEAVER DAM

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
As of December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2015	\$	-	\$ 1,694,889	0%	\$ 7,100,000	24%
1/1/2012		-	1,300,227	0%	6,900,000	19%
12/31/2010		-	1,408,634	0%	6,980,000	20%
12/31/2008		-	827,553	0%	6,484,298	13%

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

CITY OF BEAVER DAM

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/16	0.06410166%	\$ 1,041,640	\$ 6,851,478	15.20%	98.20%
12/31/15	0.06391533%	(1,569,935)	6,775,600	23.17%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/16	\$ 620,753	\$ 620,753	\$ -	\$ 6,969,264	8.91%
12/31/15	621,073	621,073	-	6,851,479	9.06%

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

CITY OF BEAVER DAM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2016

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 \$121,560. Budgets are adopted at the functional level of expenditure.

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

CITY OF BEAVER DAM

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Special Revenue Funds			
	Spring Isle I	Spring Isle II	Senior Citizens Endowment	Library Endowment
ASSETS				
Cash and investments	\$ 133,968	\$ -	\$ 71,449	\$ 993,375
Receivables				
Taxes	-	-	-	-
Accounts	-	-	-	-
Loans	-	526,881	-	-
	<u>133,968</u>	<u>526,881</u>	<u>71,449</u>	<u>993,375</u>
TOTAL ASSETS	<u>\$ 133,968</u>	<u>\$ 526,881</u>	<u>\$ 71,449</u>	<u>\$ 993,375</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	526,881	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>526,881</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted	133,968	-	71,449	993,375
Total Fund Balances	<u>133,968</u>	<u>-</u>	<u>71,449</u>	<u>993,375</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 133,968</u>	<u>\$ 526,881</u>	<u>\$ 71,449</u>	<u>\$ 993,375</u>

<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>			<u>Total Nonmajor Governmental Funds</u>
<u>Library Gift and Lost Book</u>	<u>Transit Fund</u>	<u>Highway 151 Business Park</u>	<u>TIF District No. 6</u>	<u>TIF District No. 7</u>	
\$ 13,551	\$ -	\$ -	\$ 61,036	\$ 18,773	\$ 1,292,152
-	80,000	-	161,079	-	241,079
-	111,047	-	-	-	111,047
-	-	-	-	-	526,881
<u>\$ 13,551</u>	<u>\$ 191,047</u>	<u>\$ -</u>	<u>\$ 222,115</u>	<u>\$ 18,773</u>	<u>\$ 2,171,159</u>
\$ -	\$ 21,016	\$ -	\$ 109	\$ -	\$ 21,125
-	69,703	-	2,000	-	71,703
-	-	-	-	18,773	18,773
-	90,719	-	2,109	18,773	111,601
-	80,000	-	161,079	-	241,079
-	-	-	-	-	526,881
-	80,000	-	161,079	-	767,960
13,551	20,328	-	58,927	-	1,291,598
<u>13,551</u>	<u>20,328</u>	<u>-</u>	<u>58,927</u>	<u>-</u>	<u>1,291,598</u>
<u>\$ 13,551</u>	<u>\$ 191,047</u>	<u>\$ -</u>	<u>\$ 222,115</u>	<u>\$ 18,773</u>	<u>\$ 2,171,159</u>

CITY OF BEAVER DAM

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2016

	Special Revenue Funds			
	Spring Isle I	Spring Isle II	Senior Citizens Endowment	Library Endowment
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Investment income	-	-	74	46,864
Miscellaneous	4,501	-	146,695	86,981
Total Revenues	4,501	-	146,769	133,845
EXPENDITURES				
Current				
General government	-	-	-	-
Public works	-	-	-	-
Culture, recreation and education	-	-	-	32,339
Conservation and development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	32,339
Excess (deficiency) of revenues over expenditures	4,501	-	146,769	101,506
OTHER FINANCING USES				
Transfers out	-	-	(115,000)	-
Total Other Financing Uses	-	-	(115,000)	-
Net Change in Fund Balances	4,501	-	31,769	101,506
FUND BALANCES - Beginning of Year	129,467	-	39,680	891,869
FUND BALANCES - END OF YEAR	\$ 133,968	\$ -	\$ 71,449	\$ 993,375

<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
<u>Library Gift and Lost Book</u>	<u>Transit Fund</u>	<u>Highway 151 Business Park</u>	<u>TIF District No. 6</u>	<u>TIF District No. 7</u>	
\$ -	\$ 80,000	\$ -	\$ 152,014	\$ -	\$ 232,014
-	581,675	-	-	-	581,675
-	-	15	88	-	47,041
<u>4,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,377</u>
<u>4,200</u>	<u>661,675</u>	<u>15</u>	<u>152,102</u>	<u>-</u>	<u>1,103,107</u>
-	-	-	9,572	-	9,572
-	574,342	-	-	-	574,342
11,384	-	-	-	-	43,723
-	-	-	109,866	-	109,866
-	67,005	-	7,913	-	74,918
<u>11,384</u>	<u>641,347</u>	<u>-</u>	<u>127,351</u>	<u>-</u>	<u>812,421</u>
<u>(7,184)</u>	<u>20,328</u>	<u>15</u>	<u>24,751</u>	<u>-</u>	<u>290,686</u>
-	-	(18,773)	(50,000)	-	(183,773)
-	-	(18,773)	(50,000)	-	(183,773)
(7,184)	20,328	(18,758)	(25,249)	-	106,913
<u>20,735</u>	<u>-</u>	<u>18,758</u>	<u>84,176</u>	<u>-</u>	<u>1,184,685</u>
<u>\$ 13,551</u>	<u>\$ 20,328</u>	<u>\$ -</u>	<u>\$ 58,927</u>	<u>\$ -</u>	<u>\$ 1,291,598</u>