

**CITY OF DELAVAN**

Delavan, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

# CITY OF DELAVAN

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# CITY OF DELAVAN

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**INDEPENDENT AUDITORS' REPORT**

To the City Council  
City of Delavan  
Delavan, 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 Delavan, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Delavan's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

### **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 Delavan, Wisconsin, as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note I, the City of Delavan adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

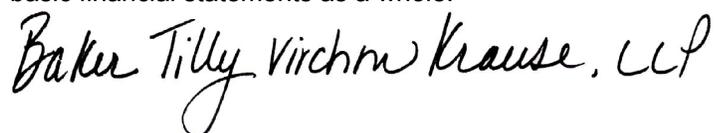
### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the 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.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Delavan'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.



Madison, Wisconsin  
May 26, 2016

# CITY OF DELAVAN, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### UNAUDITED

As of and for the Year Ended December 31, 2015

As management of the City of Delavan, Wisconsin (the "city"), we offer readers of the city's financial statement this narrative overview and analysis of the financial activities of the city for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the city's overall financial statements.

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## FINANCIAL HIGHLIGHTS

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- > The assets of the City of Delavan, both governmental and business-type activities, exceeded its liabilities at the close of the most recent fiscal year by \$70,295,992 (*net position*). Of this amount, \$12,149,487 (*unrestricted net position*) may be used to meet the government's obligations to citizens and creditors. The total net position includes all major infrastructure networks.
- > The city's total net position increased by \$1,038,436. Of this amount, \$1,002,450 is related to an increase in the governmental activities, and \$35,986 from the business-type activities.
- > As of the close of the current fiscal year, the City of Delavan's governmental funds reported combined ending fund balances of \$4,261,108. Approximately 59% of the ending fund balance, \$2,520,434 is non-spendable, restricted or committed. Fund balance of \$939,639 or 22% of fund balance is available for use within the city's assignments. Unassigned fund balance equals \$801,035 or 19% of total fund balance.
- > At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,897,157 or approximately 23% of the total general fund budgeted expenditures and transfers out. With regard to business-type activities, the unrestricted net positions (cash and accounts receivable) were as follows: Water \$5,098,858, Sewer \$1,223,867, and Delbrook (\$124,744).

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## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-Wide Statements

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

The *Statement of Net Position* presents information on all of the city's assets, deferred inflows, liabilities, and deferred outflows, with the net amount reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating. This statement also is the basis to evaluating the capital structure and assessing the liquidity and financial flexibility. To assess the overall health of the city you need to consider additional non-financial factors such as changes in the city's property tax base and the condition of the city's infrastructure.

# CITY OF DELAVAN, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2015

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### **OVERVIEW OF THE FINANCIAL STATEMENTS** (cont.)

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

The *Statement of Activities* presents information showing how the city's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the city include general government; public safety; public works; leisure activities; and conservation and development. The business-type activities of the City of Delavan include the water and sewer utilities, the golf course (Delbrook), and a new enterprise fund as of 2015 for water sports.

The government-wide financial statements can be found on pages 1 to 3 of this report.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the city can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The city maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, General Debt Service Fund, TIF District No. 4 and Capital Equipment and Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 4 to 9 of this report.

# CITY OF DELAVAN, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS  
UNAUDITED  
As of and for the Year Ended December 31, 2015

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## **OVERVIEW OF THE FINANCIAL STATEMENTS** (cont.)

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

*Proprietary Funds* – The city maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for its Water and Sewer Utilities, Delbrook Operations, and Water Sports.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utilities, Delbrook Operations since they are considered to be major funds of the city. A non-major fund of Water Sports is also included.

The basic proprietary fund financial statements can be found on pages 10 to 14 of this report.

*Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the city's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 15 of this report.

*Notes to the Financial Statements* – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 to 59 of this report.

*Other Information* – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the General Fund to demonstrate compliance with the budget and pension related schedules. This information can be found on pages 60 to 65 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information and can be found on pages 66 to 73 of this report. Additional Water and Sewer detail regarding plant additions and deletions, operating revenues and expenditures, and the water rate of return can be found on pages 74 to 79.

# CITY OF DELAVAN, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2015

### FINANCIAL ANALYSIS OF THE CITY

An analysis of the city's financial position begins with a review of the **Statement of Net Position** and the **Statement of Revenues, Expenses, and Changes in Net Position**. These two statements report the city's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Delavan, assets exceeded liabilities by \$70,295,992 as of December 31, 2015.

<b>City of Delavan's Net Position</b>						
	Governmental		Business-type		Totals	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 14,741,806	\$ 14,382,487	\$ 7,491,968	\$ 7,224,509	\$ 22,233,774	\$ 21,606,996
Capital Assets	45,037,082	45,499,049	28,442,383	28,739,892	73,479,465	74,238,941
Total Assets	<u>59,778,888</u>	<u>\$ 59,881,536</u>	<u>35,934,351</u>	<u>35,964,401</u>	<u>95,713,239</u>	<u>95,845,937</u>
Unamortized Loss on Advance Refunding	-	-	-	35,486	-	35,486
Deferred Outflows of Resources						
Pension related amounts	678,697	-	88,133	-	766,830	-
Total Deferred Outflows of Resources	<u>678,697</u>	<u>-</u>	<u>88,133</u>	<u>35,486</u>	<u>766,830</u>	<u>35,486</u>
Long-term Liabilities	14,540,772	16,284,734	4,169,526	4,602,140	18,710,298	20,886,874
Other Liabilities	476,532	655,412	817,624	629,477	1,294,156	1,284,889
Total Liabilities	<u>15,017,304</u>	<u>16,940,146</u>	<u>4,987,150</u>	<u>5,231,617</u>	<u>20,004,454</u>	<u>22,171,763</u>
Unearned Revenues	<u>6,109,642</u>	<u>5,907,658</u>	<u>69,981</u>	<u>19,739</u>	<u>6,179,623</u>	<u>5,927,397</u>
Total Deferred Inflows of Resources	<u>6,109,642</u>	<u>5,907,658</u>	<u>69,981</u>	<u>19,739</u>	<u>6,179,623</u>	<u>5,927,397</u>
<b>Net Position</b>						
Net Investments in Capital Assets*	32,530,918	31,587,722	24,103,449	24,013,930	56,018,568	54,794,558
Restricted	1,464,014	1,066,615	663,923	440,440	2,127,937	1,507,055
Unrestricted *	5,335,707	4,379,395	6,197,981	6,294,161	12,149,487	11,480,650
<b>Total Net Position</b>	<u>\$ 39,330,639</u>	<u>\$ 37,033,732</u>	<u>\$ 30,965,353</u>	<u>\$ 30,748,531</u>	<u>\$ 70,295,992</u>	<u>\$ 67,782,263</u>

\*Totals impacted by footnote adjustment found on page 28 of financial statements

The largest portion of the city's net position, including both governmental and business-type activities, (approximately 80%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's net position, including both governmental and business-type activities, (approximately 3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligation to citizens and creditors.

# CITY OF DELAVAN, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2015

### FINANCIAL ANALYSIS OF THE CITY (cont.)

**Analysis of City Operations-**The second tool, referenced earlier, used to analyze the financial position of the City is the Condensed Statement of Revenues, Expenses, and Changes in Net Position. The following table provides a summary of the City's operations for the year ended December 31, 2015. Governmental activities increased the City of Delavan's net position by \$1,002,450 and the business-type activities increased the city's net position by \$35,986 resulting in a net increase of \$1,038,436 in net position.

### City of Delavan Condensed Statement of Revenues, Expenses and Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 1,148,494	\$ 1,175,937	\$ 4,362,341	\$ 4,324,431	\$ 5,510,835	\$ 5,500,368
Operating grants and contributions	1,111,964	967,096	-	-	1,111,964	967,096
Capital grants and contributions	92,360	378,219	11,895	6,500	104,255	384,719
<b>General Revenues:</b>						
Property taxes	5,908,317	6,056,260	-	-	5,908,317	6,056,260
Other taxes	646,571	605,160	-	-	646,571	605,160
Intergovernmental	660,252	665,607	-	-	660,252	665,607
Public gifts and grants	-	-	-	-	-	-
Investment income	40,959	32,290	112,281	107,008	153,240	139,298
Miscellaneous	23,412	25,327	1,040	20	24,452	25,347
Gain on sale of assets	-	4,158	-	-	-	4,158
<b>Total Revenues</b>	<b>\$ 9,632,329</b>	<b>\$ 9,910,054</b>	<b>\$ 4,487,557</b>	<b>\$ 4,437,959</b>	<b>\$ 14,119,886</b>	<b>\$ 14,348,013</b>
<b>Expenses:</b>						
General government	\$ 944,000	\$ 939,365	\$ -	\$ -	\$ 944,000	\$ 939,365
Public safety	3,252,455	3,328,530	-	-	3,252,455	3,328,530
Public works	2,713,243	2,441,244	-	-	2,713,243	2,441,244
Culture, recreation and education	989,810	1,016,195	-	-	989,810	1,016,195
Conservation and development	369,788	176,063	-	-	369,788	176,063
Interest and fiscal charges	444,331	585,986	-	-	444,331	585,986
Water utility	-	-	1,825,338	1,488,904	1,825,338	1,488,904
Sewer utility	-	-	1,797,665	1,799,437	1,797,665	1,799,437
Delbrook operations	-	-	708,113	750,719	708,113	750,719
Water sports	-	-	36,707	-	36,707	-
<b>Total Expenses</b>	<b>\$ 8,713,627</b>	<b>\$ 8,487,383</b>	<b>\$ 4,367,823</b>	<b>\$ 4,039,060</b>	<b>\$ 13,081,450</b>	<b>\$ 12,526,443</b>
Change in net position before transfers	\$ 918,702	\$ 1,422,671	\$ 119,734	\$ 398,899	\$ 1,038,436	\$ 1,821,570
Transfers	83,748	214,577	(83,748)	(214,577)	-	-
Increase/decrease in net position	1,002,450	1,637,248	35,986	184,322	1,038,436	1,821,570
NET POSITION-January 1*	38,328,189	35,396,484	30,929,367	30,564,209	69,257,556	65,960,693
<b>NET POSITION-December 31</b>	<b>\$ 39,330,639</b>	<b>\$ 37,033,732</b>	<b>\$ 30,965,353</b>	<b>\$ 30,748,531</b>	<b>\$ 70,295,992</b>	<b>\$ 67,782,263</b>

\* Beginning balances restated per footnotes found on page 51

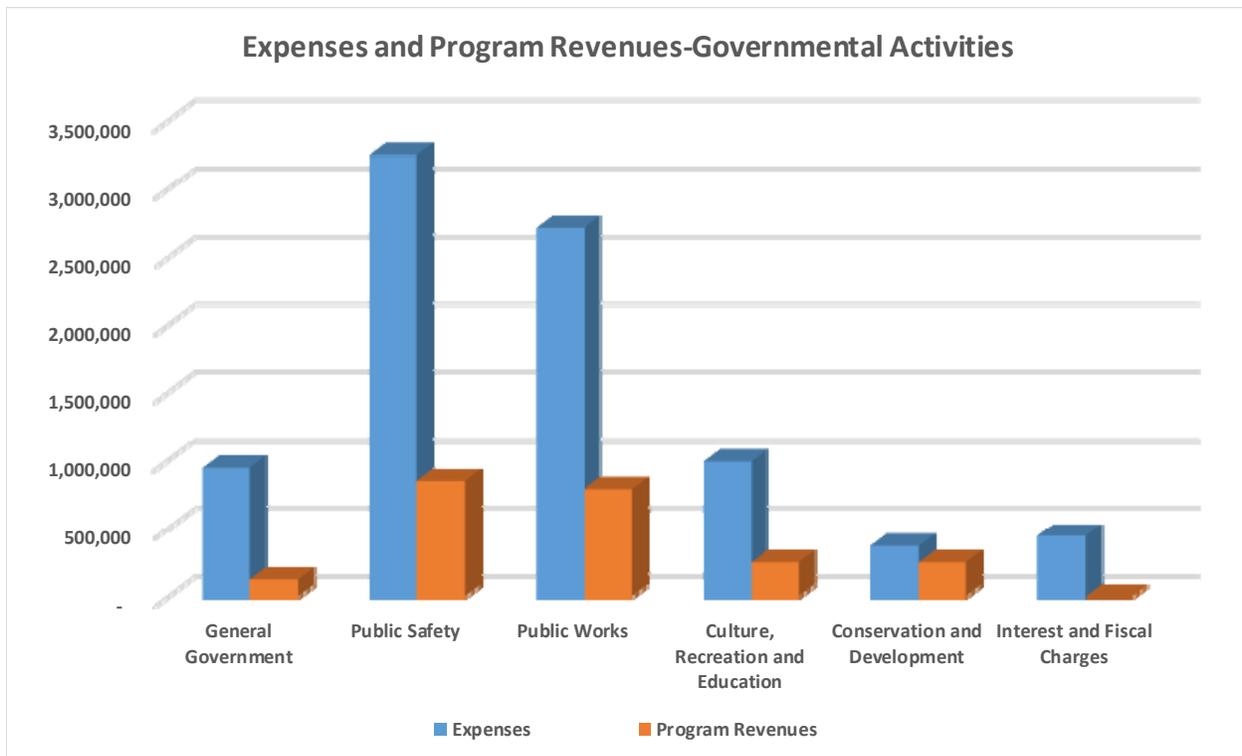
# CITY OF DELAVAN, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS  
UNAUDITED  
As of and for the Year Ended December 31, 2015

## FINANCIAL ANALYSIS OF THE CITY (cont.)

Approximately 61% of the governmental activity revenue comes from property taxes, and the remaining 39% is generated through services charges, operating and capital grants, other taxes, investment income, miscellaneous programming revenue and charges to intergovernmental agencies.

The business-type activities do not have a property tax element to fund their operations. Approximately 97% of their revenue comes from charges for service and the remaining 3% is generated through impact fees, miscellaneous programming revenue, and investment income to offset their expenses.

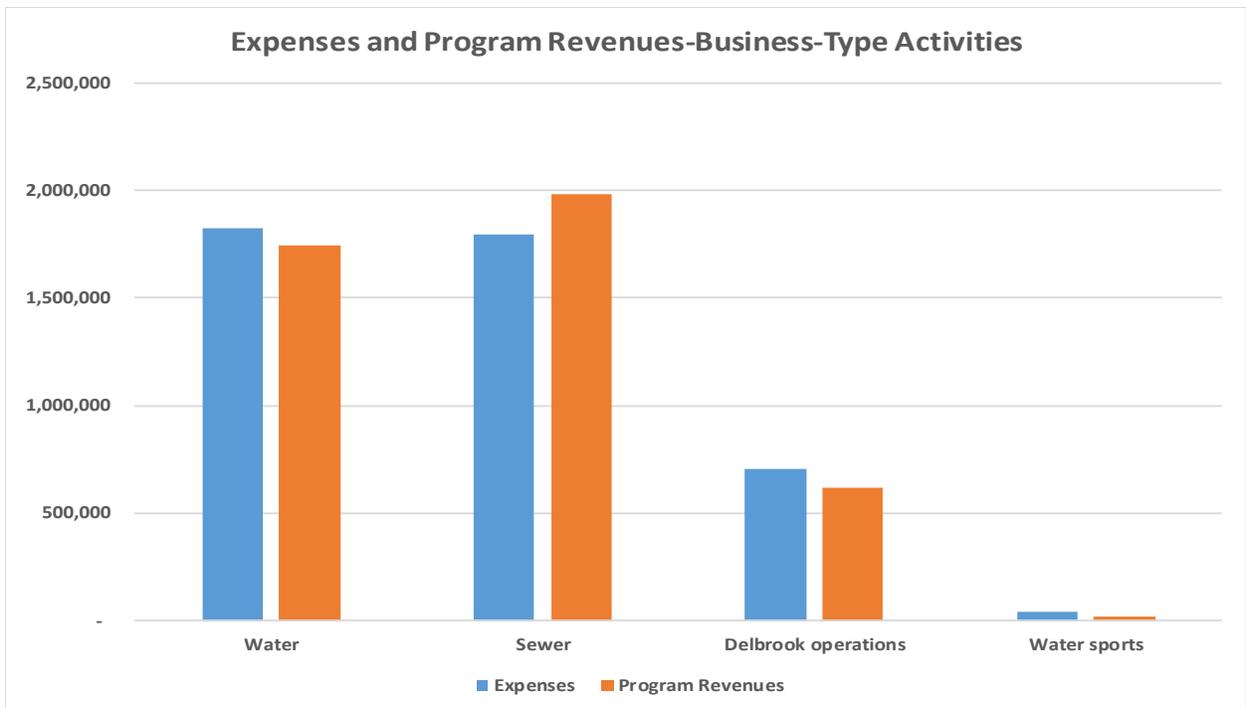
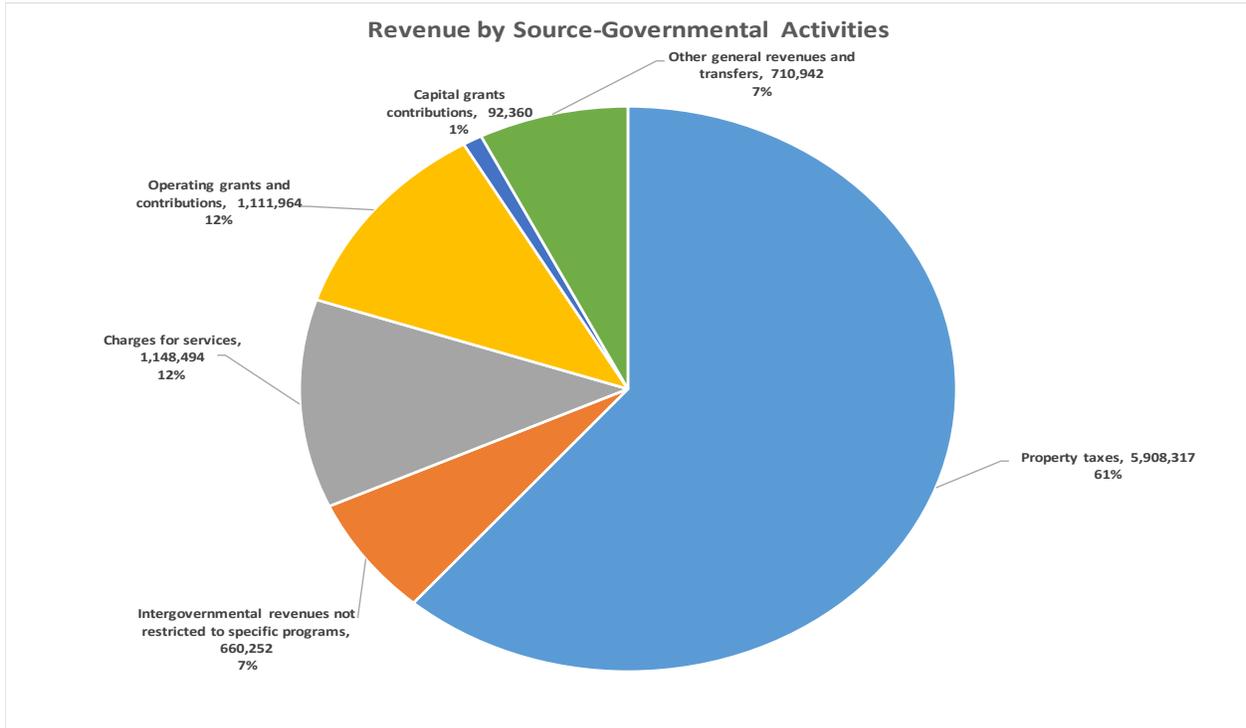


# CITY OF DELAVAN, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED

As of and for the Year Ended December 31, 2015

### FINANCIAL ANALYSIS OF THE CITY (cont.)



# CITY OF DELAVAN, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2015

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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#### Governmental Funds

The focus of the City of Delavan's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the city's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of current fiscal year, the City of Delavan's governmental funds reported combined ending fund balances of \$4,261,108. Approximately 41% of this total amount, \$1,740,674, is available for spending.

The remainder of the fund balance is not available for new spending because it is 1) non-spendable \$1,498,307, 2) restricted \$700,528, and 3) committed \$321,599.

Of the \$1,740,674 available for spending, the use of \$939,639 or approximately 54% is assigned at year-end for the subsequent year budget or specific capital purposes, leaving an unassigned balance of \$801,035.

**General Fund:** The general fund is the main operating fund of the city. The general fund balance increased from \$2,934,444 to \$2,980,661, an increase of \$46,217.

**Debt Service Fund:** The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs. Fund balance in the debt service fund increased by \$9,113 in 2015.

**Tax Incremental District No. 4 – Capital Projects:** This district was created in 2003 and is currently in its expenditure period. Fund balance decreased \$227,933 during 2015, increasing the fund balance deficit to (\$972,858).

**Capital Equipment and Projects:** This fund accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects. Fund balance decreased by \$64,518, resulting in a fund balance of \$1,351,187.

#### Proprietary Funds

The City of Delavan's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**Water and Sewer Utility:** The Delavan Water & Sewage Utility (the "utility") is an enterprise fund of the City of Delavan. The utility was created by the City of Delavan in 1893. The purpose of the utility is to provide water and sewer service to properties located within the municipality.

In 2015, the utility served 2,885 water customers and 2,820 sewer customers in the City of Delavan. The utility maintains and operates five wells, two booster pumping stations, three water treatment facilities, and five elevated water towers. The utility owns and maintains 296,463 feet of water main, 2,644 water services, 585 fire hydrants, and 2,961 water meters (includes rental, hydrant and stock meters) and 73 deduct meters. The utility has contracted since 1983 with the Walworth County Metropolitan Sewer District for the processing the City of Delavan's wastewater. The utility owns and maintains 233,788 feet of sanitary sewer mains in the City of Delavan.

# CITY OF DELAVAN, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2015

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

The business-type activities portion of the above stated net position includes both the city's water and sewer utilities, Delbrook, and water sports. The water and sewer's net position accounts for \$29,527,581 of the city's overall net position of \$70,295,992.

	<b>Water and Sewer Net Position</b>					
	Water		Sewer		Totals	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 6,462,111	\$ 6,589,917	\$ 1,838,896	\$ 1,540,900	\$ 8,301,007	\$ 8,130,817
Capital Assets	18,572,661	18,906,280	7,753,203	7,805,475	26,325,864	26,711,755
Total Assets	<u>25,034,772</u>	<u>\$ 25,496,197</u>	<u>9,592,099</u>	<u>9,346,375</u>	<u>34,626,871</u>	<u>34,842,572</u>
Deferred Outflows of Resources						
Pension related amounts	41,494	-	29,655	-	71,149	-
Total Deferred Outflows of Resources	<u>41,494</u>	<u>-</u>	<u>29,655</u>	<u>-</u>	<u>71,149</u>	<u>-</u>
Long-term Liabilities	3,817,634	4,057,527	244,480	242,721	4,062,114	4,300,248
Other Liabilities	925,625	774,232	120,665	110,823	1,046,290	885,055
Total Liabilities	<u>4,743,259</u>	<u>4,831,759</u>	<u>365,145</u>	<u>353,544</u>	<u>5,108,404</u>	<u>5,185,303</u>
Unearned Revenues	<u>62,035</u>	<u>19,739</u>	<u>-</u>	<u>-</u>	<u>62,035</u>	<u>19,739</u>
Net Position						
Net Investements in						
Capital Assets	14,803,727	14,904,832	7,753,203	7,805,475	22,556,930	22,710,307
Restricted	368,387	200,682	279,539	239,758	647,926	440,440
Unrestricted	5,098,858	5,539,185	1,223,867	947,598	6,322,725	6,486,783
<b>Total Net Position</b>	<u>\$ 20,270,972</u>	<u>\$ 20,644,699</u>	<u>\$ 9,256,609</u>	<u>\$ 8,992,831</u>	<u>\$ 29,527,581</u>	<u>\$ 29,637,530</u>

The City's utility net position decreased \$258,379. Cash and investments increased providing a more liquid position; however, depreciation increased as a result of our continued capital investment.

The water utility continues to pay down existing debt. The long term debt decreased by approximately \$240,000 a result of current year debt payments for the 2007 Mortgage Revenue Bond and the Safe Drinking Water Fund Loan. The sewer utility remains debt free; however, does have long-term liabilities of \$244,480 to cover compensated absences along with customer advances for construction.

Independent of one another, the water utility recognized a decrease in their net position of \$447,942, and the sewer utility experienced a gain of \$189,563, the difference of \$74,215 from the table referenced above is due to the new GASB Statement No. 68 and 71, which is referenced on page 51 of the financial statements.

# CITY OF DELAVAN, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2015

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

#### Water and Sewer Condensed Statement of Revenues, Expenses and Changes in Net Position

	Water Activities		Sewer Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Operating revenues	\$ 1,742,246	\$ 1,760,436	\$ 1,982,594	\$ 1,943,383	\$ 3,724,840	\$ 3,703,819
Non-operating revenues	107,752	105,253	4,634	1,775	112,386	107,028
<b>Total Revenues</b>	<u>\$ 1,849,998</u>	<u>\$ 1,865,689</u>	<u>\$ 1,987,228</u>	<u>\$ 1,945,158</u>	<u>\$ 3,837,226</u>	<u>\$ 3,810,847</u>
<b>Expenses:</b>						
Depreciation expense	\$ 539,936	\$ 534,701	\$ 112,766	\$ 112,124	\$ 652,702	\$ 646,825
Other operating expenses	1,149,574	811,296	1,684,899	1,687,313	2,834,473	2,498,609
Non-operating expenses	135,828	142,907	-	-	135,828	142,907
<b>Total Expenses</b>	<u>\$ 1,825,338</u>	<u>\$ 1,488,904</u>	<u>\$ 1,797,665</u>	<u>\$ 1,799,437</u>	<u>\$ 3,623,003</u>	<u>\$ 3,288,341</u>
<b>Income before capital</b>						
Contributions and Transfers	\$ 24,660	\$ 376,785	\$ 189,563	\$ 145,721	\$ 214,223	\$ 522,506
Capital Contributions	11,895	6,500	-	-	11,895	6,500
Transfers Tax Equivalent	(484,497)	(466,148)	-	-	(484,497)	(466,148)
Changes in Net Position	(447,942)	(82,863)	189,563	145,721	(258,379)	62,858
NET POSITION-January 1*	20,718,914	20,727,562	9,067,046	8,847,110	29,785,960	29,574,672
<b>NET POSITION-December 31</b>	<u>\$ 20,270,972</u>	<u>\$ 20,644,699</u>	<u>\$ 9,256,609</u>	<u>\$ 8,992,831</u>	<u>\$ 29,527,581</u>	<u>\$ 29,637,530</u>

\* Beginning balance restated per footnotes found on page 51

The water utility's operating revenues in 2015 decreased \$18,190, from \$1,760,436 in 2014 to \$1,742,246 in 2015.

The sewer utility's operating revenues increased by \$39,211, from \$1,943,383 in 2014 to \$1,982,594 in 2015.

Water revenue decreased \$15,691. This decrease was primarily due to a decrease in the Cell Tower rental which was the result of a tenant loss.

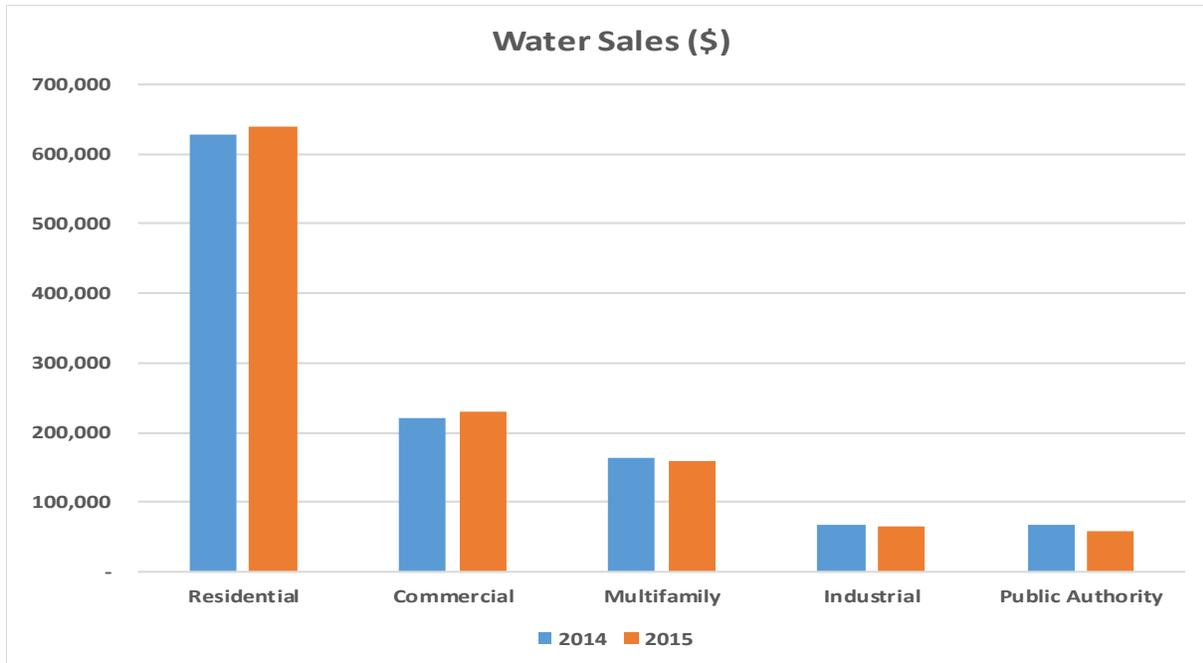
Water utility expenses increased in 2015 by \$336,434. The water utility completed two very significant maintenance projects that did not qualify as capital additions. These two projects, a filter media replacement at the Central Treatment Plant and the interior repainting of Woolsey Tower totaled approximately \$359,000 which is also why the Income before Capital Contribution decreased by \$352,125.

# CITY OF DELAVAN, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2015

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

Water consumption remained fairly consistent from 2014 to 2015. There was a slight increase in residential and commercial usage, but multi-family, industrial, and public authority decreased. Overall, water consumption for the utility was down approximately 2,216,000 gallons or approximately 1%.



### Water and Sewer Condensed Statements of Cash Flow

	Water Activities		Sewer Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>Cash Flows:</b>						
Operating activity	\$ 825,026	\$ 1,206,764	\$ 307,766	\$ 506,442	\$ 1,132,792	\$ 1,713,206
Non-capital financing activities	(466,148)	(484,736)	-	-	(466,148)	(484,736)
Capital and related financing activities	(220,995)	(477,296)	(78,168)	(67,276)	(299,163)	(544,572)
Investing activities	(1,304,765)	(4,852)	139	300	(1,304,626)	(4,552)
Net change cash and equivalents	\$ (1,166,882)	\$ 239,880	\$ 229,737	\$ 439,466	\$ (937,145)	\$ 679,346
Cash and Equivalents-January 1	2,117,235	1,877,355	746,839	307,373	2,864,074	2,184,728
Cash and Equivalents-December 31	950,353	2,117,235	976,576	746,839	1,926,929	2,864,074
Long Term Investments	2,936,249	1,620,784	357,459	352,964	3,293,708	1,973,748
Total Cash and Investments	\$ 3,886,602	\$ 3,738,019	\$ 1,334,035	\$ 1,099,803	\$ 5,220,637	\$ 4,837,822

# CITY OF DELAVAN, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2015

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

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Delbrook Operations: There is a seven-member Commission, appointed by the Mayor and confirmed by the Common Council, that oversees the operations and that has all the powers necessary and convenient for the effective and efficient management, control, supervision, and operation of the Delbrook Golf Course, subject to budgetary approval by the Common Council. The Commission is authorized to call upon other city commissions, personnel, officers, and departments for such services and assistance as said Commission deems necessary. The Commission has, in conjunction with the Golf Manager and Public Works Director, jurisdiction over the buildings, personal property, and real property which now or in the future comprises the Delbrook Golf Course.

The Delbrook operations fund had a loss of \$89,556 before contributions and transfers in and an increase in net position of \$294,365 in 2015. Operating losses, with the exception of depreciation, are financed through other funds. In 2015 no interfund transfer was required for operations.

During the year, Delbrook received a transfer from the governmental funds to cover its debt principal and interest payments totaling \$203,433. Delbrook operations have general obligation bonds outstanding at the end of 2015 in the amount of \$570,000.

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### GENERAL FUND BUDGETARY HIGHLIGHTS

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Actual revenues and other financing sources fell short of budgeted amounts by \$40,836. Actual expenditures, including other financing uses, were less than the amounts budgeted by \$289,145. The 2015 fiscal budget produced \$240,493 of revenue in excess of expenditures.

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### CAPITAL ASSETS

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At the end of 2015, the governmental activities and business-type activities had invested a total of \$73,479,465 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure and construction work in progress.

Major capital asset events during the current fiscal year included the following:

Road projects of \$576,450.

- The 2015 minor road projects included small sections of Schauf Street, Beloit Street, N. Fifth Street, N. Terrace St and Sugar Creek Street, which included work on sidewalks, curb and gutter, storm sewers, and a mill and overlay construction.
- The 2015 significant reconstruction projects were on Herman and McDowell Street, which included curb and gutter, storm sewer and a complete road reconstruction.

Water utility additions of \$235,521.

- The 2015 Herman Street Water Main Project included a 50' extension of 6-inch water main, one fire hydrant and sixteen 1-inch water services.

# CITY OF DELAVAN, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2015

### CAPITAL ASSETS (cont.)

- The 2015 McDowell Street Water Main Project, from Second Street to Main Street, included the replacement of an existing 4-inch and 6-inch water main with an 8-inch water main, one fire hydrant, ten 1-inch water services and one 2-inch water service.
- The 2015 Shauf Street Water Service Replacement Project included three 1-inch water services and one 2-inch water service.

Sewer utility additions of \$60,544.

- The 2015 Sanitary Sewer Pipe Liner Project included the lining of sanitary sewer sections on the following streets: two sections on S. Main Street, two sections on Washington Street, two sections on Barnes Street and one section on Tyrell Avenue.

### Capital Assets at Year-End Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,902,826	\$ 1,939,826	\$ 913,121	\$ 913,121	\$ 2,815,947	\$ 2,852,947
Right-of-ways	2,115,790	2,115,790	-	-	2,115,790	2,115,790
Land improvements-nondepreciable	6,999,666	6,981,919	-	-	6,999,666	6,981,919
Land improvements	176,918	185,072	1,010,402	892,607	1,187,320	1,077,679
Stormwater basin	1,815,413	1,815,413	-	-	1,815,413	1,815,413
Construction in progress	339,819	298,832	-	-	339,819	298,832
Buildings	3,232,094	3,381,202	102,862	107,639	3,334,956	3,488,841
Machinery and equipment	2,317,098	2,240,577	345,479	370,115	2,662,577	2,610,692
Streets	16,004,105	16,380,103	-	-	16,004,105	16,380,103
Bridges and dams	518,878	531,542	-	-	518,878	531,542
Traffic signals	138,834	169,266	-	-	138,834	169,266
Street lights	382,678	395,575	-	-	382,678	395,575
Stormwater	7,703,137	7,689,564	-	-	7,703,137	7,689,564
Sidewalks	1,389,826	1,374,368	-	-	1,389,826	1,374,368
Water plant	-	-	18,317,316	18,650,935	18,317,316	18,650,935
Sewer plant	-	-	7,753,203	7,805,475	7,753,203	7,805,475
<b>Totals</b>	<b>\$ 45,037,082</b>	<b>\$ 45,499,049</b>	<b>\$ 28,442,383</b>	<b>\$ 28,739,892</b>	<b>\$ 73,479,465</b>	<b>\$ 74,238,941</b>

Additional information on the City of Delavan's capital assets can be found in note IV.D. of this report.

### LONG-TERM DEBT

In March of 2015, the City issued \$2,765,000 in GO bonds with an average coupon rate of .50-.95% to refund \$2,960,000 of outstanding notes with an average coupon rate of 3.50-4.00%. The net proceeds along with the existing funds were used to prepay the outstanding debt. Overall in 2015, the City repaid \$1,937,350, resulting in outstanding general obligation debt at the end of 2015 of \$14,758,494.

# CITY OF DELAVAN, WISCONSIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2015

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### LONG-TERM DEBT (cont.)

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Under Wisconsin State Statutes, Chapter 67, the city's aggregate general obligation indebtedness may not exceed 5% of the equalized value of taxable property located in the city which, based on the city's equalized value, is \$27,429,540. The net amount of debt that is applicable to the statutory limit is \$14,758,494, resulting in an available general obligation debt of \$12,671,046.

#### City of Delavan Outstanding Debt General Obligation Bonds

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General obligation bonds and notes payable	\$ 14,188,494	\$ 15,935,844	\$ 570,000	\$ 760,000	\$ 14,758,494	\$ 16,695,844
Revenue Bonds	-	-	3,778,785	4,012,763	3,778,785	4,012,763
Total outstanding general obligation and revenue debt	\$ 14,188,494	\$ 15,935,844	\$ 4,348,785	\$ 4,772,763	\$ 18,537,279	\$ 20,708,607

Additional information on the City of Delavan's long-term debt can be found in footnote IV.F. of this report.

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### CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

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All currently known facts and economic conditions have been considered in preparing this report.

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### REQUESTS FOR INFORMATION

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The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the city's finances. If you have questions about this report or need any additional information, contact the City of Delavan.

City of Delavan  
123 S. Second St  
Delavan, WI 53115  
Phone: 262-728-5585 x 117  
Email: [financedir@ci.delavan.wi.us](mailto:financedir@ci.delavan.wi.us)

General information relating to the City of Delavan, Wisconsin, can be found at the city's website, [www.ci.delavan.wi.us](http://www.ci.delavan.wi.us).

**CITY OF DELAVAN**

STATEMENT OF NET POSITION  
As of December 31, 2015

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 5,019,831	\$ 4,630,447	\$ 9,650,278
Receivables (net)			
Taxes receivable	6,199,292	-	6,199,292
Delinquent personal property taxes	37,058	-	37,058
Accounts	170,188	349,825	520,013
Loans	170,967	-	170,967
Special assessments	1,227,817	-	1,227,817
Land contract receivable	275,042	-	275,042
Other receivables	-	42,274	42,274
Prepaid items	844,721	13,680	858,401
Internal balances - interfunds	449,963	(449,963)	-
Internal balances - advances	(2,184,283)	2,184,283	-
Inventories	-	15,185	15,185
Other assets	-	26,700	26,700
Restricted assets			
Cash and investments	243,863	590,269	834,132
Net pension asset	638,997	89,268	728,265
Land held for resale	1,648,350	-	1,648,350
Capital Assets			
Capital Assets not being depreciated	13,173,514	913,121	14,086,635
Capital Assets being depreciated	<u>31,863,568</u>	<u>27,529,262</u>	<u>59,392,830</u>
Total Assets	<u>59,778,888</u>	<u>35,934,351</u>	<u>95,713,239</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension related amounts	<u>678,697</u>	<u>88,133</u>	<u>766,830</u>
<b>LIABILITIES</b>			
Accounts payable	228,708	291,611	520,319
Accrued liabilities	229,505	1,021	230,526
Other accrued liabilities and deposits	18,319	267,226	285,545
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	242,152	242,152
Interest accrued on revenue bonds	-	15,614	15,614
Noncurrent Liabilities			
Due within one year	1,811,645	190,000	2,001,645
Due in more than one year	<u>12,729,127</u>	<u>3,979,526</u>	<u>16,708,653</u>
Total Liabilities	<u>15,017,304</u>	<u>4,987,150</u>	<u>20,004,454</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenues	<u>6,109,642</u>	<u>69,981</u>	<u>6,179,623</u>
<b>NET POSITION</b>			
Net investment in capital assets	32,530,918	24,103,449	56,018,568
Restricted for			
Debt service	-	310,000	310,000
Impact fees	81,804	242,903	324,707
Equipment replacement	-	10,808	10,808
Contractual escrow	-	10,944	10,944
Loans	265,122	-	265,122
Library	316,032	-	316,032
Pension	638,997	89,268	728,265
Parks	162,059	-	162,059
Unrestricted net position	<u>5,335,707</u>	<u>6,197,981</u>	<u>12,149,487</u>
<b>TOTAL NET POSITION</b>	<u>\$ 39,330,639</u>	<u>\$ 30,965,353</u>	<u>\$ 70,295,992</u>

See accompanying notes to financial statements.

**CITY OF DELAVAN**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 944,000	\$ 125,279	\$ -	\$ -
Public safety	3,252,455	799,063	49,104	-
Public works	2,713,243	104,803	682,860	92,360
Culture, recreation and education	989,810	69,720	180,000	-
Conservation and development	369,788	49,629	200,000	-
Interest and fiscal charges	444,331	-	-	-
Total Governmental Activities	<u>8,713,627</u>	<u>1,148,494</u>	<u>1,111,964</u>	<u>92,360</u>
Business-type Activities				
Water	1,825,338	1,742,246	-	11,895
Sewer	1,797,665	1,982,594	-	-
Golf course	708,113	617,622	-	-
Water sports	36,707	19,879	-	-
Total Business-type Activities	<u>4,367,823</u>	<u>4,362,341</u>	<u>-</u>	<u>11,895</u>
Totals	<u>\$ 13,081,450</u>	<u>\$ 5,510,835</u>	<u>\$ 1,111,964</u>	<u>\$ 104,255</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

**Change in net position**

NET POSITION - Beginning of Year (as restated)

**NET POSITION - END OF YEAR**

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (818,721)	\$ -	\$ (818,721)
(2,404,288)	-	(2,404,288)
(1,833,220)	-	(1,833,220)
(740,090)	-	(740,090)
(120,159)	-	(120,159)
<u>(444,331)</u>	<u>-</u>	<u>(444,331)</u>
<u>(6,360,809)</u>	<u>-</u>	<u>(6,360,809)</u>
-	(71,197)	(71,197)
-	184,929	184,929
-	(90,491)	(90,491)
-	<u>(16,828)</u>	<u>(16,828)</u>
-	<u>6,413</u>	<u>6,413</u>
<u>(6,360,809)</u>	<u>6,413</u>	<u>(6,354,396)</u>
3,676,471	-	3,676,471
1,688,665	-	1,688,665
543,181	-	543,181
646,571	-	646,571
660,252	-	660,252
40,959	112,281	153,240
<u>23,412</u>	<u>1,040</u>	<u>24,452</u>
<u>7,279,511</u>	<u>113,321</u>	<u>7,392,832</u>
<u>83,748</u>	<u>(83,748)</u>	<u>-</u>
<u>7,363,259</u>	<u>29,573</u>	<u>7,392,832</u>
1,002,450	35,986	1,038,436
<u>38,328,189</u>	<u>30,929,367</u>	<u>69,257,556</u>
<u>\$ 39,330,639</u>	<u>\$ 30,965,353</u>	<u>\$ 70,295,992</u>

See accompanying notes to financial statements.

**CITY OF DELAVAN**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2015

	<u>General</u>	<u>General Debt Service Fund</u>	<u>Capital Equipment and Projects</u>	<u>Tax Incremental District No. 4</u>
<b>ASSETS</b>				
Cash and investments	\$ 2,394,788	\$ 46,478	\$ 414,152	\$ 1,277,404
Receivables				
Taxes	5,528,312	-	56,975	614,005
Delinquent taxes	37,058	-	-	-
Accounts	53,624	-	91,025	7,888
Loans	-	-	-	-
Special assessments	11,714	-	186,946	1,029,157
Land contract receivable	-	-	275,042	-
Due from other funds	485,617	-	-	-
Prepayments	79,474	-	761,992	-
Advances to other funds	132,031	-	116,026	-
Restricted cash and investments	-	-	-	<u>58,204</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,722,618</u>	<u>\$ 46,478</u>	<u>\$ 1,902,158</u>	<u>\$ 2,986,658</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 106,045	\$ -	\$ 27,881	\$ 40
Accrued liabilities	121,539	-	-	-
Due to other funds	18,686	-	16,968	-
Advances from other funds	-	-	-	2,316,314
Deposits	-	-	-	-
Total Liabilities	<u>246,270</u>	<u>-</u>	<u>44,849</u>	<u>2,316,354</u>
Deferred Inflows of Resources				
Unearned revenues	5,495,637	-	-	614,005
Unavailable revenues	50	-	506,122	1,029,157
Total Deferred Inflows of Resources	<u>5,495,687</u>	<u>-</u>	<u>506,122</u>	<u>1,643,162</u>
Fund Balances (Deficit)				
Nonspendable	733,060	-	761,992	-
Restricted	-	46,478	-	58,204
Committed	-	-	-	-
Assigned	350,444	-	589,195	-
Unassigned (deficit)	1,897,157	-	-	(1,031,062)
Total Fund Balances (Deficit)	<u>2,980,661</u>	<u>46,478</u>	<u>1,351,187</u>	<u>(972,858)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 8,722,618</u>	<u>\$ 46,478</u>	<u>\$ 1,902,158</u>	<u>\$ 2,986,658</u>

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
\$ 887,009	\$ 5,019,831
-	6,199,292
-	37,058
17,651	170,188
170,967	170,967
-	1,227,817
-	275,042
-	485,617
3,255	844,721
-	248,057
<u>185,659</u>	<u>243,863</u>
<u>\$ 1,264,541</u>	<u>\$ 14,922,453</u>

\$ 94,742	\$ 228,708
8,847	130,386
-	35,654
116,026	2,432,340
<u>18,319</u>	<u>18,319</u>
<u>237,934</u>	<u>2,845,407</u>

-	6,109,642
<u>170,967</u>	<u>1,706,296</u>
<u>170,967</u>	<u>7,815,938</u>

3,255	1,498,307
595,846	700,528
321,599	321,599
-	939,639
<u>(65,060)</u>	<u>801,035</u>
<u>855,640</u>	<u>4,261,108</u>

<u>\$ 1,264,541</u>	<u>\$ 14,922,453</u>
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See accompanying notes to financial statements.

**CITY OF DELAVAN**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
As of December 31, 2015**

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Total Fund Balances - Governmental Funds \$ 4,261,108

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note IV.D. 45,037,082

Land held for resale 1,648,350

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. 1,706,296

The net pension asset does not relate to current financial resources and is not reported in the governmental funds. 638,997

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. 678,697

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A. (14,639,891)

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 39,330,639

**CITY OF DELAVAN**

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

For the Year Ended December 31, 2015

	<u>General</u>	<u>General Debt Service Fund</u>	<u>Capital Equipment and Projects</u>	<u>Tax Incremental District No. 4</u>
<b>REVENUES</b>				
Taxes	\$ 5,400,073	\$ -	\$ 504,598	\$ 543,181
Intergovernmental	1,044,401	-	309,876	7,582
Licenses and permits	210,075	-	-	-
Fines, forfeitures and penalties	157,514	-	-	-
Public charges for services	175,275	-	16,288	-
Intergovernmental charges for services	676,684	-	24,889	-
Special assessments	130	-	73,409	-
Investment income	32,063	-	12,594	2,432
Miscellaneous	27,909	-	627	-
<b>Total Revenues</b>	<u>7,724,124</u>	<u>-</u>	<u>942,281</u>	<u>553,195</u>
<b>EXPENDITURES</b>				
Current				
General government	935,299	-	-	34,347
Public safety	3,145,131	-	-	-
Public works	1,116,346	-	-	-
Culture, recreation and education	449,909	-	-	-
Conservation and development	24,812	-	-	-
Capital Outlay	122,111	-	1,416,049	1,657
Debt Service				
Principal	-	2,557,350	-	1,385,000
Interest and fiscal charges	-	223,769	-	250,124
<b>Total Expenditures</b>	<u>5,793,608</u>	<u>2,781,119</u>	<u>1,416,049</u>	<u>1,671,128</u>
Excess (deficiency) of revenues over expenditures	<u>1,930,516</u>	<u>(2,781,119)</u>	<u>(473,768)</u>	<u>(1,117,933)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	1,305,000	-	890,000
Sales of capital assets	52,363	-	-	-
Transfers in	484,497	1,688,665	409,250	-
Transfers out	(2,421,159)	(203,433)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(1,884,299)</u>	<u>2,790,232</u>	<u>409,250</u>	<u>890,000</u>
<b>Net Change in Fund Balances</b>	46,217	9,113	(64,518)	(227,933)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>2,934,444</u>	<u>37,365</u>	<u>1,415,705</u>	<u>(744,925)</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 2,980,661</u>	<u>\$ 46,478</u>	<u>\$ 1,351,187</u>	<u>\$ (972,858)</u>

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
\$ 107,036	\$ 6,554,888
372,314	1,734,173
-	210,075
-	157,514
23,313	214,876
-	701,573
-	73,539
2,185	49,274
<u>41,688</u>	<u>70,224</u>
<u>546,536</u>	<u>9,766,136</u>
-	969,646
45,072	3,190,203
-	1,116,346
540,781	990,690
344,551	369,363
-	1,539,817
-	3,942,350
-	<u>473,893</u>
<u>930,404</u>	<u>12,592,308</u>
<u>(383,868)</u>	<u>(2,826,172)</u>
-	2,195,000
-	52,363
313,309	2,895,721
<u>(6,893)</u>	<u>(2,631,485)</u>
<u>306,416</u>	<u>2,511,599</u>
(77,452)	(314,573)
<u>933,092</u>	<u>4,575,681</u>
<u>\$ 855,640</u>	<u>\$ 4,261,108</u>

See accompanying notes to financial statements.

## CITY OF DELAVAN

### 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, 2015

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Net change in fund balances - total governmental funds	\$	(314,573)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		1,539,817
Some items reported as capital outlay were not capitalized		(7,431)
Depreciation is reported in the government-wide statements		(1,597,553)
Net book value of retired assets		(396,800)

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.		(21,645)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Debt issued		(2,195,000)
Principal repaid		3,942,350

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.		
Amortization of debt discount		(13,262)
Amortization of debt premium		9,388

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		486
Accrued interest on debt		33,436
Net pension asset/liability		(401,330)
Deferred outflows of resources related to pensions		424,567

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>1,002,450</u></b>
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# CITY OF DELAVAN

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2015

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Delbrook Operations	Nonmajor Enterprise Fund - Water Sport Fund	Totals
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 3,539,236	\$ 1,091,132	\$ -	\$ 79	\$ 4,630,447
Receivables					
Accounts receivable, net	153,109	196,716	-	-	349,825
Other accounts receivable	6,393	20,325	15,556	-	42,274
Due from other funds	14,901	20,753	-	-	35,654
Prepayments	8,330	2,079	3,271	-	13,680
Inventories	13,127	2,058	-	-	15,185
Current portion of advance to other funds	158,515	-	-	-	158,515
Restricted Assets					
Redemption account	106,682	-	-	-	106,682
Escrow account	10,944	-	-	-	10,944
Total Current Assets	<u>4,011,237</u>	<u>1,333,063</u>	<u>18,827</u>	<u>79</u>	<u>5,363,206</u>
Noncurrent Assets					
Restricted Assets					
Reserve account	218,932	-	-	-	218,932
Depreciation account	10,808	-	-	-	10,808
Impact fees	-	242,903	-	-	242,903
Net pension asset	36,635	36,636	15,997	-	89,268
Capital Assets					
Land	255,345	-	657,776	-	913,121
Capital assets being depreciated	25,048,511	9,783,867	2,955,139	-	37,787,517
Less: Accumulated depreciation	(6,731,195)	(2,030,664)	(1,496,396)	-	(10,258,255)
Other Assets					
Preliminary survey and investigation	26,700	-	-	-	26,700
Interfund/Advance					
Due from other funds	-	226,294	-	-	226,294
Advance to other funds	2,157,799	-	-	-	2,157,799
Total Noncurrent Assets	<u>21,023,535</u>	<u>8,259,036</u>	<u>2,132,516</u>	<u>-</u>	<u>31,415,087</u>
Total Assets	<u>25,034,772</u>	<u>9,592,099</u>	<u>2,151,343</u>	<u>79</u>	<u>36,778,293</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of resources - pension related amounts	<u>41,494</u>	<u>29,655</u>	<u>16,984</u>	<u>-</u>	<u>88,133</u>

See accompanying notes to financial statements.

# CITY OF DELAVAN

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2015

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Delbrook Operations	Nonmajor Enterprise Fund - Water Sport Fund	
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 165,138	\$ 110,866	\$ 15,528	\$ 79	\$ 291,611
Accrued interest payable	-	-	1,021	-	1,021
Due to other funds	483,955	1,662	-	-	485,617
Current portion of general obligation debt	-	-	190,000	-	190,000
Other current liabilities	18,766	8,137	4,029	-	30,932
Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	242,152	-	-	-	242,152
Accrued interest	15,614	-	-	-	15,614
Total Current Liabilities	<u>925,625</u>	<u>120,665</u>	<u>210,578</u>	<u>79</u>	<u>1,256,947</u>
Noncurrent Liabilities					
Long-Term Debt					
Compensated absences	54,558	18,186	-	-	72,744
General obligation debt	-	-	380,000	-	380,000
Revenue bonds payable	3,526,782	-	-	-	3,526,782
Advances from other funds	-	-	132,031	-	132,031
Due to other funds	226,294	-	-	-	226,294
Other accrued liabilities	10,000	-	-	-	10,000
Customer advances for construction	-	226,294	-	-	226,294
Total Noncurrent Liabilities	<u>3,817,634</u>	<u>244,480</u>	<u>512,031</u>	<u>-</u>	<u>4,574,145</u>
Total Liabilities	<u>4,743,259</u>	<u>365,145</u>	<u>722,609</u>	<u>79</u>	<u>5,831,092</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned revenues	62,035	-	7,946	-	69,981
<b>NET POSITION</b>					
Net investment in capital assets	14,803,727	7,753,203	1,546,519	-	24,103,449
Restricted for					
Debt service	310,000	-	-	-	310,000
Impact fees	-	242,903	-	-	242,903
Equipment replacement	10,808	-	-	-	10,808
Contractual escrow	10,944	-	-	-	10,944
Pension	36,635	36,636	15,997	-	89,268
Unrestricted net position (deficit)	<u>5,098,858</u>	<u>1,223,867</u>	<u>(124,744)</u>	<u>-</u>	<u>6,197,981</u>
<b>TOTAL NET POSITION</b>	<u>\$ 20,270,972</u>	<u>\$ 9,256,609</u>	<u>\$ 1,437,772</u>	<u>\$ -</u>	<u>\$ 30,965,353</u>

See accompanying notes to financial statements.

**CITY OF DELAVAN**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Delbrook Operations	Nonmajor Enterprise Fund - Water Sport Fund	
<b>OPERATING REVENUES</b>					
Public charges for services	\$ 1,654,413	\$ 1,971,770	\$ 617,622	\$ 19,879	\$ 4,263,684
Other	87,833	10,824	-	-	98,657
Total Operating Revenues	<u>1,742,246</u>	<u>1,982,594</u>	<u>617,622</u>	<u>19,879</u>	<u>4,362,341</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	1,149,574	1,684,899	565,180	36,707	3,436,360
Depreciation	539,936	112,766	92,106	-	744,808
Total Operating Expenses	<u>1,689,510</u>	<u>1,797,665</u>	<u>657,286</u>	<u>36,707</u>	<u>4,181,168</u>
Operating Income (Loss)	<u>52,736</u>	<u>184,929</u>	<u>(39,664)</u>	<u>(16,828)</u>	<u>181,173</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	10,700	4,634	-	-	15,334
Miscellaneous	-	-	935	-	935
Income from non-utility operations	105	-	-	-	105
Investment income TIF	96,947	-	-	-	96,947
Interest expense	(134,364)	-	(50,827)	-	(185,191)
Amortization of debt discount	(1,464)	-	-	-	(1,464)
Total Nonoperating Revenues (Expenses)	<u>(28,076)</u>	<u>4,634</u>	<u>(49,892)</u>	<u>-</u>	<u>(73,334)</u>
Income (Loss) Before Contributions and Transfers	<u>24,660</u>	<u>189,563</u>	<u>(89,556)</u>	<u>(16,828)</u>	<u>107,839</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>					
Capital contributions	11,895	-	-	-	11,895
Capital contributions - City	-	-	180,488	-	180,488
Transfers in	-	-	203,433	16,828	220,261
Transfers out	(484,497)	-	-	-	(484,497)
Total Contributions and Transfers	<u>(472,602)</u>	<u>-</u>	<u>383,921</u>	<u>16,828</u>	<u>(71,853)</u>
<b>Change in Net Position</b>	<b>(447,942)</b>	<b>189,563</b>	<b>294,365</b>	<b>-</b>	<b>35,986</b>
NET POSITION - Beginning of Year (as restated)	<u>20,718,914</u>	<u>9,067,046</u>	<u>1,143,407</u>	<u>-</u>	<u>30,929,367</u>
<b>NET POSITION - END OF YEAR</b>	<b><u>\$ 20,270,972</u></b>	<b><u>\$ 9,256,609</u></b>	<b><u>\$ 1,437,772</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 30,965,353</u></b>

See accompanying notes to financial statements.

**CITY OF DELAVAN**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Delbrook Operations	Nonmajor Enterprise Fund - Water Sport Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 1,826,886	\$ 1,978,402	\$ 601,395	\$ 19,879	\$ 4,426,562
Paid to suppliers for goods and services	(670,256)	(1,542,769)	(273,163)	(14,428)	(2,500,616)
Paid to employees for services	(331,604)	(127,867)	(263,927)	(22,200)	(745,598)
Net Cash Flows From Operating Activities	<u>825,026</u>	<u>307,766</u>	<u>64,305</u>	<u>(16,749)</u>	<u>1,180,348</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investments sold and matured	984,680	152,092	-	-	1,136,772
Investment income	10,700	4,634	-	-	15,334
Marketable securities purchased	(2,300,145)	(156,587)	-	-	(2,456,732)
Net Cash Flows From Investing Activities	<u>(1,304,765)</u>	<u>139</u>	<u>-</u>	<u>-</u>	<u>(1,304,626)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Paid to municipality for tax equivalent	(466,148)	-	-	-	(466,148)
Transfer from other funds	-	-	203,433	16,828	220,261
Net Cash Flows From Noncapital Financing Activities	<u>(466,148)</u>	<u>-</u>	<u>203,433</u>	<u>16,828</u>	<u>(245,887)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from debt issued	-	-	570,000	-	570,000
Debt retired	(233,978)	-	(760,000)	-	(993,978)
Interest paid	(134,584)	-	(13,433)	-	(148,017)
Debt issuance costs	-	-	(5,885)	-	(5,885)
Acquisition and construction of capital assets	(256,318)	(78,168)	-	-	(334,486)
Contributions in aid of construction	11,895	-	-	-	11,895
Paid/received on advance from other funds	254,513	-	(58,420)	-	196,093
Interest received on advance	137,477	-	-	-	137,477
Net Cash Flows From Capital and Related Financing Activities	<u>(220,995)</u>	<u>(78,168)</u>	<u>(267,738)</u>	<u>-</u>	<u>(566,901)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(1,166,882)	229,737	-	79	(937,066)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,117,235</u>	<u>746,839</u>	<u>-</u>	<u>-</u>	<u>2,864,074</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 950,353</u>	<u>\$ 976,576</u>	<u>\$ -</u>	<u>\$ 79</u>	<u>\$ 1,927,008</u>

See accompanying notes to financial statements.

# CITY OF DELAVAN

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Delbrook Operations	Nonmajor Enterprise Fund - Water Sport Fund	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 52,736	\$ 184,929	\$ (39,664)	\$ (16,828)	\$ 181,173
Nonoperating revenue	105	-	935	-	1,040
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	539,936	112,766	92,106	-	744,808
Depreciation charged to other funds	29,601	-	-	-	29,601
Changes in assets and liabilities					
Accounts receivable	7,494	4,821	(2,038)	-	10,277
Other accounts receivable	13,600	(11,456)	-	-	2,144
Due from/to other funds	(4,036)	(1,291)	-	-	(5,327)
Inventories	199	13	-	-	212
Prepaid items	(8,330)	(2,079)	1,094	-	(9,315)
Accounts payable	150,913	6,819	11,580	79	169,391
Other current liabilities	4,426	5,320	867	-	10,613
Unearned revenues	42,296	-	-	-	42,296
Pension related deferrals	(3,914)	7,924	(575)	-	3,435
	<u>\$ 825,026</u>	<u>\$ 307,766</u>	<u>\$ 64,305</u>	<u>\$ (16,749)</u>	<u>\$ 1,180,348</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
	<u>\$ 825,026</u>	<u>\$ 307,766</u>	<u>\$ 64,305</u>	<u>\$ (16,749)</u>	<u>\$ 1,180,348</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>					
Cash and investments	\$ 3,539,236	\$ 1,091,132	\$ -	\$ 79	\$ 4,630,447
Restricted cash and investments	347,366	242,903	-	-	590,269
Total Cash and Investments	3,886,602	1,334,035	-	79	5,220,716
Less: Noncash equivalents	(2,936,249)	(357,459)	-	-	(3,293,708)
	<u>\$ 950,353</u>	<u>\$ 976,576</u>	<u>\$ -</u>	<u>\$ 79</u>	<u>\$ 1,927,008</u>
<b>CASH AND CASH EQUIVALENTS</b>					
	<u>\$ 950,353</u>	<u>\$ 976,576</u>	<u>\$ -</u>	<u>\$ 79</u>	<u>\$ 1,927,008</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Amortization of debt issuance costs	\$ -	\$ -	\$ (35,486)	\$ -	\$ -
Capital additions financed by the city	\$ -	\$ -	\$ 180,488	\$ -	\$ -
Interest receivable on customer advances	\$ -	\$ 2,240	\$ -	\$ -	\$ -
Interest accrued on receivable from Water	\$ -	\$ 2,240	\$ -	\$ -	\$ -
Interest payable on customer advances for construction	\$ 2,240	\$ -	\$ -	\$ -	\$ -
Interest accrued on due to sewer	\$ 2,240	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

**CITY OF DELAVAN**

STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUND  
As of December 31, 2015

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 4,905,249
Taxes receivable	<u>3,072,872</u>
<b>TOTAL ASSETS</b>	<u>\$ 7,978,121</u>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 7,978,121</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 7,978,121</u>

See accompanying notes to financial statements.

# CITY OF DELAVAN

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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The accounting policies of the City of Delavan, 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 unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### ***Discretely Presented Component Unit***

###### *Redevelopment Authority*

The government-wide financial statements include the Redevelopment Authority ("RDA") as a component unit. The RDA is a legally separate organization. The board of the RDA is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the RDA, and also create a potential financial benefit to or burden on the city. The Redevelopment Authority is part of the reporting entity of the City of Delavan. However, the RDA had no financial transactions during 2015 which are material to these financial statements. Also, the RDA does not own any assets nor is it liable for any debt. Therefore, no financial statements are presented in this report. The RDA does not issue separate financial statements.

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

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

##### ***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 DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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

Financial statements of the city are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the city or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- General Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Capital Equipment and Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays..
- Tax Incremental District (TID) No. 4 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

The city reports the following major enterprise funds:

- Water Utility - accounts for operations of the water system
- Sewer Utility - accounts for operations of the sewer system
- Delbrook Operations Fund - accounts for operations of the golf course

# CITY OF DELAVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

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

The city reports the following nonmajor governmental and enterprise 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).

Community Park	Arboretum
Library Donations	Betterment of Delavan Lake
Park and Recreation	First Real Estate Escrow
Park Department Memorial	Fire Impact Fees
CDBG Housing Grant	Library
Fire Donations	Escrow Funds Held by City
Police Donations	Garden Meadows
D.A.R.E.	Tourism
Skateboard Park	Friends of Delbrook

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

Tax Incremental District No. 5

Enterprise Fund - used to account for and report any activity for which a fee is charged to external uses for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Water Sports Fund

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 Agency Fund

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### ***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 and sewer 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. Delinquent special assessments being held by the county are reported as receivables and unavailable revenues.

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary 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, sewer, water sports fund, and Delbrook operations 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.

# CITY OF DELAVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

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

- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The city has adopted an investment policy. That policy follows the state statute for allowable 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 quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2015, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### **2. Receivables**

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.

Property tax calendar - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale - 2015 delinquent real estate taxes	October 2018

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 and sewer 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.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The city has received federal grant funds for 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.

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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

It is the city's policy to record 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### ***4. Restricted Assets***

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

##### ***5. Capital Assets***

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

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$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.

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. 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	20 - 40 Years
Land Improvements	30 Years
Machinery and Equipment	5 - 30 Years
Infrastructure	20 - 85 Years
Water System	7 - 135 Years
Sewer System	5 - 100 Years

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

##### **6. Land Held for Resale**

Land held for resale consists of land and improvements and is valued at cost of acquisition, demolition, and site improvements. Properties include both land intended for resale and land designated as a public area. Land held for resale is recorded at lower of cost or market value.

##### **7. Other Assets**

Preliminary survey and investigation represents initial project engineering costs that will be capitalized when and if construction commences on the project.

# CITY OF DELAVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

#### ***8. 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.

#### ***9. 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, 2015, are determined on the basis of current salary rates and include salary related payments.

#### ***10. 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.

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.

#### ***11. Deferred Inflows of Resources***

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

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**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.)***

**12. 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	\$ 32,530,918	\$ 24,103,449	\$ (615,799)	\$ 56,018,568
Unrestricted	5,335,707	6,197,981	615,799	12,149,487

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

***Fund Statements***

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

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

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

##### ***12. Equity Classifications (cont.)***

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

- 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. Council or management action Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The city considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the city would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The city has a formal minimum fund balance policy. That policy is to maintain a minimum unassigned fund balance that is sufficient to provide financial resources for the city in the event of an emergency or loss of a major revenue source. As such, the city has set the minimum unassigned balance for the general fund at a percentage equal to 15% of general fund expenditures and transfers out. Furthermore, any unassigned fund balance in excess of 25% of expenditures and transfers out will be transferred, by action of the council, to the capital improvement fund. The unassigned balance for the general fund was 23% of expenditures and transfers out.

See Note IV. H. for further information.

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**13. Basis for Existing Rates**

***Water Utility***

Current water rates were approved by the PSCW effective January 1, 2011. A change to direct bill public fire protection was authorized by PSCW in December 2011 effective January 1, 2012.

***Sewer Utility***

Current sewer rates were approved by the utility commission effective December 1, 2013.

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

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

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

Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

Bonds and notes payable	\$ 14,188,494
Compensated absences	385,902
Accrued interest	99,119
Unamortized debt premium	37,029
Unamortized debt discount	<u>(70,653)</u>
 Combined Adjustment for Long-Term Liabilities	 <u><u>\$ 14,639,891</u></u>

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**A. BUDGETARY INFORMATION**

A budget has been adopted for the all funds except Library Donations and First Real Estate Escrow. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

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

Funds	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures Over Budget
General debt service	\$ 1,718,665	\$ 2,984,552	\$ 1,265,887
TIF No. 4	1,088,145	1,671,128	582,983
Tourism	104,631	123,649	19,018
Police donations	1,000	26,059	25,059
Arboretum	5,000	5,125	125
Library Fund	487,536	503,438	15,902
Friends of Delbrook	-	4,171	4,171
TIF No. 5	51,959	205,462	153,503
Fire donations	14,000	14,245	245

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

**C. DEFICIT BALANCES**

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

As of December 31, 2015, the following individual funds held a deficit balance:

Fund	Amount	Reason
Tax Incremental District No. 4	\$ 972,858	Excess of expenditures over revenues
Tax Incremental District No. 5	65,060	Excess of expenditures over revenues

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### ***D. LIMITATIONS ON THE CITY'S TAX LEVY***

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

### **NOTE IV - DETAILED NOTES ON ALL FUNDS**

#### ***A. DEPOSITS AND INVESTMENTS***

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 7,839,795	\$ 8,482,191	Custodial credit
Money markets	1,995,106	1,995,106	Custodial credit
Certificates of deposit	5,553,301	5,553,301	Custodial credit
LGIP	817	817	Credit
Petty cash	640	-	N/A
 Total Deposits and Investments	 <b>\$ 15,389,659</b>	 <b>\$ 16,031,415</b>	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 9,650,278		
Restricted cash and investments	834,132		
Per statement of assets and liabilities			
Agency Fund	4,905,249		
 Total Deposits and Investments	 <b>\$ 15,389,659</b>		

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.

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### **A. DEPOSITS AND INVESTMENTS** (cont.)

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The city maintains collateral agreements with its bank. At December 31, 2015, the bank had pledged various government securities in the amount of \$6,961,266 to secure the city's deposits.

#### ***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.

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

##### **Investments**

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

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

#### ***Credit Risk***

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

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

Local Government Investment Pool

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

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**B. RECEIVABLES**

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

	General Fund	Capital Equipment and Projects	Tax Incremental District No. 4	Nonmajor Funds	Totals
Receivables					
Taxes	\$ 5,528,312	\$ 56,975	\$ 614,005	\$ -	\$ 6,199,292
Delinquent taxes	37,058	-	-	-	37,058
Accounts	72,990	91,025	7,888	17,651	189,554
Land contract receivable	-	275,042	-	-	275,042
Special assessments	11,714	186,946	1,029,157	-	1,227,817
Loans	-	-	-	170,967	170,967
Gross receivables	5,650,074	609,988	1,651,050	188,618	8,099,730
Less: Allowance for uncollectibles	(19,366)	-	-	-	(19,366)
Net Total Receivables	<u>\$ 5,630,708</u>	<u>\$ 609,988</u>	<u>\$ 1,651,050</u>	<u>\$ 188,618</u>	<u>\$ 8,080,364</u>
Amounts not expected to be collected within one year	<u>\$ 48,772</u>	<u>\$ 461,988</u>	<u>\$ 1,029,157</u>	<u>\$ 170,967</u>	<u>\$ 1,710,884</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	\$ 6,109,642	\$ -
Loans	-	170,967
Special assessments not yet due	-	1,203,262
Special assessments and other charges on tax roll	-	47,903
Interest on investments	-	9,122
Land contract receivable	-	275,042
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 6,109,642</u>	<u>\$ 1,706,296</u>

# CITY OF DELAVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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### **C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

#### ***Long-Term Debt Accounts***

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

#### ***Impact Fee Account***

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

#### ***Net Pension Asset***

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2015:

	<u>Restricted Assets</u>
Bond redemption account	\$ 106,682
Bond reserve account	218,932
Bond depreciation account	10,808
Escrow account	10,944
Impact fee account - utility	242,903
Impact fee account - city	243,863
Net pension asset - governmental activities	638,997
Net pension asset - business-type activities	<u>89,268</u>
Total	<u>\$ 1,562,397</u>

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 1,939,826	\$ -	\$ 37,000	\$ 1,902,826
Land - right of way	2,115,790	-	-	2,115,790
Land improvements	6,981,919	17,747	-	6,999,666
Stormwater basin	1,815,413	-	-	1,815,413
Construction in progress	<u>298,832</u>	<u>334,614</u>	<u>293,627</u>	<u>339,819</u>
Total Capital Assets Not Being Depreciated	<u>13,151,780</u>	<u>352,361</u>	<u>330,627</u>	<u>13,173,514</u>
Capital assets being depreciated				
Land improvements	424,340	-	-	424,340
Buildings	7,688,290	-	-	7,688,290
Machinery and equipment	5,045,573	390,003	462,023	4,973,553
Streets	28,243,110	576,450	217,525	28,602,035
Stormsewer	9,721,687	145,108	1,647	9,865,148
Sidewalks	2,333,088	55,176	4,212	2,384,052
Bridges and dams	823,186	-	-	823,186
Traffic signals	608,649	-	-	608,649
Street lighting	<u>780,374</u>	<u>13,288</u>	<u>7,327</u>	<u>786,335</u>
Total Capital Assets Being Depreciated	<u>55,668,297</u>	<u>1,180,025</u>	<u>692,734</u>	<u>56,155,588</u>
Total Capital Assets	<u>68,820,077</u>	<u>1,532,386</u>	<u>1,023,361</u>	<u>69,329,102</u>
Less: Accumulated depreciation for				
Land improvements	(239,268)	(8,154)	-	(247,422)
Buildings	(4,307,088)	(149,108)	-	(4,456,196)
Machinery and equipment	(2,804,996)	(247,309)	395,850	(2,656,455)
Streets	(11,863,007)	(952,448)	217,525	(12,597,930)
Stormsewer	(2,032,123)	(131,535)	1,647	(2,162,011)
Sidewalks	(958,720)	(39,718)	4,212	(994,226)
Bridges and dams	(291,644)	(12,664)	-	(304,308)
Traffic signals	(439,383)	(30,432)	-	(469,815)
Street lighting	<u>(384,799)</u>	<u>(26,185)</u>	<u>7,327</u>	<u>(403,657)</u>
Total Accumulated Depreciation	<u>(23,321,028)</u>	<u>(1,597,553)</u>	<u>626,561</u>	<u>(24,292,020)</u>
Net Capital Assets Being Depreciated	<u>32,347,269</u>	<u>(417,528)</u>	<u>66,173</u>	<u>31,863,568</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 45,499,049</u>	<u>\$ (65,167)</u>	<u>\$ 396,800</u>	<u>\$ 45,037,082</u>

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 74,261
Public safety	183,566
Public works, which includes infrastructure	1,252,185
Culture, recreation and education	<u>87,541</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 1,597,553</u></u>

**Business-type Activities**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 255,345	\$ -	\$ -	\$ 255,345
Total Capital Assets Not Being Depreciated	<u>255,345</u>	<u>-</u>	<u>-</u>	<u>255,345</u>
Capital assets being depreciated				
Source of supply	1,000,894	-	-	1,000,894
Pumping	1,031,246	-	-	1,031,246
Water treatment	4,825,695	-	-	4,825,695
Transmission and distribution	17,678,497	235,521	6,476	17,907,542
General	<u>283,134</u>	<u>-</u>	<u>-</u>	<u>283,134</u>
Total Capital Assets Being Depreciated	<u>24,819,466</u>	<u>235,521</u>	<u>6,476</u>	<u>25,048,511</u>
Total Capital Assets	<u>25,074,811</u>	<u>235,521</u>	<u>6,476</u>	<u>25,303,856</u>
Less: Accumulated depreciation for				
Water utility	<u>(6,168,531)</u>	<u>(569,140)</u>	<u>6,476</u>	<u>(6,731,195)</u>
Total Accumulated Depreciation	<u>(6,168,531)</u>	<u>(569,140)</u>	<u>6,476</u>	<u>(6,731,195)</u>
Net Capital Assets Being Depreciated	<u>18,650,935</u>	<u>(333,619)</u>	<u>-</u>	<u>18,317,316</u>
Net Water Capital Assets	<u><u>\$ 18,906,280</u></u>	<u><u>\$ (333,619)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 18,572,661</u></u>

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**Business-type Activities (cont.)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Sewer</u>				
Capital assets being depreciated				
Collecting system	\$ 9,509,686	\$ 60,544	\$ -	\$ 9,570,230
General	<u>213,637</u>	<u>-</u>	<u>-</u>	<u>213,637</u>
Total Capital Assets Being Depreciated	<u>9,723,323</u>	<u>60,544</u>	<u>-</u>	<u>9,783,867</u>
Less: Accumulated depreciation for				
Sewer utility	<u>(1,917,848)</u>	<u>(112,816)</u>	<u>-</u>	<u>(2,030,664)</u>
Total Accumulated Depreciation	<u>(1,917,848)</u>	<u>(112,816)</u>	<u>-</u>	<u>(2,030,664)</u>
Net Capital Assets Being Depreciated	<u>7,805,475</u>	<u>(52,272)</u>	<u>-</u>	<u>7,753,203</u>
Net Sewer Capital Assets	<u>\$ 7,805,475</u>	<u>\$ (52,272)</u>	<u>\$ -</u>	<u>\$ 7,753,203</u>
 <u>Delbrook Operations</u>				
Capital assets not being depreciated				
Land and land rights	\$ 657,776	\$ -	\$ -	\$ 657,776
Total Capital Assets Not Being Depreciated	<u>657,776</u>	<u>-</u>	<u>-</u>	<u>657,776</u>
Capital assets being depreciated				
Land improvements	1,743,682	180,488	-	1,924,170
Buildings	253,702	-	-	253,702
Machinery and equipment	<u>777,267</u>	<u>-</u>	<u>-</u>	<u>777,267</u>
Total Capital Assets Being Depreciated	<u>2,774,651</u>	<u>180,488</u>	<u>-</u>	<u>2,955,139</u>
Total Capital Assets	<u>3,432,427</u>	<u>180,488</u>	<u>-</u>	<u>3,612,915</u>
Less: Accumulated depreciation for				
Land improvements	(851,075)	(62,693)	-	(913,768)
Buildings	(146,063)	(4,777)	-	(150,840)
Machinery and equipment	<u>(407,152)</u>	<u>(24,636)</u>	<u>-</u>	<u>(431,788)</u>
Total Accumulated Depreciation	<u>(1,404,290)</u>	<u>(92,106)</u>	<u>-</u>	<u>(1,496,396)</u>
Net Capital Assets Being Depreciated	<u>1,370,361</u>	<u>88,382</u>	<u>-</u>	<u>1,458,743</u>
Net Delbrook Operations Capital Assets	<u>\$ 2,028,137</u>	<u>\$ 88,382</u>	<u>\$ -</u>	<u>\$ 2,116,519</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 28,739,892</u>	<u>\$ (297,509)</u>	<u>\$ -</u>	<u>\$ 28,442,383</u>

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 539,936
Sewer	112,766
Delbrook	<u>92,106</u>
 Total Business-type Activities Depreciation Expense	 <u><u>\$ 744,808</u></u>

The difference between depreciation expense reported on the income statement (\$744,808) and what is reported in the footnote (\$774,062) is related to cost of removal and salvage.

**E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS**

**Interfund Receivables/Payables**

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

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	Enterprise Fund - Water utility	\$ 483,955	\$ -
General Fund	Enterprise Fund - Sewer utility	1,662	-
Enterprise Fund - Water utility	General Fund	14,901	-
Enterprise Fund - Sewer utility	General fund	3,785	-
	Capital Equipment and Projects		
Enterprise Fund - Sewer utility	Fund	16,968	-
Enterprise Fund - Sewer utility	Enterprise Fund - Water utility	<u>226,294</u>	226,294
 Total - Fund Financial Statements		 747,565	
Less: Fund eliminations		(226,294)	
Less: Government-wide eliminations		<u>(71,308)</u>	
 Total Internal Balances - Government-Wide Statement of Net Position		 <u><u>\$ 449,963</u></u>	

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

***Interfund Receivables/Payables (cont.)***

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 485,617
Business-type Activities	Governmental Activities	<u>(35,654)</u>
Total Government-Wide Financial Statements		<u>\$ 449,963</u>

The principal purpose of these interfunds is to fund timing differences, record year end tax-related transactions, and fund temporary cash deficits. 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.

***Advances***

The water utility is advancing funds to Tax Incremental District No. 4. The amount advanced is determined by the project costs funded by the water utility from the 2007 revenue bonds and 2009 safe drinking water loan. A repayment schedule has been established.

The Capital Equipment and Projects Fund is advancing funds to Tax Incremental District No. 5. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources. A repayment schedule has not been established.

The General Fund is advancing funds to Delbrook Operations. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources. A repayment schedule has not been established.

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**Advances (cont.)**

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Enterprise Fund - Water Utility Capital Equipment and Projects Fund	Tax Incremental District No. 4	\$ 2,316,314	\$ 2,157,799
General Fund	Tax Incremental District No. 5 Delbrook Operations	116,026	116,026
		132,031	132,031
Total - Fund Financial Statements		2,564,371	
Less: Fund eliminations		(116,026)	
Less: Government wide eliminations		(4,632,628)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ (2,184,283)	
Receivable Fund	Payable Fund	Amount	
Governmental Activities	Business-type Activities	\$ 132,031	
Business-type Activities	Governmental Activities	(2,316,314)	
Total Government-Wide Financial Statements		\$ (2,184,283)	

The following is the repayment schedule for the advance from the water utility:

Years	Principal	Interest
2016	\$ 158,515	\$ 91,439
2017	164,409	85,711
2018	170,338	79,768
2019	176,300	73,481
2020	182,299	66,968
2021-2025	1,072,234	225,117
2026-2029	392,219	23,450
Totals	\$ 2,316,314	\$ 645,934

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

***Transfers***

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Water utility	\$ 484,497	Payment in lieu of tax
General debt service fund	General fund	1,688,665	Taxes for debt service
Capital equipment and projects	General fund	409,250	Capital project improvements
Delbrook operations	General debt service fund	203,433	To pay GO debt
Fire donations	General fund	400	Fund operations
Library fund	General fund	306,975	Fund operations
Lake Delavan Betterment	Tourism	5,934	Room tax for dredging
Water sport fund	General fund	15,869	Fund operations
Water sport fund	TIF District No. 5	<u>959</u>	Fund operations
Total - Fund Financial Statements		3,115,982	
Less: Fund eliminations		(2,851,746)	
Less: Transfer to business-type activity for capital assets funded by governmental activity		<u>(180,488)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 83,748</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 484,497	
Business-type Activities	Governmental Activities	<u>(400,749)</u>	
Total Government-wide Financial Statements		<u>\$ 83,748</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 15,935,844	\$ 2,195,000	\$ 3,942,350	\$ 14,188,494	\$ 1,792,350
(Discounts)/Premiums	(37,498)	-	(3,874)	(33,624)	-
Sub-totals	15,898,346	2,195,000	3,938,476	14,154,870	1,792,350
Other Liabilities					
Vested compensated absences	386,388	18,833	19,319	385,902	19,295
Total Other Liabilities	386,388	18,833	19,319	385,902	19,295
Total Governmental Activities Long-Term Liabilities	\$ 16,284,734	\$ 2,213,833	\$ 3,957,795	\$ 14,540,772	\$ 1,811,645
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 760,000	\$ 570,000	\$ 760,000	\$ 570,000	\$ 190,000
Revenue bonds	4,012,763	-	233,978	3,778,785	242,152
(Discounts)/Premiums	(11,315)	-	(1,464)	(9,851)	-
Sub-totals	4,761,448	570,000	992,514	4,338,934	432,152
Other Liabilities					
Vested compensated absences	74,669	7,768	9,693	72,744	-
Total Other Liabilities	74,669	7,768	9,693	72,744	-
Total Business-type Activities Long-Term Liabilities	\$ 4,836,117	\$ 577,768	\$ 1,002,207	\$ 4,411,678	\$ 432,152

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, 2015, was \$27,429,540. Total general obligation debt outstanding at year end was \$14,758,494.

**General Obligation Debt**

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

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**General Obligation Debt (cont.)**

**Governmental Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2015</u>
2005 G.O. land remediation promissory notes	5/01/05	5/01/25	.20%	\$ 1,061,820	\$ 573,494
2009 G.O. promissory notes	4/14/09	3/01/19	1.4-3.7%	1,065,000	460,000
2010 G.O. promissory notes	5/04/10	3/01/17	1.1-3.6%	2,435,000	820,000
2011 G.O. fire station building bonds	5/26/11	3/01/26	1.4-3.6%	2,770,000	2,410,000
2011B promissory notes	12/06/11	3/01/21	0.4-2.3%	3,055,000	2,475,000
2011C G.O. refunding bonds	12/06/11	3/01/25	2.0-3.0%	3,360,000	2,485,000
2014A G.O. refunding bonds	2/27/14	3/1/27	0.4-2.9%	3,030,000	2,770,000
2015A G.O. refunding bonds	3/3/2015	3/1/18	0.5-0.95%	2,195,000	<u>2,195,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 14,188,494</u>

**Business-type Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2015</u>
2015A G.O. refunding bonds	3/3/15	3/1/18	0.5-0.95%	\$ 570,000	<u>\$ 570,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 570,000</u>

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2016	\$ 1,792,350	\$ 289,535	\$ 190,000	\$ 3,610
2017	1,857,350	265,566	190,000	2,470
2018	2,012,350	235,118	190,000	903
2019	1,492,350	200,252	-	-
2020	1,397,350	166,088	-	-
2021-2025	4,641,744	441,090	-	-
2026-2027	995,000	27,488	-	-
Totals	<u>\$ 14,188,494</u>	<u>\$ 1,625,137</u>	<u>\$ 570,000</u>	<u>\$ 6,983</u>

**Revenue Debt**

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

The water utility has pledged future operating revenues, net of specified operating expenses, to repay revenue bonds issued in 2007 and 2009. Proceeds from the bonds provided financing for the water utility plant. The bonds are payable solely from water utility revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require 51% of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,684,002. Principal and interest paid for the current year and total customer net revenues were \$368,562 and \$700,424, respectively.

Revenue debt payable at December 31, 2015, consists of the following:

**Business-type Activities Revenue Debt**

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
<u>Water Utility</u>					
2007 water revenue bonds	5/1/07	12/1/27	4.0-4.15%	\$ 2,550,000	\$ 1,910,000
2009 water revenue bonds	4/22/09	5/1/28	2.668%	2,536,718	<u>1,868,785</u>
Total Business-type Activities - Revenue Debt					<u>\$ 3,778,785</u>

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### *Revenue Debt* (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2016	\$ 242,152	\$ 126,768
2017	250,411	118,663
2018	258,757	110,275
2019	267,192	101,464
2020	275,719	92,354
2021-2025	1,584,880	310,137
2026-2028	899,674	45,556
Totals	<u>\$ 3,778,785</u>	<u>\$ 905,217</u>

##### *Other Debt Information*

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

A statutory mortgage lien upon the water utility's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The water utility's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

##### *Current Refunding*

On March 3, 2015, the city issued \$2,765,000 in general obligation bonds with an average coupon rate of 0.50-0.95% to refund \$2,960,000 of outstanding bonds and notes with an average coupon rate of 3.50 - 4.00%. The net proceeds along with existing funds of the city were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$2,957,827 from 2015 through 2018. The cash flow requirements on the refunding bonds are \$2,809,084 from 2015 through 2018. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$142,021.

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**Bond Covenant Disclosures**

**Insurance**

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

The water utility is covered under the following insurance policies at December 31, 2015:

Type	Coverage	Expiration
General Liability	\$ 3,000,000	1/1/16
Automobile	3,000,000	1/1/16
Excess Liability	1,000,000	1/1/16
Workers Compensation	100,000/500,000	1/1/16

**Debt Coverage**

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2015 as follows:

Operating revenues	\$ 1,742,246
Investment income	10,700
Miscellaneous nonoperating income	105
Interest income from TIF	96,947
Less: Operation and maintenance expenses	<u>(1,149,574)</u>
Net Defined Earnings	<u>\$ 700,424</u>
Minimum Required Earnings per Resolution:	
Subsequent year debt service	\$ 368,920
Coverage factor	<u>1.25</u>
Minimum Required Earnings	<u>\$ 461,150</u>
Actual Debt Coverage	<u>1.90</u>

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**Number of Customers and Billed Volumes - Water**

The utility has the following number of customers and billed volumes for 2015:

	Customers	Sales (000 gals)
	2015	2015
Residential	2,396	100,808
Multi Family Residential	80	36,256
Commercial	352	49,144
Industrial	23	19,597
Public authority	34	17,836
Totals	2,885	223,641

**G. LEASE DISCLOSURES**

**Lessee - Operating Leases**

The city leases golf course equipment and golf cars for the Delbrook Golf Course. The lease agreement for golf course equipment expires on April 1, 2019. The lease agreement for golf cars expires on November 1, 2019. The total rental expenses during 2015 were \$103,642.

Years	Business-type Activities Principal
2016	\$ 103,642
2017	103,642
2018	103,642
2019	103,642
Totals	\$ 414,568

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Net position reported on the government wide statement of net position at December 31, 2015, includes the following:

#### *Governmental Activities*

Net Investment in Capital Assets	
Land	\$ 4,018,616
Construction in progress	339,819
Nondepreciable land improvements	8,815,079
Other capital assets, net of accumulated depreciation	31,863,568
Less: Capital related long-term debt outstanding	(12,539,788)
Plus: Unamortized debt discount	70,653
Less: Unamortized debt premium	<u>(37,029)</u>
Total Net Investment in Capital Assets	<u>32,530,918</u>
Restricted	
Impact fees	81,804
Loans	265,122
Library	316,032
Pension	638,997
Parks	<u>162,059</u>
Total Restricted	<u>1,464,014</u>
Unrestricted	<u>5,335,707</u>
Total Governmental Activities Net Position	<u>\$ 39,330,639</u>

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2015, include the following:

	General Fund	General Debt Service Fund	Capital Equipment and Projects	Tax Incremental District No. 4	Nonmajor Funds	Totals
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Delinquent items	\$ 37,058	\$ -	\$ -	\$ -	\$ -	\$ 37,058
Prepaid items	79,474	-	761,992	-	3,255	844,721
Noncurrent receivables	132,031	-	-	-	-	132,031
2015 payment in lieu of taxes	484,497	-	-	-	-	484,497
<b>Restricted for:</b>						
Debt service	-	46,478	-	-	-	46,478
Community park	-	-	-	-	162,059	162,059
CDBG Housing Grant	-	-	-	-	94,155	94,155
Fire impact fees	-	-	-	-	23,600	23,600
TID impact fees	-	-	-	58,204	-	58,204
Library	-	-	-	-	117,348	117,348
Library donations	-	-	-	-	198,684	198,684
<b>Committed to:</b>						
Arboretum	-	-	-	-	78,418	78,418
Friends of Delbrook	-	-	-	-	679	679
Tourism	-	-	-	-	124,182	124,182
Park and recreation	-	-	-	-	13,004	13,004
Park Department Memorial	-	-	-	-	21,033	21,033
Lake Delavan Betterment	-	-	-	-	48,891	48,891
Fire donations	-	-	-	-	18,805	18,805
First Real Estate escrow	-	-	-	-	1,650	1,650
D.A.R.E.	-	-	-	-	2,572	2,572
Skateboard park	-	-	-	-	12,365	12,365
<b>Assigned to:</b>						
Capital projects	-	-	589,195	-	-	589,195
Subsequent year's expenditures	350,444	-	-	-	-	350,444
<b>Unassigned (deficit):</b>	<u>1,897,157</u>	<u>-</u>	<u>-</u>	<u>(1,031,062)</u>	<u>(65,060)</u>	<u>801,035</u>
<b>Total Fund Balances (Deficit)</b>	<u>\$ 2,980,661</u>	<u>\$ 46,478</u>	<u>\$ 1,351,187</u>	<u>\$ (972,858)</u>	<u>\$ 855,640</u>	<u>\$ 4,261,108</u>

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

***Business-type Activities***

Net Investment in Capital Assets	
Land	\$ 913,121
Other capital assets, net of accumulated depreciation	27,529,262
Less: Capital related long-term debt outstanding	(4,348,785)
Plus: Unamortized debt discount	<u>9,851</u>
Total Net Investment in Capital Assets	<u>24,103,449</u>
Restricted	
Debt service	310,000
Impact fees	242,903
Equipment replacement	10,808
Contractual escrow	10,944
Pension	<u>89,268</u>
Total Restricted	<u>663,923</u>
Unrestricted	<u>6,197,981</u>
Total Business-type Activities Net Position	<u>\$ 30,965,353</u>

**I. RESTATEMENT OF NET POSITION**

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension (asset)/liability and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	Governmental Activities	Business-type Activities	Water Utility	Sewer Utility	Delbrook Operations
Net Position - December 31, 2014 (as reported)	\$ 37,033,732	\$ 30,748,531	\$ 20,644,699	\$ 8,992,831	\$ 1,111,001
Add: Net pension asset	1,040,327	145,334	59,645	59,645	26,044
Add: Deferred outflows related to pensions	<u>254,130</u>	<u>35,502</u>	<u>14,570</u>	<u>14,570</u>	<u>6,362</u>
Net position - December 31, 2014 (as restated)	<u>\$ 38,328,189</u>	<u>\$ 30,929,367</u>	<u>\$ 20,718,914</u>	<u>\$ 9,067,046</u>	<u>\$ 1,143,407</u>

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V - OTHER INFORMATION

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#### **A. EMPLOYEES' RETIREMENT SYSTEM**

##### **Summary of Significant Accounting Policies**

**Pension.** For purposes of measuring the net pension liability (asset), 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.

##### **General Information About the Pension Plan**

**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 1200 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.

**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 DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

---

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

**Post-retirement 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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2005	2.6%	7%
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

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

**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 \$289,632 in contributions from the city.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

#### ***Pension (Asset)/Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2015, the city reported an (asset)/liability of (\$728,265) for its proportionate share of the net pension (asset)/liability. The net pension (asset)/liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. 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 (asset)/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, 2014, the city's proportion was 0.02964918%, which was a decrease of 0.00042468% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the city recognized pension expense of \$269,831.

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

At December 31, 2015, the city reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 105,576
Net differences between projected and actual earnings on pension plan investments	352,662
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,584
Employer contributions subsequent to the measurement date	295,008
Total	\$ 766,830

\$295,008 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, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources
2016	\$ 115,332
2017	115,332
2018	115,332
2019	115,332
2020	10,494

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

**Actuarial assumptions.** The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
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% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

*\* No post-retirement 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 post-retirement 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, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### 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>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

**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.

**CITY OF DELAVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**Sensitivity of the city's proportionate share of the net pension (asset)/liability to changes in the discount rate.** The following presents the city's proportionate share of the net pension (asset)/liability calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension (asset)/liability 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 (asset)/liability	\$2,054,561	\$(728,265)	\$(2,926,028)

**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://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

**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.

**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 active construction projects as of December 31, 2015. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

# CITY OF DELAVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### ***D. SUBSEQUENT EVENT***

The sewer utility implemented new sewer rates effective January 1, 2016. The rates were approved by the Common Council on November 17, 2015

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

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

- > Statement No. 72, *Fair Value Measurement and Application*
- > 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. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

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

**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF DELAVAN

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>TAXES</b>				
General property taxes	\$ 5,365,031	\$ 5,365,031	\$ 5,365,136	\$ 105
Payments in lieu of taxes	<u>31,040</u>	<u>31,040</u>	<u>34,937</u>	<u>3,897</u>
Total Taxes	<u>5,396,071</u>	<u>5,396,071</u>	<u>5,400,073</u>	<u>4,002</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State shared revenues	351,782	351,782	351,683	(99)
Fire insurance tax (2% fire dues)	24,000	24,000	21,750	(2,250)
State expenditure restraint	194,000	194,000	193,130	(870)
State aid - exempt computer	45,000	45,000	41,989	(3,011)
State owned facilities	60,000	60,000	59,738	(262)
State aid - law enforcement improvement	3,040	3,040	3,680	640
State aid - streets	364,175	364,175	344,175	(20,000)
State aid - recycling	25,000	25,000	25,851	851
Other local government grants	<u>-</u>	<u>-</u>	<u>2,405</u>	<u>2,405</u>
Total Intergovernmental Revenues	<u>1,066,997</u>	<u>1,066,997</u>	<u>1,044,401</u>	<u>(22,596)</u>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	15,250	15,250	15,376	126
Operators' license	6,000	6,000	6,595	595
Refuse hauler license	5,500	5,500	5,990	490
Cigarette licenses	1,500	1,500	1,700	200
Cable television franchise fees	85,000	85,000	87,360	2,360
Dog licenses	600	600	790	190
Sundry licenses	3,300	3,300	2,890	(410)
Plumbing permits	4,500	4,500	5,795	1,295
Landlord licensing	27,000	27,000	24,510	(2,490)
Building permits	50,000	50,000	46,796	(3,204)
Electrical permits	10,000	10,000	8,375	(1,625)
Erosion control permits	1,200	1,200	1,293	93
Zoning permits and fees	<u>3,000</u>	<u>3,000</u>	<u>2,605</u>	<u>(395)</u>
Total Licenses and Permits	<u>212,850</u>	<u>212,850</u>	<u>210,075</u>	<u>(2,775)</u>
<b>FINES, FORFEITURES AND PENALTIES</b>				
Law and ordinance violations	2,500	2,500	2,375	(125)
Court penalties and costs	158,500	158,500	121,484	(37,016)
Parking violations	25,000	25,000	27,215	2,215
Other law and ordinance violations	<u>6,000</u>	<u>6,000</u>	<u>6,440</u>	<u>440</u>
Total Fines, Forfeitures and Penalties	<u>192,000</u>	<u>192,000</u>	<u>157,514</u>	<u>(34,486)</u>

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

**CITY OF DELAVAN**

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>PUBLIC CHARGES FOR SERVICES</b>				
General government	\$ 4,500	\$ 4,500	\$ 3,259	\$ (1,241)
Police services	72,000	72,000	76,896	4,896
Professional services reimbursement	-	-	(2,579)	(2,579)
Snow and ice control	5,000	5,000	2,719	(2,281)
County highway maintenance and construction	10,000	10,000	4,271	(5,729)
Adult summer recreation programs	18,000	18,000	15,228	(2,772)
Youth summer recreation programs	29,000	29,000	25,158	(3,842)
Youth school year recreation programs	5,000	5,000	6,667	1,667
Park rental	5,000	5,000	5,867	867
Bulletin advertising	2,500	2,500	1,330	(1,170)
Real estate status reports	5,000	5,000	4,875	(125)
Zoning review application fees	1,500	1,500	4,907	3,407
Finance charge on accounts receivable	3,000	3,000	3,649	649
Economic development	5,200	5,200	5,181	(19)
Weed and nuisance control	10,000	10,000	17,847	7,847
Total Public Charges for Services	<u>175,700</u>	<u>175,700</u>	<u>175,275</u>	<u>(425)</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Administrative support - TIF No. 4	20,345	20,345	20,345	-
Administrative support - Water and Sewer	85,107	85,107	85,123	16
Local - law enforcement services	536,000	536,000	532,300	(3,700)
Local - recreation services	19,000	19,000	19,000	-
Local - building inspection	3,000	3,000	17,737	14,737
Maintenance support water and sewer	2,500	2,500	2,179	(321)
Total Intergovernmental Charges for Services	<u>665,952</u>	<u>665,952</u>	<u>676,684</u>	<u>10,732</u>
<b>SPECIAL ASSESSMENTS</b>				
Curb and gutter assessments	-	-	93	93
Interest on special assessments	-	-	37	37
Total Special Assessments	<u>-</u>	<u>-</u>	<u>130</u>	<u>130</u>
<b>INVESTMENT INCOME</b>				
Interest on temporary investments	<u>20,000</u>	<u>20,000</u>	<u>32,063</u>	<u>12,063</u>

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

## CITY OF DELAVAN

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>MISCELLANEOUS REVENUES</b>				
Interest on personal property	\$ 250	\$ 250	\$ 362	\$ 112
Rent	26,500	26,500	10,878	(15,622)
Insurance dividends	-	-	19,619	19,619
Miscellaneous non-operating income	-	-	(3,917)	(3,917)
Other miscellaneous	<u>500</u>	<u>500</u>	<u>967</u>	<u>467</u>
Total Miscellaneous Revenues	<u>27,250</u>	<u>27,250</u>	<u>27,909</u>	<u>659</u>
Total Revenues	<u>7,756,820</u>	<u>7,756,820</u>	<u>7,724,124</u>	<u>(32,696)</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Municipal court	60,940	60,940	55,845	5,095
City council	26,741	26,741	26,073	668
Mayor	8,205	8,205	8,105	100
City administrator	130,708	130,708	127,781	2,927
City clerk	97,946	97,946	95,084	2,862
City treasurer	78,237	78,237	79,006	(769)
City attorney	70,000	70,000	44,008	25,992
Finance director	73,297	73,297	51,183	22,114
Other insurance	163,575	163,575	145,713	17,862
Other general government	199,800	199,800	150,977	48,823
Miscellaneous charges	-	-	2,009	(2,009)
Data processing	45,416	45,416	39,455	5,961
City buildings	<u>120,405</u>	<u>120,405</u>	<u>110,060</u>	<u>10,345</u>
Total General Government	<u>1,075,270</u>	<u>1,075,270</u>	<u>935,299</u>	<u>139,971</u>
<b>PUBLIC SAFETY</b>				
Police	2,823,231	2,823,231	2,808,462	14,769
Fire protection	200,460	200,460	169,409	31,051
Building inspection	138,155	138,155	141,524	(3,369)
Crossing guards	4,975	4,975	3,662	1,313
Weights and measures	4,800	4,800	4,800	-
Dam inspection	<u>7,745</u>	<u>7,745</u>	<u>17,274</u>	<u>(9,529)</u>
Total Public Safety	<u>3,179,366</u>	<u>3,179,366</u>	<u>3,145,131</u>	<u>34,235</u>
<b>PUBLIC WORKS</b>				
Garages	92,974	92,974	90,560	2,414
Public works director	266,783	266,783	272,449	(5,666)
Street department	704,694	704,694	604,741	99,953
Recycling	99,554	99,554	147,604	(48,050)
Storm sewers	<u>-</u>	<u>-</u>	<u>992</u>	<u>(992)</u>
Total Public Works	<u>1,164,005</u>	<u>1,164,005</u>	<u>1,116,346</u>	<u>47,659</u>

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

**CITY OF DELAVAN**

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>CULTURE, RECREATION AND EDUCATION</b>				
Recreation programs and events	\$ 166,468	\$ 166,468	\$ 144,796	\$ 21,672
Parks	330,263	330,263	300,916	29,347
Phoenix Park Band Shell	<u>3,325</u>	<u>3,325</u>	<u>4,197</u>	<u>(872)</u>
Total Culture, Recreation and Education	<u>500,056</u>	<u>500,056</u>	<u>449,909</u>	<u>50,147</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Tourism promotion and development	19,000	19,000	18,030	970
Weed control	<u>5,000</u>	<u>5,000</u>	<u>6,782</u>	<u>(1,782)</u>
Total Conservation and Development	<u>24,000</u>	<u>24,000</u>	<u>24,812</u>	<u>(812)</u>
<b>CAPITAL OUTLAY</b>				
Miscellaneous capital expenses	<u>124,100</u>	<u>124,100</u>	<u>122,111</u>	<u>1,989</u>
Total Expenditures	<u>6,066,797</u>	<u>6,066,797</u>	<u>5,793,608</u>	<u>273,189</u>
Excess of revenues over expenditures	<u>1,690,023</u>	<u>1,690,023</u>	<u>1,930,516</u>	<u>240,493</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of capital assets	20,000	20,000	52,363	32,363
Transfers in	525,000	525,000	484,497	(40,503)
Transfers out	<u>(2,457,115)</u>	<u>(2,437,115)</u>	<u>(2,421,159)</u>	<u>15,956</u>
Total Other Financing Sources (Uses)	<u>(1,912,115)</u>	<u>(1,892,115)</u>	<u>(1,884,299)</u>	<u>7,816</u>
<b>Net Change in Fund Balance</b>	(222,092)	(202,092)	46,217	248,309
FUND BALANCE - Beginning of Year	<u>2,934,444</u>	<u>2,934,444</u>	<u>2,934,444</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,712,352</u>	<u>\$ 2,732,352</u>	<u>\$ 2,980,661</u>	<u>\$ 248,309</u>

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

**CITY OF DELAVAN**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -  
WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2015

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<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.02964918%	\$ 728,265	\$ 3,499,089	20.81%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2015

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<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 295,008	\$ 295,008	\$ -	\$ 3,515,051	8.39%

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

## CITY OF DELAVAN

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2015

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#### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented include any amendments made. The city may authorize transfers of budgeted amounts within departments. Transfers between functional categories and changes to the overall budget must be approved by a two-thirds council action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

#### ***WISCONSIN RETIREMENT SYSTEM***

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

The city is required to present the last ten fiscal 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 DELAVAN**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2015

	Special Revenue Funds			
	Community Park Fund	Library Donations Fund	Park and Recreation Fund	Park Department Memorial
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 198,684	\$ 13,004	\$ 21,033
Receivables				
Accounts	-	-	-	-
Loans	-	-	-	-
Prepaid items	-	-	-	-
Restricted cash and investments	<u>162,059</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 162,059</u></u>	<u><u>\$ 198,684</u></u>	<u><u>\$ 13,004</u></u>	<u><u>\$ 21,033</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Advances from other funds	-	-	-	-
Deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	162,059	198,684	-	-
Committed	-	-	13,004	21,033
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (deficit)	<u>162,059</u>	<u>198,684</u>	<u>13,004</u>	<u>21,033</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><u>\$ 162,059</u></u>	<u><u>\$ 198,684</u></u>	<u><u>\$ 13,004</u></u>	<u><u>\$ 21,033</u></u>

Special Revenue Funds

CDBG Housing Grant	Fire Donations	Police Donations	D.A.R.E.	Skateboard Park	Arboretum	Betterment of Lake Delavan
\$ 94,155	\$ 21,713	\$ 3,901	\$ 7,200	\$ 12,365	\$ 78,821	\$ 48,891
-	-	-	-	-	-	-
170,967	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>265,122</u>	<u>21,713</u>	<u>3,901</u>	<u>7,200</u>	<u>12,365</u>	<u>78,821</u>	<u>48,891</u>
\$ -	\$ 2,908	\$ 3,901	\$ 4,628	\$ -	\$ 403	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>2,908</u>	<u>3,901</u>	<u>4,628</u>	<u>-</u>	<u>403</u>	<u>-</u>
<u>170,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>170,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
94,155	-	-	-	-	-	-
-	18,805	-	2,572	12,365	78,418	48,891
-	-	-	-	-	-	-
<u>94,155</u>	<u>18,805</u>	<u>-</u>	<u>2,572</u>	<u>12,365</u>	<u>78,418</u>	<u>48,891</u>
<u>\$ 265,122</u>	<u>\$ 21,713</u>	<u>\$ 3,901</u>	<u>\$ 7,200</u>	<u>\$ 12,365</u>	<u>\$ 78,821</u>	<u>\$ 48,891</u>

**CITY OF DELAVAN**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2015

	Special Revenue Funds			
	First Real Estate Escrow	Fire Impact Fees	Library Fund	Escrow Funds held by City
<b>ASSETS</b>				
Cash and investments	\$ 1,650	\$ -	\$ 131,658	\$ 43,010
Receivables				
Accounts	-	-	-	-
Loans	-	-	-	-
Prepaid items	-	-	3,255	-
Restricted cash and investments	-	23,600	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,650</b>	<b>\$ 23,600</b>	<b>\$ 134,913</b>	<b>\$ 43,010</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 5,463	\$ 27,406
Accrued liabilities	-	-	8,847	-
Advances from other funds	-	-	-	-
Deposits	-	-	-	15,604
Total Liabilities	-	-	14,310	43,010
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficit)				
Nonspendable	-	-	3,255	-
Restricted	-	23,600	117,348	-
Committed	1,650	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances (deficit)	1,650	23,600	120,603	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,650</b>	<b>\$ 23,600</b>	<b>\$ 134,913</b>	<b>\$ 43,010</b>

Special Revenue Funds			Capital Project Fund	Total Nonmajor Governmental Funds
Garden Meadows	Tourism	Friends of Delbrook	Tax Incremental District No. 5	
\$ 2,715	\$ 106,531	\$ 679	\$ 100,999	\$ 887,009
-	17,651	-	-	17,651
-	-	-	-	170,967
-	-	-	-	3,255
-	-	-	-	185,659
<u>\$ 2,715</u>	<u>\$ 124,182</u>	<u>\$ 679</u>	<u>\$ 100,999</u>	<u>\$ 1,264,541</u>
\$ -	\$ -	\$ -	\$ 50,033	\$ 94,742
-	-	-	-	8,847
-	-	-	116,026	116,026
<u>2,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,319</u>
<u>2,715</u>	<u>-</u>	<u>-</u>	<u>166,059</u>	<u>237,934</u>
-	-	-	-	170,967
-	-	-	-	170,967
-	-	-	-	3,255
-	-	-	-	595,846
-	124,182	679	-	321,599
-	-	-	(65,060)	(65,060)
-	<u>124,182</u>	<u>679</u>	<u>(65,060)</u>	<u>855,640</u>
<u>\$ 2,715</u>	<u>\$ 124,182</u>	<u>\$ 679</u>	<u>\$ 100,999</u>	<u>\$ 1,264,541</u>

**CITY OF DELAVAN**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2015

	Special Revenue Funds			
	Community Park Fund	Library Donations Fund	Park and Recreation Fund	Park Department Memorial
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Public charges for services	-	-	-	-
Investment income	-	1,778	-	-
Miscellaneous	-	-	4,703	-
Total Revenues	<u>-</u>	<u>1,778</u>	<u>4,703</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	-	-
Culture, recreation and education	15,309	2,506	4,578	-
Conservation and development	-	-	-	-
Total Expenditures	<u>15,309</u>	<u>2,506</u>	<u>4,578</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(15,309)</u>	<u>(728)</u>	<u>125</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(15,309)	(728)	125	-
FUND BALANCES (DEFICIT) - Beginning of Year	<u>177,368</u>	<u>199,412</u>	<u>12,879</u>	<u>21,033</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 162,059</u>	<u>\$ 198,684</u>	<u>\$ 13,004</u>	<u>\$ 21,033</u>

Special Revenue Funds

CDBG Housing Grant	Fire Donations	Police Donations	D.A.R.E.	Skateboard Park	Arboretum	Betterment of Lake Delavan
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
121	26	-	-	-	257	-
<u>-</u>	<u>19,808</u>	<u>2,249</u>	<u>-</u>	<u>-</u>	<u>8,764</u>	<u>-</u>
<u>121</u>	<u>19,834</u>	<u>2,249</u>	<u>-</u>	<u>-</u>	<u>9,021</u>	<u>-</u>
-	14,245	26,059	4,768	-	-	-
-	-	-	-	5,654	5,125	-
<u>22,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>22,333</u>	<u>14,245</u>	<u>26,059</u>	<u>4,768</u>	<u>5,654</u>	<u>5,125</u>	<u>-</u>
<u>(22,212)</u>	<u>5,589</u>	<u>(23,810)</u>	<u>(4,768)</u>	<u>(5,654)</u>	<u>3,896</u>	<u>-</u>
-	400	-	-	-	-	5,934
-	-	-	-	-	-	-
-	<u>400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,934</u>
(22,212)	5,989	(23,810)	(4,768)	(5,654)	3,896	5,934
<u>116,367</u>	<u>12,816</u>	<u>23,810</u>	<u>7,340</u>	<u>18,019</u>	<u>74,522</u>	<u>42,957</u>
<u>\$ 94,155</u>	<u>\$ 18,805</u>	<u>\$ -</u>	<u>\$ 2,572</u>	<u>\$ 12,365</u>	<u>\$ 78,418</u>	<u>\$ 48,891</u>

**CITY OF DELAVAN**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2015

	Special Revenue Funds			
	First Real Estate Escrow	Fire Impact Fees	Library Fund	Tourism
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 107,036
Intergovernmental	-	-	170,768	-
Public charges for services	-	7,843	15,470	-
Investment income	3	-	-	-
Miscellaneous	-	-	2,464	-
Total Revenues	3	7,843	188,702	107,036
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	-	-
Culture, recreation and education	-	-	503,438	-
Conservation and development	-	-	-	117,715
Total Expenditures	-	-	503,438	117,715
Excess (deficiency) of revenues over expenditures	3	7,843	(314,736)	(10,679)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	306,975	-
Transfers out	-	-	-	(5,934)
Total Other Financing Sources (Uses)	-	-	306,975	(5,934)
<b>Net Change in Fund Balances</b>	3	7,843	(7,761)	(16,613)
FUND BALANCES (DEFICIT) - Beginning of Year	1,647	15,757	128,364	140,795
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 1,650	\$ 23,600	\$ 120,603	\$ 124,182

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Special Revenue Funds	Capital Project Fund	Total Nonmajor Governmental Funds
Friends of Delbrook	Tax Incremental District No. 5	
\$ -	\$ -	\$ 107,036
-	201,546	372,314
-	-	23,313
-	-	2,185
<u>3,700</u>	-	<u>41,688</u>
<u>3,700</u>	<u>201,546</u>	<u>546,536</u>
-	-	45,072
4,171	-	540,781
-	<u>204,503</u>	<u>344,551</u>
<u>4,171</u>	<u>204,503</u>	<u>930,404</u>
<u>(471)</u>	<u>(2,957)</u>	<u>(383,868)</u>
-	-	313,309
-	<u>(959)</u>	<u>(6,893)</u>
-	<u>(959)</u>	<u>306,416</u>
(471)	(3,916)	(77,452)
<u>1,150</u>	<u>(61,144)</u>	<u>933,092</u>
<u>\$ 679</u>	<u>\$ (65,060)</u>	<u>\$ 855,640</u>

**CITY OF DELAVAN**

**WATER UTILITY PLANT**

As of and for the Year Ended December 31, 2015

	Balance 1/1/15	Additions	Retirements	Balance 12/31/15
<b>SOURCE OF SUPPLY</b>				
Land and land rights	\$ 183,296	\$ -	\$ -	\$ 183,296
Wells and springs	<u>1,000,894</u>	-	-	<u>1,000,894</u>
Total Source of Supply	<u>1,184,190</u>	-	-	<u>1,184,190</u>
<b>PUMPING</b>				
Structures and improvements	163,653	-	-	163,653
Electric pumping equipment	735,701	-	-	735,701
Diesel pumping equipment	2,749	-	-	2,749
Other pumping equipment	<u>129,143</u>	-	-	<u>129,143</u>
Total Pumping	<u>1,031,246</u>	-	-	<u>1,031,246</u>
<b>WATER TREATMENT</b>				
Structures and improvements	1,589,898	-	-	1,597,422
Water treatment equipment	<u>3,235,797</u>	-	-	<u>3,228,273</u>
Total Water Treatment	<u>4,825,695</u>	-	-	<u>4,825,695</u>
<b>TRANSMISSION AND DISTRIBUTION</b>				
Land and land rights	71,250	-	-	71,250
Distribution reservoirs and standpipes	3,019,788	-	-	3,019,788
Transmission and distribution mains	10,040,249	94,056	664	10,133,641
Services	2,458,674	110,908	5,156	2,564,426
Meters	606,236	-	440	605,796
Hydrants	1,552,615	30,557	216	1,582,956
Other transmission and distribution plant	<u>935</u>	-	-	<u>935</u>
Total Transmission and Distribution	<u>17,749,747</u>	<u>235,521</u>	<u>6,476</u>	<u>17,978,792</u>
<b>GENERAL</b>				
Land and land rights	799	-	-	799
Structures and improvements	139,930	-	-	139,930
Computer equipment	19,526	-	-	19,526
Transportation equipment	71,963	-	-	71,963
Tools, shop and garage equipment	10,666	-	-	10,666
Power-operated equipment	<u>41,049</u>	-	-	<u>41,049</u>
Total General	<u>283,933</u>	-	-	<u>283,933</u>
<b>TOTAL WATER UTILITY PLANT</b>	<u>\$ 25,074,811</u>	<u>\$ 235,521</u>	<u>\$ 6,476</u>	<u>\$ 25,303,856</u>

## CITY OF DELAVAN

### WATER UTILITY OPERATING REVENUES AND EXPENSES For the Year Ended December 31, 2015

#### OPERATING REVENUES

Sales of Water	
Metered	
Residential	\$ 638,605
Multifamily residential	159,217
Commercial	229,773
Industrial	66,452
Public authorities	<u>58,715</u>
Total Metered Sales	1,152,762
Private fire protection	53,482
Public fire protection	<u>448,169</u>
Total Sales of Water	<u>1,654,413</u>
Other Operating Revenues	
Forfeited discounts	10,393
Rents from water property	67,184
Other	<u>10,256</u>
Total Operating Revenues	<u>1,742,246</u>

#### OPERATING EXPENSES

Operation and Maintenance	
Source of Supply	
Operation labor	21,234
Operation supplies	15,850
Maintenance	<u>35</u>
Total Source of Supply	<u>37,119</u>
Pumping	
Operation labor	97
Fuel or power purchased for pumping	88,211
Operation supplies	11,452
Maintenance	<u>2,857</u>
Total Pumping	<u>102,617</u>
Water Treatment	
Operation labor	26,446
Chemicals	14,069
Operation supplies	5,809
Maintenance	<u>198,500</u>
Total Water Treatment	<u>244,824</u>
Transmission and Distribution	
Operation labor	108,722
Operation supplies	513
Maintenance	
Distribution reservoirs and standpipes	196,205
Mains	32,223
Services	12,563
Meters	12,212
Hydrants	9,205
Other	<u>40,933</u>
Total Transmission and Distribution	<u>412,576</u>

## CITY OF DELAVAN

### WATER UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Year Ended December 31, 2015

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#### **OPERATING EXPENSES (cont.)**

Operation and Maintenance (cont.)	
Customer Accounts	
Meter reading labor	\$ 650
Accounting and collecting labor	51,992
Supplies	<u>7,618</u>
Total Customer Accounts	<u>60,260</u>
Administrative and General	
Salaries	53,197
Office supplies	18,573
Outside services employed	19,193
Property insurance	18,925
Injuries and damages	8,832
Employee pensions and benefits	111,672
Miscellaneous	3,229
Transportation	18,621
Maintenance	<u>18,059</u>
Total Administrative and General	<u>270,301</u>
Taxes	<u>21,877</u>
Total Operation and Maintenance	1,149,574
Depreciation	<u>539,936</u>
Total Operating Expenses	<u>1,689,510</u>
 OPERATING INCOME	 <u>\$ 52,736</u>

## CITY OF DELAVAN

### WATER UTILITY RATE OF RETURN - REGULATORY BASIS For the Year Ended December 31, 2015

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Utility Financed Plant in Service	
Beginning of year	\$ 17,671,511
End of year	<u>17,901,527</u>
Average	<u>17,786,519</u>
Utility Financed Accumulated Depreciation	
Beginning of year	(4,729,915)
End of year	<u>(5,152,093)</u>
Average	<u>(4,941,004)</u>
Materials and Supplies	
Beginning of year	13,326
End of year	<u>13,127</u>
Average	<u>13,227</u>
Regulatory Liability	
Beginning of year	(212,588)
End of year	<u>(188,968)</u>
Average	<u>(200,778)</u>
AVERAGE NET RATE BASE	<u>\$ 12,657,964</u>
OPERATING INCOME - REGULATORY BASIS	<u>\$ (294,217)</u>
RATE OF RETURN (PERCENT)	<u>(2.32)</u>

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States of America due to GASB No. 34 as well as PSC order 05-US-105.

**CITY OF DELAVAN**

**SEWER UTILITY PLANT**  
As of and for the Year Ended December 31, 2015

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	<u>Balance</u> <u>1/1/15</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/15</u>
<b>COLLECTING SYSTEM</b>				
Collecting mains	\$ 9,231,066	\$ 60,544	\$ -	\$ 9,291,610
Other collecting system equipment	228,387	-	-	228,387
Deduct meters	<u>50,233</u>	<u>-</u>	<u>-</u>	<u>50,233</u>
Total Collecting System	<u>9,509,686</u>	<u>60,544</u>	<u>-</u>	<u>9,570,230</u>
<b>GENERAL</b>				
Structures and improvements	112,986	-	-	112,986
Computer equipment	19,526	-	-	19,526
Transportation equipment	45,398	-	-	45,398
Other general equipment	<u>35,727</u>	<u>-</u>	<u>-</u>	<u>35,727</u>
Total General	<u>213,637</u>	<u>-</u>	<u>-</u>	<u>213,637</u>
<b>TOTAL SEWER UTILITY PLANT</b>	<u>\$ 9,723,323</u>	<u>\$ 60,544</u>	<u>\$ -</u>	<u>\$ 9,783,867</u>

## CITY OF DELAVAN

### SEWER UTILITY OPERATING REVENUES AND EXPENSES For the Year Ended December 31, 2015

#### OPERATING REVENUES

Sewer Revenues	
Residential	\$ 1,046,270
Multifamily residential	320,847
Commercial	343,546
Industrial	121,066
Public authorities	64,220
High strength customer surcharges	<u>75,821</u>
Total Sewer Revenues	<u>1,971,770</u>
Other Operating Revenues	
Forfeited discounts	10,818
Miscellaneous	<u>6</u>
Total Operating Revenues	<u>1,982,594</u>

#### OPERATING EXPENSES

Operation and Maintenance	
Operation	
Supervision and labor	16,960
Treatment charges - WalCoMet	1,324,408
Utilities	5,510
Other operating supplies	3,787
Joint metering costs	39,289
Transportation	<u>2,239</u>
Total Operation	<u>1,392,193</u>
Maintenance	
Collection system	66,810
General plant structures and equipment	<u>18,187</u>
Total Maintenance	<u>84,997</u>
Customer Accounts	
Accounting and collecting	<u>43,431</u>
Administrative and General	
Salaries	55,872
Office supplies	6,658
Outside services employed	33,834
Insurance	7,217
Employees pensions and benefits	49,082
Miscellaneous	<u>395</u>
Total Administrative and General	<u>153,058</u>
Taxes	<u>11,220</u>
Total Operation and Maintenance	<u>1,684,899</u>
Depreciation	<u>112,766</u>
Total Operating Expenses	<u>1,797,665</u>

OPERATING INCOME \$ 184,929