

**CITY OF WAUPACA, WISCONSIN**  
**AUDITED FINANCIAL STATEMENTS**  
Including Independent Auditor's Report  
As of and for the year ended December 31, 2017

Johnson Block and Company, Inc.  
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CITY OF WAUPACA, WISCONSIN  
DECEMBER 31, 2017

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
Village of Waupaca, Wisconsin

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 Waupaca, Wisconsin ("City"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City'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.

### Auditor's 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 auditor's 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 entity'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 entity'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.

### 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 Waupaca, Wisconsin, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the Wisconsin Retirement System schedules on pages 51 – 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

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

The supplementary 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. Such 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The miscellaneous financial data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Johnson Block & Company, Inc.*

Johnson Block and Company, Inc.  
Mineral Point, Wisconsin  
April 20, 2018

## BASIC FINANCIAL STATEMENTS

Exhibit A-1  
City of Waupaca, Wisconsin  
Statement of Net Position  
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 3,244,408	\$ 2,502,504	\$ 5,746,912
Receivables:			
Taxes	5,529,839		5,529,839
Due from other governments	88,827		88,827
Customer		387,037	387,037
Other	270,683	80,365	351,048
Internal balances	(6,677,888)	6,677,888	
Prepays	1,066		1,066
Inventories	29,452	66,831	96,283
	<hr/>		
Total current assets	2,486,387	9,714,625	12,201,012
Noncurrent assets:			
Restricted assets:			
Cash and investments	277,924	1,124,058	1,401,982
Other assets:			
Long-term notes receivable	639,094		639,094
Less: discount on long-term notes receivable	(99,277)		(99,277)
Less: allowance for uncollectible loans	(43,175)		(43,175)
Special assessments receivable	34,208	90,383	124,591
Capital assets:			
Property and plant	34,848,955	37,292,625	72,141,580
Less: accumulated provision for depreciation	(10,752,154)	(18,236,193)	(28,988,347)
	<hr/>		
Total noncurrent assets	24,905,575	20,270,873	45,176,448
	<hr/>		
Total assets	27,391,962	29,985,498	57,377,460
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension outflows	1,379,432	178,016	1,557,448
Unamortized major repairs		12,176	12,176
Deferred charges on refunding	22,312		22,312
	<hr/>		
Total deferred outflows of resources	1,401,744	190,192	1,591,936
	<hr/>		
Total assets and deferred outflows of resources	\$ 28,793,706	\$ 30,175,690	\$ 58,969,396

Exhibit A-1 (Continued)  
City of Waupaca, Wisconsin  
Statement of Net Position  
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 360,471	\$ 68,443	\$ 428,914
Developer payable	2,437		2,437
Due to other governments	862		862
Accrued liabilities	131,144	11,227	142,371
Accrued interest	159,589	24,585	184,174
Current portion of long-term debt	2,093,087	493,978	2,587,065
Total current liabilities	2,747,590	598,233	3,345,823
Current liabilities (payable from restricted assets):			
Accrued interest		9,231	9,231
Current portion of mortgage revenue bonds		190,926	190,926
Total current liabilities (payable from restricted assets)		200,157	200,157
Long-term liabilities:			
Mortgage revenue bonds		5,149,085	5,149,085
Bonds and notes payable	10,193,638		10,193,638
Net pension liability	174,689	22,544	197,233
Compensated absences	736,545	129,662	866,207
Less: current portion	(2,093,087)	(684,904)	(2,777,991)
Total long-term liabilities	9,011,785	4,616,387	13,628,172
Total liabilities	11,759,375	5,414,777	17,174,152
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension inflows	557,436	71,938	629,374
Deferred revenues	5,375,510		5,375,510
Total deferred inflows of resources	5,932,946	71,938	6,004,884
<b>NET POSITION</b>			
Net investment in capital assets	17,650,767	13,907,347	31,558,114
Restricted	2,803,655	1,114,827	3,918,482
Unrestricted	(9,353,037)	9,666,801	313,764
Total net position	11,101,385	24,688,975	35,790,360
Total liabilities, deferred inflows of resources and net position	\$ 28,793,706	\$ 30,175,690	\$ 58,969,396

Exhibit A-2  
City of Waupaca, Wisconsin  
Statement of Activities  
For the Year Ended December 31, 2017

<u>Functions/Programs</u>	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business Type Activities
Primary Government:						
Governmental activities:						
General government	\$ 1,028,999	\$ 158,831	\$	\$	\$ (870,168)	\$ (870,168)
Public safety	2,043,535	204,746	4,921		(1,833,868)	(1,833,868)
Health and social services	159,212	29,427	10,626		(119,159)	(119,159)
Public works	2,154,871	190,021	288,211	40,004	(1,636,635)	(1,636,635)
Culture, recreation and education	1,877,057	256,637	600,566	24,000	(995,854)	(995,854)
Conservation and development	328,141	87,506		84,000	(156,635)	(156,635)
Interest and fiscal charges	378,714				(378,714)	(378,714)
Total governmental activities	<u>7,970,529</u>	<u>927,168</u>	<u>904,324</u>	<u>148,004</u>	<u>(5,991,033)</u>	<u>(5,991,033)</u>
Business-type activities:						
Water utility	911,247	1,232,702			321,455	321,455
Sewer utility	1,748,976	2,078,708		76,395	406,127	406,127
Telecommunication utility	125,733	165,141			39,408	39,408
Total business-type activities	<u>2,785,956</u>	<u>3,476,551</u>		<u>76,395</u>	<u>766,990</u>	<u>766,990</u>
Total primary government	<u>\$ 10,756,485</u>	<u>\$ 4,403,719</u>	<u>\$ 904,324</u>	<u>\$ 224,399</u>	<u>(5,991,033)</u>	<u>(5,224,043)</u>
<u>General Revenues and Transfers:</u>						
Property taxes						
General purposes				5,307,323		5,307,323
Other taxes				281,398		281,398
Federal and state aid not restricted for specific purposes				1,614,896		1,614,896
Interest and investment earnings				9,209	17,738	26,947
Proceeds from insurance				25,348		25,348
Gain on sale of fixed assets				83,207		83,207
Miscellaneous				28,863		28,863
Transfers				485,788	(485,788)	
Total general revenues				<u>7,836,032</u>	<u>(468,050)</u>	<u>7,367,982</u>
Change in net position				1,844,999	298,940	2,143,939
Net position - beginning				9,256,386	24,390,035	33,646,421
Net position - ending				<u>\$ 11,101,385</u>	<u>\$ 24,688,975</u>	<u>\$ 35,790,360</u>

The notes to the basic financial statements are an integral part of this statement.

Exhibit A-3  
City of Waupaca, Wisconsin  
Balance Sheet  
Governmental Funds  
December 31, 2017

	General	Debt Service	TIF #4	TIF #8	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash and investments	\$ 1,583,425	\$ 485,142	\$ 65,277	\$	\$ 1,110,564	\$ 3,244,408
Cash and investments - restricted					277,924	277,924
Receivables:						
Taxes	3,344,549		712,414	146,227	1,326,649	5,529,839
Due from other governments					88,827	88,827
Special assessments					34,208	34,208
Due from other funds	184,296					184,296
Other	78,585		373		191,725	270,683
Long-term notes receivable, net of discount of \$99,277	100,723				439,093	539,816
Inventory					29,452	29,452
Advance from other funds			1,128,849			1,128,849
Prepays	1,066					1,066
<b>Total assets</b>	<b>\$ 5,292,644</b>	<b>\$ 485,142</b>	<b>\$ 1,906,913</b>	<b>\$ 146,227</b>	<b>\$ 3,498,442</b>	<b>\$ 11,329,368</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 119,843	\$	\$	\$	\$ 240,628	\$ 360,471
Developer payable					2,437	2,437
Accrued liabilities	119,994				11,150	131,144
Due to other governments	862					862
Due to other funds					259,296	259,296
Advances due to other funds				7,603,994	127,743	7,731,737
<b>Total liabilities</b>	<b>240,699</b>			<b>7,603,994</b>	<b>641,254</b>	<b>8,485,947</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenues	3,418,686		712,414	146,227	1,672,207	5,949,534
<b>Total deferred inflows of resources</b>	<b>3,418,686</b>		<b>712,414</b>	<b>146,227</b>	<b>1,672,207</b>	<b>5,949,534</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>3,659,385</b>		<b>712,414</b>	<b>7,750,221</b>	<b>2,313,461</b>	<b>14,435,481</b>
<b>FUND BALANCES</b>						
Nonspendable	101,789		1,128,849		29,452	1,260,090
Restricted		485,142	65,650		815,058	1,365,850
Assigned					460,602	460,602
Unassigned (deficit)	1,531,470			(7,603,994)	(120,131)	(6,192,655)
<b>Total fund balances</b>	<b>1,633,259</b>	<b>485,142</b>	<b>1,194,499</b>	<b>(7,603,994)</b>	<b>1,184,981</b>	<b>(3,106,113)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,292,644</b>	<b>\$ 485,142</b>	<b>\$ 1,906,913</b>	<b>\$ 146,227</b>	<b>\$ 3,498,442</b>	<b>\$ 11,329,368</b>

The notes to the basic financial statements are an integral part of this statement.

Exhibit A-4  
City of Waupaca, Wisconsin  
Reconciliation of the Governmental Funds Balance Sheet  
with the Statement of Net Position  
December 31, 2017

Total fund balances-governmental funds: \$ (3,106,113)

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 fund statements. Amounts reported for governmental activities in the statement of net position:

Governmental capital asset	34,848,955	
Governmental accumulated depreciation	<u>(10,752,154)</u>	24,096,801

Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the statement of net position and are being amortized with pension expense in the statement of activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.

Deferred outflows of resources	1,379,432	
Deferred inflows of resources	(557,436)	

Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred inflows on the fund statements.

Special assessments	34,208	
Long-term notes receivable	595,919	
Discount on notes receivable	(99,277)	

Payments made to the refunding bond escrow are reported in the funds statement when expended, but are amortized over the life of the bond in the statement of net position.

Deferred charges on refunding	22,312	
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

Bonds and notes payable	(10,193,638)	
Accrued interest on general obligation debt	(159,589)	
Net pension liability	(174,689)	
Compensated absences	<u>(736,545)</u>	

Total net position of governmental activities	<u>\$ 11,101,385</u>
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Exhibit A-5  
City of Waupaca, Wisconsin  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2017

	General	Debt Service	TIF #4	TIF #8	Other Governmental Funds	Total
<b>REVENUES</b>						
Taxes	\$ 3,511,861	\$	\$ 689,668	\$ 77,730	\$ 1,309,461	\$ 5,588,720
Special assessments			37,000		91,470	128,470
Licenses and permits	171,464					171,464
Fines, forfeits and penalties	72,898					72,898
Intergovernmental	1,610,022		4,373	3,248	780,149	2,397,792
Public charges for services	221,780				123,074	344,854
Miscellaneous:						
Interest	10,299				1,748	12,047
Other	209,039			41,819	251,431	502,289
Total revenues	5,807,363		731,041	122,797	2,557,333	9,218,534
<b>EXPENDITURES</b>						
General government	748,893				1,207	750,100
Public safety	1,756,234				19,638	1,775,872
Health and social services	142,909				10,653	153,562
Public works	1,036,746				554,298	1,591,044
Culture, recreation and education	866,408				889,579	1,755,987
Conservation and development			8,250	37,009	285,440	330,699
Capital outlay:						
General government					73,315	73,315
Public safety					49,579	49,579
Health and social services					26,807	26,807
Public works					483,832	483,832
Culture, recreation and education					82,594	82,594
Conservation and development			14,271	3,043	28,650	45,964
Debt service:						
Principal retirement		978,895	30,000	100,000	780,000	1,888,895
Interest and fiscal charges		117,551	15,206	124,409	79,686	336,852
Debt issuance costs			125	125	125	375
Total expenditures	4,551,190	1,096,446	67,852	264,586	3,365,403	9,345,477
Excess of revenues over (under) expenditures	1,256,173	(1,096,446)	663,189	(141,789)	(808,070)	(126,943)
<b>OTHER FINANCIAL SOURCES (USES)</b>						
Proceeds from sale of capital assets	2,103				32,823	34,926
Transfers in	639,759	1,312,814		141,789	607,389	2,701,751
Transfers out	(1,740,370)	(68,568)	(141,789)		(265,236)	(2,215,963)
Debt proceeds					750,000	750,000
Total other financing sources (uses)	(1,098,508)	1,244,246	(141,789)	141,789	1,124,976	1,270,714
Net change in fund balances	157,665	147,800	521,400		316,906	1,143,771
Fund balances - beginning	1,475,594	337,342	673,099	(7,603,994)	868,075	(4,249,884)
Fund balances - ending	\$ 1,633,259	\$ 485,142	\$ 1,194,499	\$ (7,603,994)	\$ 1,184,981	\$ (3,106,113)

Exhibit A-6  
City of Waupaca, Wisconsin  
Reconciliation of Statement of Revenues, Expenditures and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2017

Net change in fund balances-total governmental funds		\$ 1,143,771
Amounts reported for governmental activities in the statement of activities are different because:		
<p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</p>		
Capital outlay reported in governmental fund statements	665,484	
Depreciation expenses reported in the statement of activities	<u>(765,812)</u>	
Amount by which capital outlays and donations are greater (less) than depreciation in the current period.		(100,328)
<p>The cost of capital assets disposed of during the current year is expensed in the statement of activities. In the governmental funds, the cost of these assets was recognized as an expenditure in the year purchased. Thus, the change in net position differs from the change in fund balances by the undepreciated cost of the disposed assets.</p>		
		(2,300)
<p>Compensated absences are reported in the governmental funds when amounts are paid. The statement of activities reports the amount earned during the year. The difference between the amount paid and earned was:</p>		
		40,416
<p>Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities</p>		
The amount of long-term debt principal payments in the current year is:		1,888,895
<p>The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds but does not affect the statement of activities</p>		
		(750,000)
<p>Deferred charges associated with long-term debt issued in a prior period are reported in the statement of activities, but are not a current financial resource and, therefore, are not reported in the governmental funds. This is the net decrease in deferred charges during the current period.</p>		
		(13,461)

Exhibit A-6 (continued)  
City of Waupaca, Wisconsin  
Reconciliation of Statement of Revenues, Expenditures and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2017

In governmental funds, special assessment collections are reflected as revenue when received.		
In the statement of activities, revenue is recognized when assessed.		
Amount assessed is greater (less) than collected by:		(104,165)
Long-term notes receivable loans are reflected as expenditures in governmental funds, but are reported as additions to notes receivable in statement of net position and does not affect the statement of activities.		
Net amount of new loans versus loan repayments was:		(31,113)
The amortization of a discount on notes receivable does not involve current financial resources and, therefore, is not reported as revenue in the governmental funds. In the statement of activities, the discount on notes receivable is being amortized as interest income over the life of the note.		2,933
In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
The amount of interest paid during the current period	336,728	
The amount of interest accrued during the current period	<u>(364,753)</u>	
Interest paid is greater (less) than interest expensed by		(28,025)
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the statement of activities is actuarially determined by the defined pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments.		
Difference between the required contributions into the defined benefit plan and the actuarially determined change in net pension asset between years, with adjustments.		<u>(201,624)</u>
Change in net position-governmental activities		<u>\$ 1,844,999</u>

Exhibit A-7  
City of Waupaca, Wisconsin  
Statement of Net Position  
Proprietary Funds  
December 31, 2017

	Water Utility	Sewer Utility	Telecommunications Utility	Total
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 1,056,924	\$ 1,340,433	\$ 105,147	\$ 2,502,504
Receivables:				
Customer	138,809	225,969	22,259	387,037
Other	7,932	72,433		80,365
Due from other funds	208,112	38,764		246,876
Inventories	64,338	2,493		66,831
<b>Total current assets</b>	<b>1,476,115</b>	<b>1,680,092</b>	<b>127,406</b>	<b>3,283,613</b>
Restricted assets:				
Equipment replacement		146,000		146,000
Maintenance		85,500		85,500
Debt reserves	248,996	643,562		892,558
<b>Total restricted assets</b>	<b>248,996</b>	<b>875,062</b>		<b>1,124,058</b>
Other assets:				
Special assessments receivable	43,280	47,103		90,383
Advance due from other funds	2,942,888	3,660,000		6,602,888
<b>Total other assets</b>	<b>2,986,168</b>	<b>3,707,103</b>		<b>6,693,271</b>
Capital assets:				
Property and plant	12,255,259	24,773,167	264,199	37,292,625
Less: accumulated provision for depreciation	(5,121,734)	(12,850,260)	(264,199)	(18,236,193)
<b>Total capital assets</b>	<b>7,133,525</b>	<b>11,922,907</b>		<b>19,056,432</b>
<b>Total assets</b>	<b>11,844,804</b>	<b>18,185,164</b>	<b>127,406</b>	<b>30,157,374</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension outflows	66,659	110,423	934	178,016
Unamortized major repairs	12,176			12,176
<b>Total deferred outflows of resources</b>	<b>78,835</b>	<b>110,423</b>	<b>934</b>	<b>190,192</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 11,923,639</b>	<b>\$ 18,295,587</b>	<b>\$ 128,340</b>	<b>\$ 30,347,566</b>

Exhibit A-7 (Continued)  
City of Waupaca, Wisconsin  
Statement of Net Position  
Proprietary Funds  
December 31, 2017

	Water Utility	Sewer Utility	Telecommunications Utility	Total
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 26,414	\$ 35,478	\$ 6,551	\$ 68,443
Due to other funds		171,876		171,876
Accrued liabilities	4,486	6,385	356	11,227
Accrued interest		24,585		24,585
Current portion of revenue bonds	9,154	484,824		493,978
<b>Total current liabilities</b>	<b>40,054</b>	<b>723,148</b>	<b>6,907</b>	<b>770,109</b>
Current liabilities (payable from restricted assets):				
Accrued interest	9,231			9,231
Current portion of revenue bonds	190,926			190,926
<b>Total current liabilities (payable from restricted assets)</b>	<b>200,157</b>			<b>200,157</b>
Long-term liabilities:				
Revenue bonds	1,351,673	3,797,412		5,149,085
Net pension liability	8,442	13,984	118	22,544
Compensated absences	61,359	68,303		129,662
Less: current portion	(200,080)	(484,824)		(684,904)
<b>Total long-term liabilities</b>	<b>1,221,394</b>	<b>3,394,875</b>	<b>118</b>	<b>4,616,387</b>
<b>Total liabilities</b>	<b>1,461,605</b>	<b>4,118,023</b>	<b>7,025</b>	<b>5,586,653</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension inflows	26,937	44,623	378	71,938
<b>NET POSITION</b>				
Net investment in capital assets	5,781,852	8,125,495		13,907,347
Restricted	239,765	875,062		1,114,827
Unrestricted	4,413,480	5,132,384	120,937	9,666,801
<b>Total net position</b>	<b>10,435,097</b>	<b>14,132,941</b>	<b>120,937</b>	<b>24,688,975</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 11,923,639</b>	<b>\$ 18,295,587</b>	<b>\$ 128,340</b>	<b>\$ 30,347,566</b>

Exhibit A-8  
City of Waupaca, Wisconsin  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2017

	Water Utility	Sewer Utility	Telecommunications Utility	Totals
<b>OPERATING REVENUES</b>				
Sales of water	\$ 1,232,702	\$	\$	\$ 1,232,702
Measured sewer service		2,078,708		2,078,708
Telecommunications revenues			165,141	165,141
<b>Total operating revenues</b>	<b>1,232,702</b>	<b>2,078,708</b>	<b>165,141</b>	<b>3,476,551</b>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	626,683	897,852	125,733	1,650,268
Depreciation	217,474	690,873		908,347
Taxes	8,919	5,835		14,754
<b>Total operating expenses</b>	<b>853,076</b>	<b>1,594,560</b>	<b>125,733</b>	<b>2,573,369</b>
<b>Operating income</b>	<b>379,626</b>	<b>484,148</b>	<b>39,408</b>	<b>903,182</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	12,408	5,315	15	17,738
Interest expense	(58,171)	(154,416)		(212,587)
<b>Total nonoperating revenues (expenses)</b>	<b>(45,763)</b>	<b>(149,101)</b>	<b>15</b>	<b>(194,849)</b>
<b>Income before contributions and transfers</b>	<b>333,863</b>	<b>335,047</b>	<b>39,423</b>	<b>708,333</b>
Capital contributions		76,395		76,395
Transfer of tax equivalent	(235,780)	(250,008)		(485,788)
<b>Change in net position</b>	<b>98,083</b>	<b>161,434</b>	<b>39,423</b>	<b>298,940</b>
Net position - beginning	10,337,014	13,971,507	81,514	24,390,035
Net position - ending	<u>\$ 10,435,097</u>	<u>\$ 14,132,941</u>	<u>\$ 120,937</u>	<u>\$ 24,688,975</u>

Exhibit A-9  
City of Waupaca, Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2017

	Water Utility	Sewer Utility	Telecommunications Utility	Totals
<b>CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES</b>				
Received from customers	\$ 1,258,705	\$ 2,084,907	\$ 161,606	\$ 3,505,218
Payments to employees	(261,704)	(431,730)	(25,592)	(719,026)
Payments to suppliers	(432,962)	(336,361)	(99,845)	(869,168)
Net cash flows from (used by) operating activities	564,039	1,316,816	36,169	1,917,024
<b>CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to municipality for tax equivalent	(235,780)	(250,008)		(485,788)
Net cash flows (used by) noncapital financing activities	(235,780)	(250,008)		(485,788)
<b>CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Payments for capital acquisitions	(295,757)	(102,561)		(398,318)
Principal payments	(194,244)	(513,409)		(707,653)
Interest paid	(59,316)	(157,620)		(216,936)
Contributed capital		76,395		76,395
Net cash flows from (used by) capital and related financing activities	(549,317)	(697,195)		(1,246,512)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts of interest	12,408	5,315	15	17,738
Net cash flows from investing activities	12,408	5,315	15	17,738
Net change in cash and cash equivalents	(208,650)	374,928	36,184	202,462
Cash and cash equivalents - beginning of year	1,514,570	1,840,567	68,963	3,424,100
Cash and cash equivalents - end of year	\$ 1,305,920	\$ 2,215,495	\$ 105,147	\$ 3,626,562
<b>Reconciliation of cash and cash equivalents to statement of net position accounts</b>				
Cash and investments	\$ 1,056,924	\$ 1,340,433	\$ 105,147	\$ 2,502,504
Cash and investments (restricted assets)	248,996	875,062		1,124,058
Cash and cash equivalents	\$ 1,305,920	\$ 2,215,495	\$ 105,147	\$ 3,626,562

Exhibit A-9 (Continued)  
City of Waupaca, Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2017

	Water Utility	Sewer Utility	Telecommunications Utility	Totals
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 379,626	\$ 484,148	\$ 39,408	\$ 903,182
Noncash items in operating income:				
Depreciation expense	233,997	674,351		908,348
Pension expense	14,177	22,425	144	36,746
Amortization of major repair	12,175			12,175
Changes in assets and liabilities:				
Customer accounts receivable	8,397	15,479	(3,535)	20,341
Other accounts receivable	(4,397)	(9,233)		(13,630)
Due from other funds	64,326	167,143		231,469
Special assessments receivable	22,003	(47)		21,956
Inventories	(4)			(4)
Accounts payable	(2,967)	(39,499)	167	(42,299)
Due to other funds	(164,276)			(164,276)
Accrued liabilities	(1,788)	(3,507)	(15)	(5,310)
Compensated absences	2,770	5,556		8,326
Net cash provided by operating activities	<u>\$ 564,039</u>	<u>\$ 1,316,816</u>	<u>\$ 36,169</u>	<u>\$ 1,917,024</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Waupaca, Wisconsin  
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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Waupaca conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

A. Reporting Entity

The City of Waupaca, Wisconsin was incorporated under the provisions of Chapter 131, Laws of Wisconsin, 1981. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter; public safety (police and fire), highways and streets, sanitation, health and social services, culture, recreation, education, public improvements, planning and zoning, and general administrative services.

The basic criterion for including a legally separate organization as a Component Unit is the degree of financial accountability the City has with the organization. The following circumstances set forth the City's financial accountability for a legally separate organization:

- a. The City is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City.
- b. The City may be financially accountable if an organization is fiscally dependent on the City regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The financial statements include the City of Waupaca Community Development Authority as a component unit. The Authority is organized as a legally separate organization under Section 66.431 of the State of Wisconsin Statutes for the purpose of carrying out blight elimination, slum clearance and urban renewal projects. The board of the Authority is appointed by the mayor of the City. Wisconsin statutes provide for circumstances whereby the City can impose its will on the Authority and also create a potential financial benefit to or burden the City. As a component unit, the activities of the Community Development Authority, when they occur, are blended into the City's general and capital projects funds. Separately issued financial statements of the Authority are not available.

For 2017, there were no revenues or expenditures for the Community Development Authority.

B. 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. Eliminations have been made to minimize the double-counting of internal activities of the City.

City of Waupaca, Wisconsin  
Index to Notes to Basic Financial Statements  
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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Government-Wide Financial Statements (Continued)**

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.

**Fund Financial Statements**

Financial statements of the reporting entity 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 equity, revenues, and expenditure/expenses.

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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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

**Basis of Presentation:**

The City reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund.

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide Financial Statements (Continued)

Debt Service– Used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

TIF No. 3, 4 and 8 Capital Projects Funds – Accounts for the activity of Tax Incremental District No.'s 3, 4 and 8, including any payment of long-term debt principal, interest and related costs.

The City reports the following major proprietary funds:

Water– All activities necessary to provide water services to residents of the City and outlying areas. Fund activities include administration, billing and collection, operations, maintenance and financing.

Sewer – This fund accounts for the maintenance of the City's sewer system. Wisconsin State Statutes Section 66.076, permit municipalities to implement sewer fees to recover the costs of operation, maintenance, repair, and depreciation of sewer collection and transportation facilities. Sewer maintenance costs are recovered through a user fee rather than through the property tax.

Non-Major Funds:

The City reports the following non-major governmental funds:

Special Revenue Funds – Accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- Inland Lakes
- Hotel/Motel Tax
- Transit System
- Revolving Loans
- Adult Recreation Center
- Airport
- Donations and grants

Capital Improvements – Used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

TIF No. 5, 6, 7, 9 & 10 Capital Projects Funds – Accounts for the activity of Tax Incremental Districts, including any payment of long-term debt principal, interest and related costs.

Permanent Funds – Are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

- Cemetery Perpetual care

The City reports the following non-major proprietary funds:

Telecommunications– This fund accounts for the activities of the City's communication utility. This utility offers broadband services to businesses and individuals. Expenditures are recovered through user fees.

City of Waupaca, Wisconsin  
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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of resources. 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 utility 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**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 of resources. 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 to the resources and the amounts are available. Amounts owed to the City, which are not available, are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

City of Waupaca, Wisconsin  
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December 31, 2017

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C). Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 deferred inflows of resources.

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.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The City reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the city has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the city has a legal claim to the resources, the liability for deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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 and sewer utility are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of financial statements 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.

City of Waupaca, Wisconsin  
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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

The City has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the City's individual major funds, and in the aggregate for non-major funds.

All deposits of the City are made in board designated official depositories and are secured as required by State Statute. The City may designate, as an official depository, any bank or savings association. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost, which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

For purposes of the statement of cash flows, all cash and highly liquid investments with an original maturity of three months or less (including restricted assets) are considered to be cash equivalents.

E. 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 in the accompanying agency fund balance sheet.

Property tax calendar - 2017 tax roll:

Lien date and levy date	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
January settlement	January 15, 2018
February settlement	February 20, 2018
August settlement	August 20, 2018
Personal property taxes in full	January 31, 2018
Tax sale- 2017 delinquent real estate taxes	October 2019

No provision for uncollectible accounts receivable has been made for the City and the utilities because they have the right by law to place delinquent bills on the tax roll.

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 government-wide financial statements as "internal balances."

City of Waupaca, Wisconsin  
Index to Notes to Basic Financial Statements  
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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables (Continued)

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

F. Inventories and Prepaid Items

Inventories of governmental fund types consist of fuel and expendable supplies held for consumption. Expendable supplies, which are not material, are considered expenditures when purchased and, accordingly, are not reflected on the Balance Sheet- Governmental Funds.

Inventories of proprietary fund types are valued at the lower-of-cost or market using the first-in, first-out method and are initially capitalized and then charged to expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

G. Restricted Assets

Certain proceeds of the Utility revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond construction” account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The “revenue bond special redemption” account is used to segregate resources accumulated for debt service payments over the next twelve months. The “revenue bond depreciation” account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

Other restricted assets include a “DNR Replacement Fund” which is required by the Wisconsin Department of Natural Resources for repairs and maintenance on the Wastewater Utility plant and the net pension asset related to the Wisconsin Retirement System. “Customer Deposits” are deposits made by the customer which are due to the customers unless their bills are not paid.

H. Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure, are reported at cost or estimated historical cost if actual cost is not available. Contributed assets are reported at acquisition value. Capital assets are depreciated using the straight-line method. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset’s lives are not capitalized.

Major capital outlays for capital assets of business-type activities are included as part of the capitalized value of the assets constructed. Interest expenses incurred during construction are capitalized as part of the additions to capital assets.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Capitalization thresholds and the estimated useful lives are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life
Infrastructure	\$ 5,000	20-35
Land		N/A
Improvements	5,000	5-15
Buildings	5,000	50-100
Machinery and equipment	5,000	5-20

**Fund Financial Statements**

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

I. Compensated Absences

Vacation pay is earned based on length of service (5-30 days per year). Vacation days are not cumulative and are based on the calendar year.

Regular full-time employees can accrue sick leave to a maximum of 150 days. For regular full-time employees hired after 2011, sick leave shall be eligible for a maximum accrual of 90 days. Employees earn 12 sick days per year. Accumulated unused sick leave is placed in a bank for the employee. All full-time employees leaving employment with the City in good standing will receive a lump sum payment of unused sick leave (paid at a pre-determined percentage based on years of service). An employee that is retiring also has the option to use unused sick leave as credit towards the City's health insurance plan. The City health insurance program is not available to retirees beyond COBRA requirements.

Compensated absence expenditures and liabilities are recorded and adjusted to December 31 salaries/wages at the close of each fiscal year.

J. Bond Premiums, Discounts, and Issuance Costs

In the government wide and fund financial statements, governmental fund and proprietary fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$39,094 and consists of one issue.

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Bond Premiums, Discounts, and Issuance Costs (Continued)

Deferred amounts from refunding resulting in a debit are reported as deferred outflows. Deferred amounts from refunding resulting in a credit are reported as deferred inflows.

K. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

L. 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 of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital 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 position that does not meet the definition of "restricted" or "net investment in capital assets."

**Fund Statements**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable – includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed – includes amounts constrained to specific purposes by the City Council, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the City Council takes the same highest level action to remove or change the constraint.

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications (Continued)

**Fund Statements (Continued)**

- Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- 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.

The Council may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Council. Commitments of fund balance, once made, can be modified only by majority vote of the Council.

The City has passed a fund balance policy to preserve working capital and to adequately prepare for unforeseen events which will require ready access to funds. The City requires that the unassigned fund balance be maintained between 20% and 25% of the General Fund budget. Amounts exceeding 30% shall be transferred to the Rainy-Day Fund. As of December 31, 2017, the unassigned fund balance of the general fund was 24% of the current year general fund budgeted expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

M. Transfers

Transfers include the payment in lieu of taxes from the water, sewer, and telecommunications utilities to the general fund. The debt service fund transferred property tax levies to the TIF funds for shortfalls between the tax increments and their debt payments. TIF District No. 4 is a donor to TIF District No. 8. TIF District No. 6 is a donor to TIF District No. 3 and 5. A transfer of positive tax increment after satisfying current year debt service and project costs was made to TIF District No. 3 and 5 in the amount of \$56,315 and \$103,540, respectively.

N. Encumbrances

Encumbrances outstanding represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders at year-end are fulfilled. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not represent liabilities or expenditures. Encumbrance accounting applies only to governmental fund types. The City does not use encumbrance accounting.

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Risk Management

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

P. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances.

Q. Regulation of Municipal Utilities

The Waupaca Water Utility operates under service rules which are established by the Public Service Commission of Wisconsin. Rates charged are regulated by the Commission. The accounting records of the utility are maintained in accordance with the Uniform System of Accounts prescribed by the Public Service Commission. The Sewer and Telecommunications Utilities are not regulated.

R. State and Federal Aids

State general and categorical aids are recognized as revenue in the entitlement year. Federal aids and certain state aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred inflows of resources.

S. Interfund Transactions

Quasi-external transactions are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expense in the reimbursing fund and as revenue in the fund that is reimbursed.

T. Discount on Long-Term Notes Receivable

A long-term receivable is discounted at a rate of 3%. The discount is recognized and being amortized to interest income in the statement of activities over the course of the loan using the effective interest method.

U. Debt Policy

The City's General Guidelines per Debt Policy:

- a. The City shall assess the fiscal impact of the debt prior to issuance.
- b. Tax supported general obligation debt of the City will not exceed 2.5 percent (2.5%) of the equalized valuation, including tax incremental value, of the taxable property of the City ("TID-In"). Total general obligation debt for the City shall not exceed 3.75 percent (3.75%) of TID-In equalized valuation.
- c. Total annual debt service payments on tax-supported debt, excluding tax increment finance debt, of the City will not exceed 25 percent (25%) of total general government operating revenue.
- d. The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.

The City is in compliance with these general guidelines of the debt policy.

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V. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions, 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 for WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

W. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The City has two items that qualifies for reporting in this category. The deferred outflows of resources were derived from the WRS pension system and Wisconsin Public Service Commission. The deferred outflows of resources for the WRS pension system are discussed in Note 6. Costs of \$36,527 for the rehabilitation of two wells are being amortized by the Wisconsin Public Service Commission. The balance at December 31, 2017 was \$12,176.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resource (revenue) until then. The City has two items that qualifies for reporting in the category. Deferred inflows of resources related to the WRS pension system are discussed in Note 6 and the remaining deferred inflows of resources are discussed in Note 14.

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NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS  
 AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and government-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

**Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

NOTE 3 CASH AND INVESTMENTS

At December 31, 2017, cash and investments included the following:

Petty cash/cash on hand	\$	650
Deposits with financial institutions		4,927,087
Certificate of deposit		89,006
Mutual Fund		15,503
Municipal Bonds		50,000
U.S. government agencies		2,066,648
Total cash and investments	\$	7,148,894

Cash and investments as of December 31, 2017 are classified in the accompanying financial statements as follows:

Exhibit A-1:		
Cash and investments		5,746,912
Cash and investments-restricted		1,401,982
Total cash and investments	\$	7,148,894

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

Investment of City funds is restricted by state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
- Bonds are securities of any county, city, drainage district, technical college district, village, town, or school district of the state.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.
- Bonds issued by a local exposition district.
- Bonds issued by a local professional baseball park district.
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority.
- Bonds issued by a local football stadium district.
- Bonds issued by a local arts district.
- Bonds issued by the Wisconsin Aerospace Authority.

Income Allocation – Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the City’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

<u>Investment Type</u>	<u>Amount</u>	<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25 to 36 months</u>	<u>36 months or more</u>
Certificates of deposit	\$ 89,006	\$ 89,006	\$	\$	\$
Mutual Fund	15,503	15,503			
Municipal Bonds	50,000		50,000		
U.S. government agencies	2,066,648	166,648	400,000	250,000	1,250,000
Total	<u>\$ 2,221,157</u>	<u>\$ 271,157</u>	<u>\$ 450,000</u>	<u>\$ 250,000</u>	<u>\$ 1,250,000</u>

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy limits investments to those authorized by State Statutes. At December 31, 2017 the City's investments were rated as follows:

	<u>Amount</u>	<u>Rating</u>
Mutual Fund	\$ 15,503	(3) Stars (Morningstar)
Waunakee WI Taxable Municipal Bond	50,000	Aa2 (Moody's)
U.S. government agencies	2,066,648	Aaa (Moody's)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the City would not be able to recover the value of its investment of collateral securities that are in possession of another party.

*Federal Deposit Insurance Corporation (FDIC) Insurance*

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits.

*Collateralization of Public Unit Deposits*

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the unlikely event of the failure of an insured bank.

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

The City's investment policy requires all certificates of deposits and other time deposits be collateralized in an amount equal to 102% of the investment less the amount insured by the State of Wisconsin and the FDIC.

As of December 31, 2017, \$2,768,210 of the City's deposits were insured by collateral at financial institutions, \$1,012,802 were insured by the FDIC and \$1,268,694 of the City's deposits with financial institutions in excess of federal depository insurance limits and pledged collateral were exposed to custodial credit risk. The State of Wisconsin Guarantee Fund would provide an additional \$400,000 of coverage, provided funds are available at the time of any potential loss.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding uninsured amounts at the balance sheet date.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer.

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

Fair Value Measurement

The City uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the City's assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The City uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the City measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

	Assets at Fair Value as of December 31, 2016	
	Fair Value	Level 1
Mutual Fund	\$ 15,503	\$ 15,503
Municipal Bonds	50,000	50,000
U.S. government agencies	2,066,648	2,066,648
Totals	\$ 2,132,151	\$ 2,132,151

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NOTE 4

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Removals	Ending Balance
<i>Governmental Activities:</i>				
<i>Capital assets not being depreciated:</i>				
Construction work in progress	\$ 152,654	\$ 109,925	\$	\$ 262,579
Land	4,369,696	84,000		4,453,696
Total capital assets not being depreciated	4,522,350	193,925		4,716,275
 <i>Capital assets, being depreciated:</i>				
Building	12,022,874	24,000		12,046,874
Infrastructure	13,849,742	175,600		14,025,342
Improvements other than buildings	1,156,043			1,156,043
Machinery and equipment	1,198,361	166,308	(36,421)	1,328,248
Vehicles	1,494,022	105,651	(23,500)	1,576,173
Total capital assets, being depreciated	29,721,042	471,559	(59,921)	30,132,680
Total capital assets	34,243,392	665,484	(59,921)	34,848,955
 <i>Less accumulated depreciation:</i>				
Building	2,646,807	134,707		2,781,514
Infrastructure	5,471,609	411,186		5,882,795
Improvements other than buildings	375,201	54,521		429,722
Machinery and equipment	760,625	51,433	(36,421)	775,637
Vehicles	789,721	113,965	(21,200)	882,486
Total accumulated depreciation	10,043,963	765,812	(57,621)	10,752,154
Total net capital assets	\$ 24,199,429	\$ (100,328)	\$ (2,300)	\$ 24,096,801

Depreciation expense for governmental activities was charged to functions as follows:

Governmental activities	
General government	\$ 48,498
Public safety	76,429
Public works	518,754
Culture, recreation and education	118,017
Health and human services	4,114
Total governmental activities depreciation expense	\$ 765,812

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NOTE 4

CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Removals	Ending Balance
<i>Business-type Activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 72,639	\$	\$	\$ 72,639
Non-utility property	13,563			13,563
Property held for future use	100,000			100,000
Total capital assets not being depreciated	186,202			186,202
 <i>Capital assets, being depreciated:</i>				
Building	6,447,089	48,182		6,495,271
Infrastructure/systems/equipment	30,352,022	350,136	(91,006)	30,611,152
Total capital assets, being depreciated	36,799,111	398,318	(91,006)	37,106,423
Total capital assets	36,985,313	398,318	(91,006)	37,292,625
 <i>Less accumulated depreciation:</i>				
Building	4,409,211	276,810		4,686,021
Infrastructure/systems/equipment	13,009,641	631,537	(91,006)	13,550,172
Total accumulated depreciation	17,418,852	908,347	(91,006)	18,236,193
Total net capital assets	\$ 19,566,461	\$ (510,029)	\$	\$ 19,056,432

Depreciation expense for business-type activities was charged to functions as follows:

Business-type activities	
Water	\$ 217,474
Wastewater	690,873
Total depreciation expense per exhibit A-8	\$ 908,347

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NOTE 5

LONG-TERM OBLIGATIONS

The following is a summary of debt transactions of the City for the year ended December 31, 2017.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b><u>Governmental Activities</u></b>					
General obligation debt:					
Bonds payable	\$ 7,260,000	\$	\$ (1,130,000)	\$ 6,130,000	\$ 755,000
Notes payable	4,072,533	750,000	(758,895)	4,063,638	1,338,087
Total general obligation debt	11,332,533	750,000	(1,888,895)	10,193,638	2,093,087
Other long-term obligations:					
Compensated absences	776,961	21,965	(62,381)	736,545	
Total governmental activities					
Long-term liabilities	\$ 12,109,494	\$ 771,965	\$ (1,951,276)	\$ 10,930,183	\$ 2,093,087

The compensated absences liability attributed to governmental activities are typically being liquidated in the general fund.

Interest costs incurred during the year totaled \$364,753. Total interest paid during the year aggregated \$336,728.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b><u>Business-type Activities</u></b>					
Mortgage revenue bonds	\$ 5,856,738	\$	\$ (707,653)	\$ 5,149,085	\$ 684,904
Other long-term obligations:					
Compensated absences	121,336	8,622	(296)	129,662	
Total business-type activities					
Long-term liabilities	\$ 5,978,074	\$ 8,622	\$ (707,949)	\$ 5,278,747	\$ 684,904

Interest costs incurred during the year totaled \$211,587. Total interest paid during the year aggregated \$215,935.

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NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

**General Obligation Debt**

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. The general obligation debt is expected to be repaid with general property taxes, special assessments, and tax increments. General obligation debt at December 31, 2017, is comprised of the following issues:

Description	Issue Dates	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/17
<u>Notes payable</u>					
State trust fund loan	05/27/15	03/15/25	3.25%	\$ 841,200	\$ 687,652
State trust fund loan	01/09/12	03/15/21	3.75%	710,000	346,974
State trust fund loan	07/05/16	03/15/22	3.00%	545,000	455,483
State trust fund loan	09/30/16	03/15/18	2.50%	170,034	170,034
State trust fund loan	09/30/16	03/15/22	3.00%	278,926	278,926
State trust fund loan	09/30/16	03/15/23	3.00%	923,644	923,644
State trust fund loan	09/30/16	03/15/19	2.50%	883,028	450,925
State trust fund loan	12/29/17	03/15/22	3.00%	600,000	600,000
State trust fund loan	12/29/17	03/15/19	3.00%	150,000	150,000
					<u>\$ 4,063,638</u>
<u>Refunding bonds</u>					
G.O. promissory bonds-TIF #3	01/06/07	04/01/21	4.00%	\$ 2,640,000	\$ 1,150,000
G.O. promissory bonds-TIF #5	01/06/07	04/01/21	4.00%	275,000	115,000
G.O. promissory bonds-TIF #4	04/01/08	10/01/27	3.25%	575,000	360,000
G.O. promissory bonds-TIF #6	04/01/08	10/01/27	3.05%	95,000	55,000
G.O. promissory bonds-TIF #8	04/01/08	10/01/24	3.25%	1,580,000	830,000
G.O. promissory bonds	04/01/08	04/01/23	3.25%	1,790,000	990,000
G.O. promissory bonds	11/09/10	04/01/30	3.25-4.7%	6,670,000	2,375,000
G.O. promissory bonds	04/05/11	10/01/20	4.00%	1,040,000	255,000
					<u>\$ 6,130,000</u>
Total governmental activities - general obligation debt					<u><u>\$ 10,193,638</u></u>

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NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Enterprise Fund debt is expected to be repaid with Enterprise Fund revenue. The mortgage revenue bonds are expected to be repaid with water and wastewater revenue. Enterprise Fund debt at December 31, 2017, is comprised of the following:

Description	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/17
<u>Revenue bonds</u>					
Sewerage system revenue bond	07/24/02	05/01/22	2.84%	1,135,476	\$ 359,583
Sewerage system revenue bond	11/01/04	05/01/24	2.37%	454,008	204,675
Sewerage system revenue bond	01/01/05	05/01/25	2.37%	437,107	200,126
Sewerage system revenue bond	07/11/07	05/01/27	2.48%	502,814	298,028
Sewerage system revenue bond	04/01/08	11/01/24	4.40%	4,125,000	2,735,000
Water system revenue bond	11/01/99	05/01/18	1.58%	760,310	45,926
Water system revenue bond	04/01/08	11/01/24	3.40%	2,210,000	1,155,000
Water system revenue bond	06/13/12	05/01/32	1.32%	194,758	150,747
Total business-type activities revenue debt					<u>\$ 5,149,085</u>

The sewerage system and water system revenue bonds require that the following requirements:

**Debt Service Fund Requirement:** The Bond covenants require the utility to establish and maintain a Debt Service Fund Account, deposits to be made monthly equal to one-sixth (1/6) of the next installment of interest coming due on the Prior Bonds, the Bonds and any Parity Bonds then outstanding and an amount equal to one-twelfth (1/12) of the installment of principal of the Prior Bonds, the Bonds and any Parity Bonds coming due during such Bond Year (after giving effect to available amounts in said Fund from accrued interest, any premium or any other source). This requirement was for both the sewer utility and the water utility for the year ended December 31, 2017. The debt service fund requirement for the sewer utility is \$370,062 and the Debt Service Fund Account had a balance of \$370,062 at December 31, 2017. The debt service fund requirement for the water utility is \$133,496 and the Debt Service Fund Account had a balance of \$133,496 at December 31, 2017.

**Bond Reserve Requirement:** The City covenants to establish and maintain a Reserve Account in an amount equal to the least of (a) 10% of the principal of the Bonds and the Parity Bonds; (b) maximum amount of principal and interest due on the outstanding Bonds and Parity Bonds in any Fiscal Year; or (c) 125% of average annual debt service on the outstanding Bonds and the Parity Bonds requirement will be deposited in the Reserve Account. This requirement was met for both the sewer utility and the water utility for the year ended December 31, 2017. The reserve requirement for the sewer utility is \$273,500 and the Bond Reserve Account had a balance of \$273,500 at December 31, 2017. The reserve requirement for the water utility is \$115,500 and the Bond Reserve Account had a balance of \$115,500 at December 31, 2017.

**Annual Debt Service Requirement:** The City covenants to establish, charge and collect such lawfully established rates and charges for the services provided by the Sewerage and Water System so that net revenues (i.e. gross revenues less all costs of operation and maintenance, exclusive of debt service, depreciation, or local tax equivalents) will be at least 1.10 times the amount of principal and interest coming due on all outstanding bonds payable from the income and revenues of the Sewerage and Water System each year. This requirement was met for the year ended December 31, 2017. The net earnings for the sewer utility were \$1,180,336 or 2.61 times the annual principal and interest amount of \$452,860. The net earnings for the water utility were \$373,728 or 1.75 times the annual principal and interest amount of \$194,553.

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NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Debt Limit Calculation

The 2017 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$426,400,200. The legal debt limit and margin of indebtedness as of December 31, 2017 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5% of \$426,400,200)	\$ 21,320,010
General obligation debt outstanding	(10,193,638)
Margin of indebtedness	\$ 11,126,372

Maturities of Long-Term Obligations

Maturities of the long-term debt to maturity, at December 31, 2017, are:

Years	Governmental Fund Debt		Enterprise Fund Debt	
	Principal	Interest	Principal	Interest
2018	\$ 2,093,087	\$ 357,553	\$ 684,904	\$ 186,863
2019	1,395,066	279,813	662,877	160,512
2020	1,448,937	226,846	691,876	133,406
2021	1,403,676	193,525	720,978	104,850
2022	741,448	143,708	745,189	75,275
2023-2027	2,046,424	434,611	1,589,886	67,187
2028-2032	1,065,000	75,620	53,375	1,787
Totals	\$ 10,193,638	\$ 1,711,676	\$ 5,149,085	\$ 729,880

NOTE 6

DEFINED BENEFIT 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 (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

**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.

**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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)

**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, including teachers, and executives and elected officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. 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 \$228,919 in contributions from the employer.

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NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contribution rates as of December 31, 2017 are:

	2017	
	Employee	Employer
General (including teachers, executives, and elected officials)	6.8%	6.6%
Protective with social security	6.8%	10.6%
Protective without social security	6.8%	14.9%

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

At December 31, 2017, the City reported a liability of \$197,233 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City's proportion was 0.02392902%, which was an increase of 0.00001636% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$504,067.

Pension amounts have been allocated to the proprietary funds and business-type activities. Allocations were based on the proportionate share of current year contributions to the pension plan made by the proprietary funds and business-type activities relative to the total contributions made by the City.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 75,205	\$ 620,279
Changes of assumptions	206,214	
Net differences between projected and actual earnings on pension plan investments	981,760	
Changes in proportion and differences between employer contributions and proportionate share of contributions	83	9,095
Employer contributions subsequent to the measurement date	294,186	
Total	\$ 1,557,448	\$ 629,374

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NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$294,186 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	<b>Net Outflows (Inflows) of Resources</b>
2018	\$ 258,105
2019	258,105
2020	176,428
2021	(59,094)
2022	344
Total	\$ 633,888

**Actuarial assumptions.** The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
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 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

**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:

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NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

<b>Asset Allocation Targets and Expected Returns</b>				
As of December 31, 2016				
Core Fund Asset Class	Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50 %	45 %	8.3 %	5.4 %
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<b>Variable Fund Asset Class</b>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%				
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations				

*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 3.78%. 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.

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NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase to Discount Rate (8.20%)</b>
City's proportionate share of the net pension liability (asset)	\$2,594,717	\$197,232	(\$1,648,939)

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

NOTE 7

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables as of December 31, 2017 were as follows:

Receivable Fund	Payable Fund	Amount
Government Funds:		
General	Transit system	\$ 184,296
Receivable Fund	Payable Fund	Amount
Enterprise Funds:		
Water utility	Sewer utility	\$ 171,876
Water utility	TIF #3	36,236
Sewer utility	TIF #3	38,764
	Total	\$ 246,876

The following is a schedule of interfund advances at December 31, 2017:

Receivable Fund	Payable Fund	Amount
Water utility	TIF #8	\$ 2,942,888
Sewer utility	TIF #8	3,660,000
TIF #4	TIF #8	1,001,106
TIF #4	TIF #6	127,743
	Total	\$ 7,731,737

No repayment schedule has been prepared for the advance to the TIF District's and no interest is being charged on the advance.

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NOTE 7                    INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

For the statement of net assets, interfund balances which are owned within the government activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

<u>Fund Transfer To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Government Funds:		
General	Water utility-tax equivalent	\$ 235,780
General	Sewer utility	250,008
General	Hotel/Motel revenue	75,460
General	Debt service fund	67,400
General	Capital improvements	11,111
Donations/Grants	General	2,500
Donations/Grants	Capital improvements	2,658
Airport	General	60,000
Transit system	General	9,000
Library	General	359,432
Debt service fund	General	1,309,438
Debt service fund	TIF #7	3,376
TIF #3	TIF #6	56,315
TIF #5	Debt service fund	1,168
TIF #5	TIF #6	103,540
TIF #8	TIF #4	141,789
TIF #9	TIF #7	12,776
	Total	<u>\$ 2,701,751</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collection from to the fund that statute or budget required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Cumulative transfers from the Debt Service fund to the TIF Districts due to a shortfall of the increment versus the required debt payments are:

TIF #3	\$ 838,493
TIF #5	554,287
TIF #6	640,639
TIF #7	10,128
TIF #8	1,647,546
TIF #10	36,063
	<u>\$ 3,727,156</u>

Repayment by the TIF Districts was determined to be unlikely, and as such, a transfer has been recorded.

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NOTE 8

GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2017 includes the following:

**GOVERNMENTAL ACTIVITIES**

Net investment in capital assets	
Land	\$ 4,453,696
Other capital assets, net of accumulated depreciation	19,643,105
Less: related long-term debt outstanding	<u>(6,446,034)</u>
Total net investment in capital assets	<u>17,650,767</u>
Restricted:	
Debt service	325,553
TIF #4	1,194,499
Inland Lakes	4,950
Hotel/motel tax	115,479
Revolving loans	486,030
Adult Recreation Center	31,589
Airport	109,299
TIF #7	56,795
TIF #9	211,771
TIF #10	66,969
Donation and Grants	59,399
Library	21,926
Perpetual care-expendable	<u>119,396</u>
Total restricted	<u>2,803,655</u>
Unrestricted	<u>(9,353,037)</u>
Total governmental activities net assets	<u>\$ 11,101,385</u>

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NOTE 8            GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONTINUED)

**GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2017 includes the following:

**Major Funds**

**General Fund:**

**Nonspendable:**

Prepays	\$ 1,066
Long-term receivable	100,723
Total	<u>\$ 101,789</u>

**Unassigned:** \$ 1,531,470

**Debt Service Fund:**

**Restricted:**

Restricted for future debt payments	<u>\$ 485,142</u>
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**TIF District #4 Fund:**

**Nonspendable:**

Advance	<u>\$ 1,128,849</u>
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**Restricted:**

Restricted for TIF purposes	<u>\$ 65,650</u>
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**Other Non-major Governmental Funds:**

**Nonspendable:**

Airport fund:

Inventories	<u>\$ 29,452</u>
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NOTE 8                    GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONTINUED)

<b>Restricted:</b>	
Inland Lakes fund:	
Restricted for future expenditures	\$        4,950
Hotel/motel tax fund:	
Restricted for economic development	115,479
Revolving loan fund:	
Restricted for economic development	46,937
Adult Recreation Center:	
Restricted for future expenditures	31,589
Airport fund:	
Restricted for future expenditures	79,847
Donations and Grants fund:	
Restricted for future expenditures	59,399
Library fund:	
Restricted for future expenditures	21,926
TIF Districts fund:	
Restricted for future TIF expenditures	
TIF #7	56,795
TIF #9	211,771
TIF #10	66,969
Perpetual care fund:	
Restricted for future cemetery expenditures	119,396
Total restricted non-major funds	<u>\$    815,058</u>
 <b>Assigned:</b>	
Capital Improvements Fund:	
Assigned for future capital projects	<u>\$    460,602</u>

The following non-major funds had deficit balances as of December 31, 2017:

<b>Unassigned fund balance (deficit)</b>	
Transit System Fund	\$    (120,131)
TIF Districts Fund:	
TIF #8	(7,603,994)
	<u>\$   (7,724,125)</u>

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NOTE 9 NET POSITION RESTRICTION – PROPRIETARY FUNDS

Portions of net position are restricted and are not available for current expenses as follows:

<u>Proprietary Funds</u>	
Water Utility:	
Restricted for:	
Debt reserves	\$ 239,765
Sewer Utility:	
Restricted for:	
Equipment	\$ 146,000
Maintenance	85,500
Debt reserves	643,562
Total	\$ 875,062

NOTE 10 JOINT VENTURES

The Waupaca Area Fire District was established in 1991 for the purpose of furnishing firefighting services to the territory included within the district. The municipalities participating in the fire district and their percentage shares are as follows: City of Waupaca – 34.077%; Town of Waupaca – 6.208%; Town of Dayton – 21.624%; Town of Farmington – 32.612%; and Town of Lind – 5.478%.

The percentage shares of each municipality are based on their 2017 share of equalized value within the district. The governing body consists of five voting members, those being the four town chairpersons and the chairperson of the Police and Fire Committee of the City of Waupaca. Budgets and expenditures must be approved by at least 80% of the shares. Fire district dues are based on the percentages above, and all shortfalls in revenue are allocated to each participating municipality in the same percentage. The Fire District does not have authority to borrow funds and participating municipalities do not have any equity interest in the assets of the district. The City accounts for its share of the operation in the general fund. The City believes that the district will continue to provide services in the future at similar rates.

Summary unaudited financial information of the Waupaca Area Fire District may be obtained at City Clerk’s Office, 111 South Main Street, Waupaca, WI 54981.

The Waupaca Regional Recycling/Composting Center was established in July of 1990 for the purpose of joining together in the recycling of items in the waste stream that can be recycled. Additionally, the other purposes of the center are to protect the interests of the taxpayers and to ensure that solid wastes generated within the district are properly recycled or disposed of in accordance with the applicable laws. The municipalities currently participating in the recycling district and their percentage shares are as follows: City of Waupaca – 38.81%; Town of Farmington – 25.65%; Town of Dayton – 17.72%; Town of Waupaca – 7.59%; and Town of Lind – 10.22%.

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NOTE 10

JOINT VENTURES (CONTINUED)

The percentage shares of each municipality are based on the 2016 census of all municipalities of Waupaca County. The budgeted costs are paid by each municipality in proportion to their share of ownership. The governing body consists of two delegates appointed from each municipality included in the center. The chairman of the center will be elected from the two delegates of the municipality having the largest population. Budgets and expenditures must be approved by two-thirds of the members present. Shortfalls in revenues or deficits will be paid pro-rata by all participating municipalities. The Center does not have the authority to borrow funds and participating municipalities do not have any equity interest assets of the Center. The City accounts for its share of the operation in the general fund. The City believes that the Center will continue to provide services in the future at similar rates.

Summary unaudited financial information of the Waupaca Regional Recycling/Compositing Center may be obtained at the City Clerk's Office, 111 South Main Street, Waupaca, WI 54981.

NOTE 11

LANDFILL POST CLOSURE CARE COST

The City of Waupaca has an old landfill that is no longer accepting waste and is being monitored. State and federal laws and regulations require the City to monitor, document and report the condition of the City's closed landfill site in perpetuity. City officials are unable to estimate the total cost of closing the landfill and post closure monitoring at this time. \$706,323, including current year costs of \$3,153 have been incurred to date in closing and monitoring the landfill. The City has received a grant from the Wisconsin Department of Natural Resources, which will finance approximately 50% of the original costs of the landfill over a period of years beginning in 1992. The City received \$27,559 from the DNR in 2000. Actual post closure care costs will be paid as incurred. No escrow accounts are required as a part of the current closure agreement and annual costs are paid from property tax revenues.

NOTE 12

TAX INCREMENTAL FINANCE DISTRICTS

Tax increment financing, as authorized by Section 66.46 of the Wisconsin Statutes, is a method by which the City can recover its development and public improvement costs in Tax Incremental Finance District (TIF) designated areas. These costs are recovered from the increased valuation in the designated area. The City has financed development and public improvement costs in its TIF primary through the issuance of long-term debt. Project costs have been reported primarily as Capital Projects Funds expenditures. Tax increments will be used to meet maturing debt obligations incurred to provide financing for development and public improvement costs within the tax incremental district. The District is allowed to collect tax increments until its termination date. Any over collections are returned to the various taxing entities of the District. The City becomes liable for any cost not recovered by the termination date.

During 2010, the City declared TIF District Numbers 3, 5 and 8 to be distressed Districts and TIF District Number 4 to be a Donor to TIF District Number 8 and TIF District Number 6 to be the donor to TIF Districts Number 3 and 5. As such, the donor Districts can use cumulative excess revenues over expenditures to aid in paying the costs of the distressed Districts. This could potentially add ten years to the life of the distressed Districts.

The City has eight active Tax Incremental Financing Districts. Project summaries of the activity and status of the districts through December 31, 2017 are provided as supplemental financial information.

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NOTE 13                    WASTEWATER REVENUE CONTRIBUTIONS - OTHER GOVERNMENTS

The Wastewater Utility provides treatment services to the Chain O'Lakes Sanitary District. During 2017, the following amounts were received:

Contributed capital:	
Replacement component	\$ 28,215
Customer charges:	
Flow component (net of overcharge)	207,138
Total	<u>\$ 235,353</u>

NOTE 14                    CONTINGENCIES

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

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

NOTE 15                    DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable 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 December 31, 2017 the various components of deferred inflows of resources were as follows:

Property tax receivable	\$ 5,375,510
Special assessments	33,248
Long-term notes receivable – CDBG	439,093
Long-term notes receivable – Townhouse Land	100,723
Total deferred inflows of resources for government funds	<u>\$ 5,948,574</u>

Postponed special assessments are generally collectible in annual installments over five years while the CDBG notes receivable have been deferred until the property is sold or homeowner becomes deceased.

The long-term notes receivable for the townhouse land is for a principal sum of \$200,000, payable in one installment on March 15, 2041. The note carries an interest rate of 0%. The note has been discounted at a rate of 3% in these financial statements. The discount as of December 31, 2017 was \$99,277.

NOTE 16                    CONCENTRATION OF RISK

Approximately 18% of the water utility operating revenues and approximately 6% of the sewer utility operating revenues are provided by one customer.

City of Waupaca, Wisconsin  
 Index to Notes to Basic Financial Statements  
 December 31, 2017

NOTE 17

TAX LEVY LIMIT

As part of Wisconsin’s Act 32 (2011), legislation was passed that limits the City’s future tax levies. Generally, the City is limited to its prior tax levy dollar amount, increased by the greater of the percentage change in the City’s equalized value due to new construction or zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

In addition, as part of Wisconsin’s Act 20 (2013), legislation was passed that further limits future tax levies. If the City adopts a new fee or a fee increase for covered services (which were partly or wholly funded by property tax levy), the City must reduce its levy limit in the current year by the amount of the new fee or fee increase, less any previous reductions. Covered services include garbage collection, snow plowing, street sweeping and stormwater management.

NOTE 18

TAX ABATEMENTS

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

The City of Waupaca, through one of its TID districts, has entered into tax abatement agreements with developers in the form of tax incremental financing incentives to stimulate economic development. The abatements are authorized through the TID project plan. The developers pay property taxes as they become due, and if they generate the guaranteed increment, a percentage of property tax generated based on a certain tax base is returned to developers.

For the year ended December 31, 2017, the City abated property taxes totaling \$31,926 related to TID #4 developer agreements.

NOTE 19

CONTINGENT LIABILITY

The City received residential lots in satisfaction of outstanding delinquent taxes. When the City sells the lots, it is to pay the County approximately \$46,745 in delinquent taxes.

NOTE 20

SUBSEQUENT EVENTS

Subsequent to December 31, 2017, the City approved purchasing Haberkorn Field from the Waupaca School District in an amount not to exceed \$155,000. Also, approved equipment purchases of approximately \$315,000. In addition, the City issued debt for 2018 projects and to refund current debt. Debt requirements are as follows:

Year	General Obligation Debt			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$	\$	\$	\$	\$ 100,304	\$ 100,304
2019	840,000	194,581	1,034,581	650,000	143,256	793,256
2020	980,000	108,251	1,088,251	670,000	123,456	793,456
2021	1,095,000	81,196	1,176,196	695,000	102,981	797,981
2022	515,000	59,270	574,270	710,000	81,906	791,906
2023 - 2027	1,745,000	69,126	1,814,126	1,995,000	148,793	2,143,793
2028				180,000	3,459	183,459
Totals	\$ 5,175,000	\$ 512,424	\$ 5,687,424	\$ 4,900,000	\$ 704,155	\$ 5,604,155

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1  
Required Supplementary Information  
City of Waupaca, Wisconsin  
Budgetary Comparison Schedule for the General Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
<b>REVENUES</b>					
Taxes	\$ 3,516,045	\$ 3,516,045	\$ 3,511,861	\$ (4,184)	\$ (4,184)
Licenses and permits	170,305	170,305	171,464	1,159	1,159
Fines, forfeits and penalties	70,000	70,000	72,898	2,898	2,898
Public charges for services	215,420	215,420	221,780	6,360	6,360
Intergovernmental	1,593,737	1,593,737	1,610,022	16,285	16,285
Interest	2,300	2,300	10,299	7,999	7,999
Miscellaneous	161,800	161,800	209,039	47,239	47,239
<b>Total revenues</b>	<b>5,729,607</b>	<b>5,729,607</b>	<b>5,807,363</b>	<b>77,756</b>	<b>77,756</b>
<b>EXPENDITURES</b>					
General government	886,821	640,889	748,893	137,928	(108,004)
Public safety	1,762,532	1,762,532	1,756,234	6,298	6,298
Health and social services	158,595	158,595	142,909	15,686	15,686
Public works	1,219,663	1,146,595	1,036,746	182,917	109,849
Culture, recreation and education	944,264	944,264	866,408	77,856	77,856
<b>Total expenditures</b>	<b>4,971,875</b>	<b>4,652,875</b>	<b>4,551,190</b>	<b>420,685</b>	<b>101,685</b>
Excess of revenues over (under) expenditures	757,732	1,076,732	1,256,173	498,441	179,441
<b>OTHER FINANCIAL SOURCES (USES)</b>					
Proceeds from sale of capital assets			2,103	2,103	2,103
Transfers in	661,260	661,260	639,759	(21,501)	(21,501)
Transfers out	(1,737,992)	(1,737,992)	(1,740,370)	(2,378)	(2,378)
<b>Total other financing sources (uses)</b>	<b>(1,076,732)</b>	<b>(1,076,732)</b>	<b>(1,098,508)</b>	<b>(21,776)</b>	<b>(21,776)</b>
<b>Net change in fund balance</b>	<b>(319,000)</b>		<b>157,665</b>	<b>476,665</b>	<b>157,665</b>
Fund balance - beginning	1,475,594	1,475,594	1,475,594		
Fund balance - ending	<u>\$ 1,156,594</u>	<u>\$ 1,475,594</u>	<u>\$ 1,633,259</u>	<u>\$ 476,665</u>	<u>\$ 157,665</u>

Exhibit B-2  
City of Waupaca, Wisconsin  
Wisconsin Retirement System Schedules  
December 31, 2017

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
Last 10 Calendar Years\*

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2016	0.00239290%	\$ 197,232	\$ 3,042,669	6.48%	99.12%
2015	0.02391266%	388,576	3,068,385	12.66%	98.20%
2014	(0.02371278%)	(582,291)	2,935,377	(19.84%)	102.74%

\*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 12 months prior to the financial reporting period.

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Calendar Years\*\*

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2017	\$ 294,186	\$ (294,186)		\$ 3,176,273	9.26%
2016	259,551	(259,551)		3,042,669	8.53%
2015	269,909	(269,909)		2,937,144	9.19%

\*\*The contribution and other amounts presented above for each calendar year are based on information that occurred during that calendar year.

City of Waupaca, Wisconsin  
Notes to Required Supplementary Information  
December 31, 2017

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NOTE 1

BUDGET SCHEDULE

**General Policies** – The City follows these procedures in establishing the budgetary data reflected in the financial statements:

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 1.C to the financial statements.

The City budget is adopted in accordance with state law. Budget amounts in the financial statements include appropriations authorized in the original budget resolution, designated carryovers from prior years, and subsequent revisions authorized by the City Council. Such revisions are required by a statutory provision, which states that no expenditures can be made from an expired appropriation. The statutes also require publication of the budget revisions. Revisions require a majority vote of the Common Council. Appropriations for the general fund lapse at year end unless specifically carried forward by council action.

Annual budgets, as required by state statutes, are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds. Budgets have not been formally adopted for certain special revenue and capital projects funds, since effective control is achieved through alternative means.

The budgeted amounts presented include both the original and amended budgets. The City council may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action. There were no supplemental appropriations during the year. Appropriations lapse at year-end unless assigned. Budgets are adopted at the broad functional category level of expenditures in the general fund and total expenditures level for other funds.

Although there are adopted budgets for the enterprise funds, budget to actual data is not shown since there is no requirement under U.S. generally accepted accounting principles to present budget to actual comparisons for enterprise funds as part of the financial statements, even if annual budgets are legally adopted for these funds.

**Encumbrances** – Encumbrance accounting is not used.

**Excess of Expenditures Over Appropriations** – For the year ended December 31, 2017, expenditures exceeded budgeted amounts for the following:

General government	\$ 108,004
Transfers Out	2,378

NOTE 2

WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 7 preceding years.

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes of assumptions.* A change in actuarial assumptions was made in 2015. Rates used in mortality tables were updated based on actual WRS experience and adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). The mortality table was adopted by the Board in connection with the 2012-2014 Experience Study. This assumption is used to measure the probabilities of participants dying before retirement and the probabilities of each benefit payment being made after retirement.

SUPPLEMENTARY INFORMATION

Exhibit C-1  
City of Waupaca, Wisconsin  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2017

	Inland Lakes	Hotel/Motel Tax	Transit System	Revolving Loans	Adult Recreation Center	Airport	Capital Improvements	Donations and Grants	Library	TIF Districts	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
<b>ASSETS</b>												
Cash and investments	\$ 5,751	\$ 120,094	\$	\$ 46,937	\$ 32,530	\$ 88,661	\$ 185,985	\$ 59,475	\$ 40,177	\$ 411,558	\$ 119,396	\$ 1,110,564
Cash and investments - restricted							277,924					277,924
Receivables:												
Taxes										1,326,649		1,326,649
Special assessments							34,208					34,208
Notes				439,093								439,093
Due from other governments			88,827									88,827
Other		31,067				10,076	150,406		176			191,725
Inventory						29,452						29,452
<b>Total assets</b>	<b>\$ 5,751</b>	<b>\$ 151,161</b>	<b>\$ 88,827</b>	<b>\$ 486,030</b>	<b>\$ 32,530</b>	<b>\$ 128,189</b>	<b>\$ 648,523</b>	<b>\$ 59,475</b>	<b>\$ 40,353</b>	<b>\$ 1,738,207</b>	<b>\$ 119,396</b>	<b>\$ 3,498,442</b>
<b>LIABILITIES</b>												
Accounts payable	\$ 801	\$ 35,682	\$ 24,662	\$	\$ 869	\$ 18,890	\$ 152,299	\$ 76	\$ 7,349	\$	\$	\$ 240,628
Developer payable							1,414			1,023		2,437
Accrued liabilities					72				11,078			11,150
Advances due from other funds										127,743		127,743
Due to other funds			184,296							75,000		259,296
<b>Total liabilities</b>	<b>801</b>	<b>35,682</b>	<b>208,958</b>		<b>941</b>	<b>18,890</b>	<b>153,713</b>	<b>76</b>	<b>18,427</b>	<b>203,766</b>		<b>641,254</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>												
Deferred revenue				439,093			34,208			1,198,906		1,672,207
<b>Total deferred inflows of resources</b>				<b>439,093</b>			<b>34,208</b>			<b>1,198,906</b>		<b>1,672,207</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>801</b>	<b>35,682</b>	<b>208,958</b>	<b>439,093</b>	<b>941</b>	<b>18,890</b>	<b>187,921</b>	<b>76</b>	<b>18,427</b>	<b>1,402,672</b>		<b>2,313,461</b>
<b>FUND BALANCES</b>												
Nonspendable						29,452						29,452
Restricted	4,950	115,479		46,937	31,589	79,847		59,399	21,926	335,535	119,396	815,058
Assigned							460,602					460,602
Unassigned (deficit)			(120,131)									(120,131)
<b>Total fund balances</b>	<b>4,950</b>	<b>115,479</b>	<b>(120,131)</b>	<b>46,937</b>	<b>31,589</b>	<b>109,299</b>	<b>460,602</b>	<b>59,399</b>	<b>21,926</b>	<b>335,535</b>	<b>119,396</b>	<b>1,184,981</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,751</b>	<b>\$ 151,161</b>	<b>\$ 88,827</b>	<b>\$ 486,030</b>	<b>\$ 32,530</b>	<b>\$ 128,189</b>	<b>\$ 648,523</b>	<b>\$ 59,475</b>	<b>\$ 40,353</b>	<b>\$ 1,738,207</b>	<b>\$ 119,396</b>	<b>\$ 3,498,442</b>

Exhibit C-2  
City of Waupaca, Wisconsin  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2017

	Inland Lakes	Hotel/Motel Tax	Transit System	Revolving Loans	Adult Recreation Center	Airport	Capital Improvements	Donations and Grants	Library	TIF Districts	Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
<b>REVENUES</b>												
Taxes	\$	\$ 251,534	\$	\$	\$	\$	\$	\$	\$	\$ 1,057,927	\$	\$ 1,309,461
Special assessments							91,470					91,470
Intergovernmental			288,211				111,199		376,491	4,248		780,149
Public charges for services					19,143	84,514			19,417			123,074
Miscellaneous:												
Interest				16			98				1,634	1,748
Other			41,674	31,113		33,043	15,526	31,446	89,941	8,688		251,431
<b>Total revenues</b>		251,534	329,885	31,129	19,143	117,557	218,293	31,446	485,849	1,070,863	1,634	2,557,333
<b>EXPENDITURES</b>												
General government								1,207				1,207
Public safety								19,638				19,638
Health and social services								10,653				10,653
Public works			351,623			202,675						554,298
Culture, recreation and education					19,923			15,214	854,442			889,579
Conservation and development	3,408	176,074								105,958		285,440
Capital outlay:												
General government							73,315					73,315
Public safety							49,579					49,579
Health and social services							26,807					26,807
Public works							483,832					483,832
Culture, recreation and education							82,594					82,594
Conservation and development										28,650		28,650
Debt service:												
Principal retirement										780,000		780,000
Interest and fiscal charges										79,686		79,686
Debt issuance costs										125		125
<b>Total expenditures</b>	3,408	176,074	351,623		19,923	202,675	716,127	46,712	854,442	994,419		3,365,403
Excess of revenues over (under) expenditures	(3,408)	75,460	(21,738)	31,129	(780)	(85,118)	(497,834)	(15,266)	(368,593)	76,444	1,634	(808,070)
<b>OTHER FINANCIAL SOURCES (USES)</b>												
Transfers in			9,000			60,000		5,158	359,432	173,799		607,389
Transfers out		(75,460)					(13,769)			(176,007)		(265,236)
Proceeds from sale of capital assets			536				32,287					32,823
Debt proceeds							750,000					750,000
<b>Total other financing sources (uses)</b>		(75,460)	9,536			60,000	768,518	5,158	359,432	(2,208)		1,124,976
<b>Net change in fund balances</b>	(3,408)		(12,202)	31,129	(780)	(25,118)	270,684	(10,108)	(9,161)	74,236	1,634	316,906
<b>Fund balances - beginning</b>	8,358	115,479	(107,929)	15,808	32,369	134,417	189,918	69,507	31,087	261,299	117,762	868,075
<b>Fund balances - ending</b>	\$ 4,950	\$ 115,479	\$ (120,131)	\$ 46,937	\$ 31,589	\$ 109,299	\$ 460,602	\$ 59,399	\$ 21,926	\$ 335,535	\$ 119,396	\$ 1,184,981

Exhibit C-3  
City of Waupaca, Wisconsin  
Combining Balance Sheet  
TIF Districts  
December 31, 2017

	TIF #3	TIF #5	TIF #6	TIF #7	TIF #9	TIF #10	Total
<b>ASSETS</b>							
Cash and investments	\$ 76,023	\$	\$	\$ 56,795	\$ 211,771	\$ 66,969	\$ 411,558
Receivables:							
Taxes	322,688	22,462	798,607	95,856		87,036	1,326,649
Total assets	\$ 398,711	\$ 22,462	\$ 798,607	\$ 152,651	\$ 211,771	\$ 154,005	\$ 1,738,207
<b>LIABILITIES</b>							
Developer payable	\$ 1,023	\$	\$	\$	\$	\$	\$ 1,023
Due to other funds	75,000						75,000
Advances due from other funds			127,743				127,743
Total liabilities	76,023		127,743				203,766
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred revenue	322,688	22,462	670,864	95,856		87,036	1,198,906
Total deferred inflows of resources	322,688	22,462	670,864	95,856		87,036	1,198,906
Total liabilities and deferred inflows of resources	398,711	22,462	798,607	95,856		87,036	1,402,672
<b>FUND BALANCES</b>							
Restricted for TIF expenditures				56,795	211,771	66,969	335,535
Total fund balances				56,795	211,771	66,969	335,535
Total liabilities, deferred inflows of resources and fund balances	\$ 398,711	\$ 22,462	\$ 798,607	\$ 152,651	\$ 211,771	\$ 154,005	\$ 1,738,207

Exhibit C-4  
City of Waupaca, Wisconsin  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
TIF Districts  
For the Year Ended December 31, 2017

	TIF #3	TIF #5	TIF #6	TIF #7	TIF #9	TIF #10	Total
<b>REVENUES</b>							
Taxes	\$ 315,872	\$ 21,103	\$ 549,472	\$ 84,919	\$	\$ 86,561	\$ 1,057,927
Intergovernmental	797	15	916	829	1,662	29	4,248
Miscellaneous:							
Other			8,688				8,688
<b>Total revenues</b>	<b>316,669</b>	<b>21,118</b>	<b>559,076</b>	<b>85,748</b>	<b>1,662</b>	<b>86,590</b>	<b>1,070,863</b>
<b>EXPENDITURES</b>							
Conservation and development	37,009	37,009	15,440	8,250		8,250	105,958
Capital outlay:							
Conservation and development	24,775	775	775	775	775	775	28,650
Debt service:							
Principal retirement	260,000	25,000	375,000	20,000		100,000	780,000
Interest and fiscal charges	51,200	5,100	7,881	300		15,205	79,686
Debt issuance costs			125				125
<b>Total expenditures</b>	<b>372,984</b>	<b>67,884</b>	<b>399,221</b>	<b>29,325</b>	<b>775</b>	<b>124,230</b>	<b>994,419</b>
<b>OTHER FINANCIAL SOURCES (USES)</b>							
Transfers in	56,315	104,708			12,776		173,799
Transfers out			(159,855)	(16,152)			(176,007)
<b>Total other financing sources (uses)</b>	<b>56,315</b>	<b>104,708</b>	<b>(159,855)</b>	<b>(16,152)</b>	<b>12,776</b>		<b>(2,208)</b>
Net change in fund balance		57,942		40,271	13,663	(37,640)	74,236
Fund balances - beginning		(57,942)		16,524	198,108	104,609	261,299
Fund balances - ending	\$	\$	\$	\$ 56,795	\$ 211,771	\$ 66,969	\$ 335,535

MISCELLANEOUS FINANCIAL DATA

City of Waupaca, Wisconsin  
 Historical Sources, Uses and Status of Funds - Tax Incremental Financing Districts  
 From Dates of Creation Through December 31, 2017

	TIF #3	TIF #4	TIF #5	TIF #6	TIF #7	TIF #8	TIF #9	TIF #10	Totals
<b>SOURCES OF FUNDS</b>									
Taxes	\$ 3,485,188	\$ 8,444,396	\$ 281,396	\$ 7,275,796	\$ 517,885	\$ 768,750	\$ 57,655	\$ 859,352	\$ 21,690,418
Intergovernmental	232,402	61,608	42,964	29,228	16,631	528,875	237,445	155	1,149,308
Other revenue	970,461	1,084,021	106,818	981,464	58,447	363,788	5,600	322,140	3,892,739
Sale of capital assets	414,434					536,835			951,269
Proceeds of long-term debt	7,883,644	8,235,985	1,187,975	9,915,000	690,000	20,705,000		1,919,915	50,537,519
Transfers	1,902,971		729,203	640,639	74,388	2,876,939	12,776	186,063	6,422,979
<b>Total sources</b>	<b>14,889,100</b>	<b>17,826,010</b>	<b>2,348,356</b>	<b>18,842,127</b>	<b>1,357,351</b>	<b>25,780,187</b>	<b>313,476</b>	<b>3,287,625</b>	<b>84,644,232</b>
<b>USES OF FUNDS</b>									
Capital expenditures	5,609,491	9,196,686	1,326,561	7,700,691	821,011	27,521,980	32,292	955,333	53,164,045
Debt service:									
Principal retirement	3,605,000	4,692,869	652,135	8,329,793	192,880	1,759,870		635,130	19,867,677
Interest and fiscal charges	1,362,192	2,209,312	369,660	1,344,091	90,565	1,925,001		277,507	7,578,328
Transfers	4,312,417	532,644		1,467,552	196,100	2,177,330	69,413	1,352,687	10,108,143
<b>Total uses</b>	<b>14,889,100</b>	<b>16,631,511</b>	<b>2,348,356</b>	<b>18,842,127</b>	<b>1,300,556</b>	<b>33,384,181</b>	<b>101,705</b>	<b>3,220,657</b>	<b>90,718,193</b>
Fund balance at December 31	\$	\$ 1,194,499	\$	\$	\$ 56,795	\$ (7,603,994)	\$ 211,771	\$ 66,968	\$ (6,073,961)
Cash	\$ (76,023)	\$ (1,194,126)	\$	\$	\$ (56,795)	\$	\$ (211,771)	\$ (66,968)	\$ (1,605,683)
Taxes receivable				(127,743)					(127,743)
Other receivable		(373)							(373)
Developer payables	1,023								1,023
Debt outstanding	2,073,644	690,985	232,975	55,000		2,825,000		380,000	6,257,604
Advance due from other funds				127,743		1,001,106			1,128,849
Due to other funds	75,000					6,602,888			6,677,888
Balance to be collected (surplus) at December 31	\$ 2,073,644	\$ (503,514)	\$ 232,975	\$ 55,000	\$ (56,795)	\$ 10,428,994	\$ (211,771)	\$ 313,032	\$ 12,331,565