

COLUMBUS SEWER UTILITY

An Enterprise Fund of the
City of Columbus, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2015 and 2014

COLUMBUS SEWER UTILITY

An Enterprise Fund of the City of Columbus, Wisconsin

TABLE OF CONTENTS

As of and for the Years Ended December 31, 2015 and 2014

| | |
|---|---------|
| Independent Auditors' Report | 1 - 2 |
| Required Supplementary Information | |
| Management's Discussion and Analysis | 3 - 7 |
| Financial Statements | |
| Statements of Net Position | 8 - 9 |
| Statements of Revenues, Expenses, and Changes in Net Position | 10 |
| Statements of Cash Flows | 11 - 12 |
| Notes to Financial Statements | 13 - 33 |
| Required Supplementary Information | |
| Schedule of Proportionate Share of Net Pension Liability | 34 |
| Schedule of Contributions - Pension | 34 |
| Notes to Required Supplementary Information | 35 |
| Supplemental Information | |
| Sewer Utility | |
| Utility Plant | 36 |
| Operating Revenues and Expenses | 37 |

INDEPENDENT AUDITORS' REPORT

To the City Council
Columbus Sewer Utility
Columbus, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the Columbus Sewer Utility, an enterprise fund of the City of Columbus, Wisconsin, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Columbus Sewer Utility as of December 31, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council
Columbus Sewer Utility

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Columbus Sewer Utility enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Columbus, Wisconsin, as of December 31, 2015 and 2014 and the respective changes in financial position, or cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in the Note 1, the Columbus Sewer Utility has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. The cumulative effect of the change is shown in the current year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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



Madison, Wisconsin
April 26, 2016

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

COLUMBUS SEWER UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended December 31, 2015 and 2014

The management of the Columbus Sewer Utility (utility) offers all persons interested in the financial position of the utility this narrative overview and analysis of the utility's financial performance during the years ending December 31, 2015 and 2014. You are invited to read this narrative in conjunction with the utility's financial statements.

FINANCIAL HIGHLIGHTS

- > Total assets decreased by \$381,000 from the prior year primarily due to a \$325,000 decrease in net utility plant, due to depreciation expense, a \$71,000 decrease in cash and investments, and a \$23,000 decrease in advance to TIF 3. Capital asset activity is discussed later in this analysis. In 2014, total assets had decreased by \$157,000 from 2013 primarily due to a \$301,000 decrease in net utility plant offset by a \$167,000 increase in cash and investments and a \$23,000 decrease in advance to TIF 3.
- > Operating revenues increased by \$54,000, primarily because of an increase in wholesale revenues. In 2014, operating revenues had decreased from 2013 by \$14,000 primarily due to a decrease in Elba revenues due to a rate decrease effective January 1, 2014.
- > Operation and maintenance expenses in 2015 increased by \$97,000, primarily due to maintenance of the sewer lining in the sewer collection system. In 2014, operating expenses decreased by \$6,000 from 2013, due to less maintenance of the sewer collection system.

OVERVIEW OF THE FINANCIAL STATEMENTS/USING THIS REPORT

The Columbus Sewer Utility is an enterprise fund of the City of Columbus and is managed by the City Council. The purpose of the utility is to provide sewer service to properties located within the municipality and the Town of Elba Sanitary District and the Village of Fall River. The utility served 2,157, 2,144, and 2,139 customers in 2015, 2014, and 2013, respectively.

This annual report consists of two parts: Management's Discussion and Analysis (this section) and the financial statements. The utility follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities and operations of the utility.

- > The Statements of Net Position includes all of the utility's assets, deferred outflows, and liabilities and provides information about the nature and amount of investments in resources and the obligations to creditors. This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the utility.
- > The Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the utility's financial health.
- > The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

COLUMBUS SEWER UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended December 31, 2015 and 2014

UTILITY FINANCIAL ANALYSIS

An analysis of the utility's financial position begins with a review of the Statements of Net Position, and the Statements of Revenues, Expenses and Changes in Net Position report information. These two statements report the utility's net position and changes therein. The utility's net position – the difference between assets and liabilities is key to measuring the financial health of the utility. Over time, increases or decreases in the net position are an indicator of whether the financial position is improving or deteriorating. However, it should be noted that the financial position can also be affected by other non-financial factors, including economic conditions, customer growth, climate conditions and new regulations.

A summary of the utility's Statements of Net Position is presented in Table 1-A.

Table 1-A
Condensed Statements of Net Position

| | 2015 | 2014 | 2013 | Percentage Change '15 v '14 |
|----------------------------------|---------------------|---------------------|---------------------|-----------------------------------|
| Current and other assets | \$ 3,643,000 | \$ 3,698,000 | \$ 3,554,000 | -1% |
| Capital Assets (Net) | 9,708,000 | 10,033,000 | 10,334,000 | (3) |
| Total Assets | 13,351,000 | 13,731,000 | 13,888,000 | (3) |
| Deferred Outflows of Resources | 42,000 | - | - | 100 |
| Long-term Debt Outstanding | 3,341,000 | 3,793,000 | 4,010,000 | (12) |
| Other liabilities | 126,000 | 105,000 | 94,000 | 20 |
| Total Liabilities | 3,467,000 | 3,898,000 | 4,104,000 | (11) |
| Net investment in capital assets | 6,367,000 | 6,240,000 | 6,324,000 | 2 |
| Restricted | 563,000 | 653,000 | 380,000 | (14) |
| Unrestricted | 2,996,000 | 2,940,000 | 3,080,000 | 2 |
| Total Net Position | \$ 9,926,000 | \$ 9,833,000 | \$ 9,784,000 | 1% |

During 2015, the decrease in total assets was driven mainly by a decrease in capital assets. This was primarily due to an additional year of depreciation. In 2014, the decrease in total assets was driven mainly by a decrease in capital assets.

As previously noted, the Statements of Net Position show the change in financial position of net position. The specific nature or source of these changes then becomes more evident in the Statements of Revenues, Expenses and Changes in Net Position as shown in Table 2-A .

COLUMBUS SEWER UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended December 31, 2015 and 2014

UTILITY FINANCIAL ANALYSIS (cont.)

Table 2-A
Condensed Statements of Revenues,
Expenses and Changes in Net Position

| | 2015 | 2014 | 2013 | Percentage Change '15 v '14 |
|--|--------------|--------------|--------------|-----------------------------------|
| Operating revenues | \$ 1,412,000 | \$ 1,358,000 | \$ 1,372,000 | 4% |
| Nonoperating revenues | 29,000 | 21,000 | 17,000 | 33 |
| Total Revenues | 1,441,000 | 1,379,000 | 1,389,000 | 4 |
| Depreciation expense | 557,000 | 554,000 | 548,000 | 1 |
| Operation & maintenance | 822,000 | 725,000 | 731,000 | 13 |
| Nonoperating expenses | 98,000 | 109,000 | 123,000 | (11) |
| Total Expenses | 1,477,000 | 1,388,000 | 1,402,000 | 6 |
| Income (Loss) Before Capital Contributions | (36,000) | (9,000) | (13,000) | (311) |
| Capital contributions | 47,000 | 58,000 | 119,000 | (18) |
| Change in net position | 11,000 | 49,000 | 106,000 | (80) |
| Cumulative effect of a change in accounting principle | 82,000 | - | - | 100 |
| Beginning Net Position | 9,833,000 | 9,784,000 | 9,678,000 | 1 |
| Net Position End of Year | \$ 9,926,000 | \$ 9,833,000 | \$ 9,784,000 | 1% |

The increase in net position for 2015 is primarily due to a cumulative effect of a change in accounting principle that existed because of the implementation of a new accounting standard related to pensions (see Note 8 and 10). The increase in net position in 2014 is primarily due to a decrease in non-operating expenses due to the prior year amortization of debt issuance costs.

COLUMBUS SEWER UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended December 31, 2015 and 2014

UTILITY FINANCIAL ANALYSIS (cont.)

Condensed Statements of Cash Flows are presented in Table 3-A.

Table 3-A
Condensed Statements of Cash Flows

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>Percentage Change '15 v '14</u> |
|--|-------------------------|-------------------------|-------------------------|--|
| Cash Flows From: | | | | |
| Operating activities | \$ 572,000 | \$ 682,000 | \$ 627,000 | (16)% |
| Noncapital financing activities | 24,000 | 23,000 | 23,000 | 4 |
| Capital and related financing activities | (806,000) | (553,000) | (1,003,000) | (46) |
| Investing activities | <u>1,777,000</u> | <u>(1,403,000)</u> | <u>(130,000)</u> | <u>159</u> |
| Net Change in Cash and Cash Equivalents | 1,567,000 | (1,251,000) | (483,000) | 150 |
| Cash and Cash Equivalents - Beginning of Year | <u>1,568,000</u> | <u>2,819,000</u> | <u>3,302,000</u> | <u>(44)</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 3,135,000</u> | <u>\$ 1,568,000</u> | <u>\$ 2,819,000</u> | <u>40%</u> |

During 2015, cash flow related to investing increased due to the sale of investments and no purchasing activity. In 2014, the cash flow related to investing decreased with the purchase of new investments to finance the James St. project.

CAPITAL ASSETS

During 2015, capital assets increased \$181,000 primarily due to the Clarifier rehab project. Net capital assets decreased by \$325,000 due to an additional year of depreciation. In 2014, capital assets increased \$161,000 due to the Clarifier Pipe Project and Control Panel upgrade. Net capital assets decreased by \$301,000 due to an additional year of depreciation.

LONG-TERM DEBT

During 2015 and 2014, the utility retired \$161,000 and \$158,000 of outstanding revenue bonds. The utility also retired \$290,000 and \$60,000 of general obligation debt in 2015 and 2014. The 2008 and 2010 G.O. bonds were paid off with cash on hand in 2015. Repayment schedules are included in Note 6.

COLUMBUS SEWER UTILITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended December 31, 2015 and 2014

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

The current sewer rates were approved by the city council with an effective date of October 19, 2010. The rate charged to Elba Sanitary District was reviewed and decreased effective January 1, 2014.

In 2010, the utility signed an agreement with the Village of Fall River to allow the utility to provide wholesale wastewater treatment to the Village. The Village connected to the utility in early 2012.

CONTACTING UTILITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, investors and creditors with a general overview of the utility's finances. If you have questions about this report, or need additional financial information, contact the Columbus Sewer Utility at the Columbus City Hall via phone 920 623 5900 or mail 105 N. Dickason Blvd., Columbus, WI 53925.

COLUMBUS SEWER UTILITY

STATEMENTS OF NET POSITION As of December 31, 2015 and 2014

| | <i>ASSETS</i> | <u>2015</u> | <u>2014</u> |
|---------------------------------------|---------------|---------------------|---------------------|
| CURRENT ASSETS | | | |
| Cash and investments | | \$ 1,195,151 | \$ 1,267,269 |
| Main replacement account | | 1,107,177 | 1,149,295 |
| Pump replacement account | | 113,450 | 83,159 |
| Connection charge account | | 186,247 | 153,884 |
| Interest receivable | | 4,566 | 7,034 |
| Restricted Assets | | | |
| Redemption account | | 120,820 | 195,675 |
| Other accounts receivable | | 23,260 | 18,152 |
| Due from water utility | | 99,656 | 84,160 |
| Due from TIF district | | <u>24,212</u> | <u>23,737</u> |
| Total Current Assets | | <u>2,874,539</u> | <u>2,982,365</u> |
| NONCURRENT ASSETS | | | |
| Restricted Assets | | | |
| Replacement account | | 411,831 | 468,695 |
| Net pension asset | | 40,684 | - |
| Other Assets | | | |
| Preliminary survey and investigation | | 131,586 | 39,213 |
| Long-term receivable from TIF | | 183,596 | 207,808 |
| Capital Assets | | | |
| Plant in service | | 20,403,953 | 20,222,697 |
| Accumulated depreciation | | <u>(10,696,207)</u> | <u>(10,190,120)</u> |
| Total Noncurrent Assets | | <u>10,475,443</u> | <u>10,748,293</u> |
| Total Assets | | <u>13,349,982</u> | <u>13,730,658</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pension | | <u>42,313</u> | <u>-</u> |

| LIABILITIES | | <u>2015</u> | <u>2014</u> |
|--|--|---------------------|---------------------|
| CURRENT LIABILITIES | | | |
| Accounts payable | | \$ 46,325 | \$ 24,484 |
| Accrued wages | | 8,884 | 10,428 |
| Accrued interest | | 7,667 | 10,126 |
| Accrued vacation leave | | 11,191 | 9,663 |
| Current portion of general obligation debt | | 65,000 | 65,000 |
| Current Liabilities Payable from Restricted Assets | | | |
| Current portion of revenue bonds | | 165,403 | 161,449 |
| Accrued interest | | <u>10,727</u> | <u>11,397</u> |
| Total Current Liabilities | | <u>315,197</u> | <u>292,547</u> |
| NONCURRENT LIABILITIES | | | |
| General obligation debt | | 685,000 | 975,000 |
| Revenue bonds | | 2,425,834 | 2,591,248 |
| Accrued sick leave | | <u>40,795</u> | <u>38,782</u> |
| Total Noncurrent Liabilities | | <u>3,151,629</u> | <u>3,605,030</u> |
| | | | |
| Total Liabilities | | <u>3,466,826</u> | <u>3,897,577</u> |
| | | | |
| NET POSITION | | | |
| Net investment in capital assets | | 6,366,509 | 6,239,880 |
| Restricted for: | | | |
| Debt Service | | 110,093 | 184,278 |
| Equipment Replacement | | 411,831 | 468,695 |
| Pension | | 40,684 | - |
| Unrestricted | | <u>2,996,352</u> | <u>2,940,228</u> |
| | | | |
| TOTAL NET POSITION | | <u>\$ 9,925,469</u> | <u>\$ 9,833,081</u> |

See accompanying notes to the financial statements.

COLUMBUS SEWER UTILITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| OPERATING REVENUES | | |
| Treatment charges | \$ 1,378,517 | \$ 1,332,588 |
| Other | <u>33,153</u> | <u>25,567</u> |
| Total Operating Revenues | <u>1,411,670</u> | <u>1,358,155</u> |
| OPERATING EXPENSES | | |
| Operation and maintenance | 821,778 | 724,630 |
| Depreciation | <u>556,996</u> | <u>554,432</u> |
| Total Operating Expenses | <u>1,378,774</u> | <u>1,279,062</u> |
| OPERATING INCOME | <u>32,896</u> | <u>79,093</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment income | 24,915 | 19,754 |
| Interest subsidy revenue | 2,641 | 2,036 |
| Interest expense | <u>(97,773)</u> | <u>(109,472)</u> |
| Total Nonoperating Revenues (Expenses) | <u>(70,217)</u> | <u>(87,682)</u> |
| Loss Before Contributions | (37,321) | (8,589) |
| CAPITAL CONTRIBUTIONS | 6,860 | - |
| CAPITAL CONTRIBUTIONS - CONNECTION FEES | <u>40,500</u> | <u>58,000</u> |
| CHANGE IN NET POSITION | 10,039 | 49,411 |
| NET POSITION - Beginning of Year | 9,833,081 | 9,783,670 |
| Cumulative effect of a change in accounting principle | <u>82,349</u> | <u>-</u> |
| NET POSITION - END OF YEAR | <u>\$ 9,925,469</u> | <u>\$ 9,833,081</u> |

See accompanying notes to the financial statements.

COLUMBUS SEWER UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Received from customers | \$ 1,393,707 | \$ 1,373,816 |
| Paid to suppliers for goods and services | (593,071) | (467,121) |
| Paid to employees for operating payroll | (229,072) | (225,166) |
| Net Cash Flows From Operating Activities | <u>571,564</u> | <u>681,529</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Repayments of advances from other funds including principal | <u>23,737</u> | <u>23,272</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of capital assets | (294,123) | (282,051) |
| Capital contributions received | 40,500 | 58,000 |
| Debt retired | (451,460) | (217,589) |
| Interest paid | (100,902) | (110,880) |
| Net Cash Flows From Capital and Related Financing Activities | <u>(805,985)</u> | <u>(552,520)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investments purchased | - | (1,750,000) |
| Investments sold and matured | 738,500 | 332,079 |
| Investment income | 27,383 | 14,887 |
| Net Cash Flows From Investing Activities | <u>765,883</u> | <u>(1,403,034)</u> |
| Net Change in Cash and Cash Equivalents | 555,199 | (1,250,753) |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>1,567,977</u> | <u>2,818,730</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 2,123,176</u> | <u>\$ 1,567,977</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Developer financed additions to utility plant | <u>\$ 6,860</u> | <u>\$ -</u> |

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating income | \$ 32,896 | \$ 79,093 |
| Nonoperating revenue (expense) | 2,641 | - |
| Noncash items in operating income | | |
| Depreciation | 556,996 | 554,432 |
| Changes in assets and liabilities | | |
| Other accounts receivable | (5,108) | 4,626 |
| Due from water utility | (15,496) | 11,035 |
| Prepayments | - | 10,940 |
| Pension related deferrals and liabilities | (648) | - |
| Accounts payable | (1,714) | 6,431 |
| Due to municipality | - | (10,940) |
| Accrued wages | (1,544) | 891 |
| Accrued vacation and sick leave | 3,541 | 25,021 |
| | <u>3,541</u> | <u>25,021</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ 571,564</u> | <u>\$ 681,529</u> |
| | | |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS | | |
| Cash and investments | \$ 1,195,151 | \$ 1,267,269 |
| Redemption account | 120,820 | 195,675 |
| Replacement account | 411,831 | 468,695 |
| Main replacement account | 1,107,177 | 1,149,295 |
| Pump replacement account | 113,450 | 83,159 |
| Connection charge account | 186,247 | 153,884 |
| Total Cash and Investments | 3,134,676 | 3,317,977 |
| Less: Noncash equivalents | <u>(1,011,500)</u> | <u>(1,750,000)</u> |
| CASH AND CASH EQUIVALENTS | <u>\$ 2,123,176</u> | <u>\$ 1,567,977</u> |

See accompanying notes to the financial statements.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Columbus Sewer Utility (utility) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the utility are described below.

REPORTING ENTITY

The utility is a separate enterprise fund of the City of Columbus (municipality). The utility is managed by the city council. The utility provides sewer service to properties within the municipality. The utility also provides sewer service to the Town of Elba Sanitary District and the Village of Fall River.

The sewer utility operates under rules and rates established by the city council.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The utility is presented as an enterprise fund of the municipality. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

The financial statements 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.

GASB issued Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, in June 2012 and November 2013, respectively. These statements establish accounting and financial reporting standards for the accounting and reporting to the utility's cost-sharing multiple employer pension plan. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employer*. The utility adopted these statements effective January 1, 2015. The cumulative impact of implementation is shown in Note 10.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, AND NET POSITION

Deposits and Investments

For purposes of the statement of cash flows, cash, and cash equivalents have original maturities of three months or less from the date of acquisition.

Investment of utility funds is restricted by state statutes. Investments are limited to:

- > Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- > Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- > 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.

The utility has adopted an investment policy. That policy follows the state statute for allowable investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Receivables/Payables

Transactions between the utility and other funds of the municipality that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between the utility and other funds of the municipality are reported as due to/from other funds.

The utility has the right under Wisconsin statutes to place delinquent sewer bills on the tax roll for collection. As such, no allowance for uncollectible customer accounts is considered necessary.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, AND NET POSITION (cont.)

Main and Pump Replacement Accounts

The council has established designated cash accounts for the replacement of sewer mains and lift station pumps which are shown as replacement accounts on the Statements of Net Position.

The council has elected to internally designate the main replacement account for the James Street reconstruction project that is expected to begin in 2017. These funds are not legally restricted and could be used for other purposes if the need arose. The utility has \$1,107,177 and \$1,149,295 designated as of December 31, 2015 and 2014, respectively. This amount is shown in the Current Assets section of the Statements of Net Position.

Connection Charge Account

This account represents fees collected for hook-up to the sewer system for the payment of debt service. It is available for any utility purposes.

Preliminary Survey and Investigation

The balance represents initial project engineering costs related to utility plant construction. The balance will be capitalized upon commencement of the project.

Capital Assets

Capital assets are generally defined by the utility as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year.

Capital assets of the utility are recorded at cost or the fair market value at the time of contribution to the utility. Major outlays for utility plant are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the capital assets constructed, net of interest earned on the invested proceeds over the same period. Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

| | <u>Years</u> |
|---------------------------|--------------|
| Sewer Plant | |
| Collecting system | 10 - 100 |
| Collecting system pumping | 15 - 20 |
| Treatment and disposal | 15 - 40 |
| General | 7 - 20 |

Pensions

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

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, AND NET POSITION (cont.)

Deferred Outflow of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Accrued Sick Leave and Vacation

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Vested vacation and sick leave pay is accrued when earned in the financial statements. The liability is liquidated from general operating revenues of the utility.

Advance to TIF 3

Prior to 2010, TIF 3 had not paid anything to the Sewer Utility for the West Side Interceptor. In 2010, TIF 3 paid \$100,000 with interest and still owed \$231,545 at the beginning of 2015. This was recorded as an advance from the Sewer in TIF 3 in 2010. There is now a repayment schedule for the remainder of the advance. In 2015, the Sewer Utility received \$28,368, of this \$23,737 was principal and \$4,631 was interest. See the City of Columbus financial statements for additional details and the repayment schedule.

Long-Term Obligations

Long-term debt and other obligations are reported as utility liabilities. Bond premiums and discounts, are amortized over the life of the bonds using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position.

REVENUES AND EXPENSES

The utility distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the utility's principal ongoing operations. The principal operating revenues of the utility are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Charges for Services

Billings are rendered and recorded monthly based on metered usage. The utility does not accrue revenues beyond billing dates.

Current rates were approved by the city council with an effective date of October 19, 2010. The city council also revised the rate charged to the Town of Elba, with an effective date of January 1, 2014. The city council approved the Fall River rates in accordance with their agreement dated June 1, 2010.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

REVENUES AND EXPENSES (cont.)

Capital Contributions

Cash and capital assets are contributed to the utility from customers, the municipality, or external parties. The value of property contributed to the utility is reported as revenue on the statements of revenues, expenses, and changes in net position.

Connection Fee

The sewer utility charges new customers a connection fee to connect to the system. Fees collected are recorded as capital contributions on the statements of revenues, expenses, and changes in net position.

Taxes

Municipal utilities are exempt from income taxes.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has approved GASB Statement No. 72, *Fair Value Measure and Application*, Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and Statement No. 79, *Certain External Investment Pools and Pool Participants*. When they become effective, application of these standards may restate portions of these financial statements.

COMPARATIVE DATA

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2015 and 2014

NOTE 2 - DEPOSITS AND INVESTMENTS

| | Carrying Value as of December 31, | | Risks |
|--------------------------|--------------------------------------|--------------|------------------|
| | 2015 | 2014 | |
| Checking and savings | \$ 555,048 | \$ 660,338 | Custodial credit |
| Certificates of deposits | 1,137,190 | 1,941,979 | Custodial credit |
| Money market | 1,416,020 | 689,277 | Custodial credit |
| LGIP | 26,418 | 26,383 | Credit |
| Totals | \$ 3,134,676 | \$ 3,317,977 | |

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000.

The utility may also maintain separate cash and investment accounts at the same financial institutions utilized by the municipality. Federal depository insurance and the SDGF apply to all municipal accounts, and accordingly, the amount of insured funds is not determinable for the utility alone. Therefore, coverage for the utility may be reduced. Investment income on commingled investments of the entire municipality is allocated based on average investment balances.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2015 and 2014, the fair value of the LGIP's assets were substantially equal to the utility's share.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the utility's deposits may not be returned to the utility.

Investments

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

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

The utility maintains deposits with the same institutions as the municipality. The following is a summary of the these balances disclosed by bank.

| | 2015 | | 2014 | |
|---|-----------------|-------------------|-----------------|-------------------|
| | Bank Balance | Carrying Value | Bank Balance | Carrying Value |
| Anchor Bank | \$ 445,554 | \$ 445,554 | \$ 401,503 | \$ 401,503 |
| Farmers and Merchants Union Bank including CDARS | 632,020 | 632,020 | 878,943 | 878,943 |
| DMB Community Bank | 2,030,684 | 2,030,684 | 2,011,148 | 2,011,148 |
| Totals | \$ 3,108,258 | \$ 3,108,258 | \$ 3,291,594 | \$ 3,291,594 |

The utility's investment policy addresses this risk. The utility and city have obtained collateral agreements as of December 31, 2015 and 2014 for \$9,933,576 and \$9,775,507. The collateral was held at Farmers and Merchants Union Bank and DMB Community Bank in 2015 and 2014.

Credit Risk

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

The utility held investments in the Local Government Investment Pool which is an external pool that is not rated.

Investment Policy

Credit Risk

The utility's investment policy addresses this risk. The utility qualifies institutions as established by state statutes. The utility has specifically identified LGIP as an authorized institution.

NOTE 3 - INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund balances for the years ending December 31, 2015 and 2014:

| Due To | Due From | 2015 | | 2014 | |
|--------|----------|-----------|-------------------|-----------|-------------------|
| | | Amount | Principal Purpose | Amount | Principal Purpose |
| Sewer | Water | \$ 99,656 | Utility billings | \$ 84,160 | Utility billings |

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 4 - RESTRICTED ASSETS

Restricted Accounts

Certain proceeds of the utility's debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited. The following accounts are reported as restricted assets:

Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.

Replacement Account

As a condition of receiving state and federal funds for wastewater plant construction, the utility has established an account for replacement of certain mechanical equipment.

Restricted Net Position

The following calculation supports the amount of restricted net position:

| | <u>2015</u> | <u>2014</u> |
|--|-------------------|-------------------|
| Restricted Assets | | |
| Restricted Assets | \$ 120,820 | \$ 195,675 |
| Depreciation account | 411,831 | 468,695 |
| | <u>40,684</u> | <u>-</u> |
| Total Restricted Assets | <u>573,335</u> | <u>664,370</u> |
| Current Liabilities Payable From Restricted Assets | <u>(10,727)</u> | <u>(11,397)</u> |
| Total Restricted Net Position as Calculated | <u>\$ 562,608</u> | <u>\$ 652,973</u> |

The purpose of the restricted net position is as follows:

| | <u>2015</u> | <u>2014</u> |
|-------------------------------|-------------------|-------------------|
| Debt service | \$ 110,093 | \$ 184,278 |
| Equipment replacement | 411,831 | 468,695 |
| Pension | <u>40,684</u> | <u>-</u> |
| Total Restricted Net Position | <u>\$ 562,608</u> | <u>\$ 652,973</u> |

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for 2015 follows:

| | Balance 1/1/15 | Increases | Decreases | Balance 12/31/15 |
|---|-------------------|-----------|-----------|---------------------|
| Capital assets, not being depreciated | | | | |
| Land and land rights | \$ 2,500 | \$ - | \$ - | \$ 2,500 |
| Capital assets being depreciated | | | | |
| Collecting system | 8,687,544 | 6,860 | - | 8,694,404 |
| Collecting system pumping | 620,217 | 13,508 | - | 633,725 |
| Treatment and disposal | 10,566,916 | 180,906 | 32,192 | 10,715,630 |
| General | 345,520 | 36,305 | 24,131 | 357,694 |
| Total Capital Assets Being Depreciated | 20,220,197 | 237,579 | 56,323 | 20,401,453 |
| Total Capital Assets | 20,222,697 | 237,579 | 56,323 | 20,403,953 |
| Less: Accumulated depreciation | | | | |
| Collecting system | (1,423,973) | (112,827) | - | (1,536,800) |
| Collecting system pumping | (574,312) | (29,884) | - | (604,196) |
| Treatment and disposal | (7,847,782) | (401,683) | 32,192 | (8,217,273) |
| General | (344,053) | (18,016) | 24,131 | (337,938) |
| Total Accumulated Depreciation | (10,190,120) | (562,410) | 56,323 | (10,696,207) |
| Net Capital Assets | \$ 10,032,577 | | | \$ 9,707,746 |

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 5 - CHANGES IN CAPITAL ASSETS (cont.)

A summary of changes in capital assets for 2014 follows:

| | Balance 1/1/14 | Increases | Decreases | Balance 12/31/14 |
|---|-------------------|-----------|-----------|---------------------|
| Capital assets, not being depreciated | | | | |
| Land and land rights | \$ 2,500 | \$ - | \$ - | \$ 2,500 |
| Capital assets being depreciated | | | | |
| Collecting system | 8,687,544 | - | - | 8,687,544 |
| Collecting system pumping | 574,790 | 70,893 | 25,466 | 620,217 |
| Treatment and disposal | 10,454,321 | 179,032 | 66,437 | 10,566,916 |
| General | 342,394 | 3,126 | - | 345,520 |
| Total Capital Assets Being Depreciated | 20,059,049 | 253,051 | 91,903 | 20,220,197 |
| Total Capital Assets | 20,061,549 | 253,051 | 91,903 | 20,222,697 |
| Less: Accumulated depreciation | | | | |
| Collecting system | (1,311,182) | (112,791) | - | (1,423,973) |
| Collecting system pumping | (571,365) | (28,413) | 25,466 | (574,312) |
| Treatment and disposal | (7,517,706) | (396,513) | 66,437 | (7,847,782) |
| General | (327,337) | (16,716) | - | (344,053) |
| Total Accumulated Depreciation | (9,727,590) | (554,433) | 91,903 | (10,190,120) |
| Net Capital Assets | \$ 10,333,959 | | | \$ 10,032,577 |

NOTE 6 - LONG-TERM OBLIGATIONS

Revenue Bonds

The following bonds have been issued:

| Date | Purpose | Final Maturity | Interest Rates | Original Amount | Outstanding Amount 12/31/15 |
|------------|-----------------------|-------------------|-------------------|--------------------|-----------------------------------|
| 11/14/2007 | Clean Water Fund Loan | 5/1/2027 | 2.475% | \$ 2,258,679 (1) | \$ 1,488,714 |
| 6/8/2011 | Clean Water Fund Loan | 5/1/2031 | 2.40 | 1,313,944 | 1,102,523 |

- (1) During 2007, the utility was authorized to issue \$2,808,679 of sewer system Clean Water Fund revenue and general obligation bonds. The amount presented in the sewer utility is revenue debt in the amount of \$2,258,679 with the remaining \$550,000 shown in the general fund for the purpose of upgrading the storm sewer. Please see the city financial statements for further details.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 6 - LONG-TERM OBLIGATIONS (cont.)

Revenue Bonds (cont.)

Revenue bonds debt service requirements to maturity follows:

| Year Ending December 31 | Principal | Interest | Total |
|----------------------------|---------------------|-------------------|---------------------|
| 2016 | \$ 165,403 | \$ 61,281 | \$ 226,684 |
| 2017 | 169,453 | 57,181 | 226,634 |
| 2018 | 173,603 | 52,980 | 226,583 |
| 2019 | 177,854 | 48,677 | 226,531 |
| 2020 | 182,210 | 44,267 | 226,477 |
| 2021 | 186,673 | 39,750 | 226,423 |
| 2022 | 191,245 | 35,122 | 226,367 |
| 2023 | 195,929 | 30,382 | 226,311 |
| 2024 | 200,727 | 25,526 | 226,253 |
| 2025 | 205,643 | 20,549 | 226,192 |
| 2026 | 210,679 | 15,450 | 226,129 |
| 2027 | 215,841 | 10,227 | 226,068 |
| 2028 | 76,212 | 6,669 | 82,881 |
| 2029 | 78,041 | 4,818 | 82,859 |
| 2030 | 79,914 | 2,923 | 82,837 |
| 2031 | 81,810 | 982 | 82,792 |
| Totals | <u>\$ 2,591,237</u> | <u>\$ 456,784</u> | <u>\$ 3,048,021</u> |

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2015 and 2014 were \$226,732 and \$226,752, respectively. Total customer revenues as defined for the same periods were \$1,477,085 and \$1,435,909. Annual principal and interest payments are expected to require 13% of revenues on average.

General Obligation Debt

The following general obligation bonds have been issued:

| Date | Purpose | Final Maturity | Interest Rates | Original Amount | Outstanding Amount 12/31/15 |
|-----------|------------------------------|-------------------|-------------------|--------------------|-----------------------------------|
| 2/22/2007 | Sewer system improvements | 4/1/2026 | 4.00% | \$ 750,000 | \$ 750,000 |
| 4/1/2008 | Sewer Projects | 4/1/2018 | 2.70-3.70 | 285,000 | - |
| 2/24/2010 | Sewer Projects | 2/24/2019 | 1.45-4.55 | 240,000 | - |

The 2008 and 2010 bonds were paid off in 2015.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 6 - LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

General obligation bonds debt service requirements to maturity follows:

| Year Ending December 31 | Principal | Interest | Total |
|----------------------------|-------------------|-------------------|-------------------|
| 2016 | \$ 65,000 | \$ 28,700 | \$ 93,700 |
| 2017 | 65,000 | 26,100 | 91,100 |
| 2018 | 65,000 | 23,500 | 88,500 |
| 2019 | 65,000 | 20,900 | 85,900 |
| 2020 | 65,000 | 18,300 | 83,300 |
| 2021 | 65,000 | 15,700 | 80,700 |
| 2022 | 65,000 | 13,100 | 78,100 |
| 2023 | 65,000 | 10,500 | 75,500 |
| 2024 | 70,000 | 7,800 | 77,800 |
| 2025 | 75,000 | 4,900 | 79,900 |
| 2026 | 85,000 | 1,700 | 86,700 |
| Totals | <u>\$ 750,000</u> | <u>\$ 171,200</u> | <u>\$ 921,200</u> |

Long-Term Obligations Summary

Long-term obligation activity for the year ended December 31, 2015 is as follows:

| | 1/1/15 Balance | Additions | Reductions | 12/31/15 Balance | Due Within One Year |
|------------------------------------|---------------------|------------------|-------------------|---------------------|------------------------|
| Revenue bonds | \$ 2,752,697 | \$ - | \$ 161,460 | \$ 2,591,237 | \$ 165,403 |
| General obligation debt | 1,040,000 | - | 290,000 | 750,000 | 65,000 |
| Accrued vacation and sick leave | <u>48,445</u> | <u>13,204</u> | <u>9,663</u> | <u>51,986</u> | <u>11,191</u> |
| Totals | <u>\$ 3,841,142</u> | <u>\$ 13,204</u> | <u>\$ 461,123</u> | <u>\$ 3,393,223</u> | <u>\$ 241,594</u> |

Long-term obligation activity for the year ended December 31, 2014 is as follows:

| | 1/1/14 Balance | Additions | Reductions | 12/31/14 Balance | Due Within One Year |
|------------------------------------|---------------------|------------------|-------------------|---------------------|------------------------|
| Revenue bonds | \$ 2,910,286 | \$ - | \$ 157,589 | \$ 2,752,697 | \$ 161,449 |
| General obligation debt | 1,100,000 | - | 60,000 | 1,040,000 | 65,000 |
| Accrued vacation and sick leave | <u>23,424</u> | <u>42,255</u> | <u>17,234</u> | <u>48,445</u> | <u>9,663</u> |
| Totals | <u>\$ 4,033,710</u> | <u>\$ 42,255</u> | <u>\$ 234,823</u> | <u>\$ 3,841,142</u> | <u>\$ 236,112</u> |

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 6 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the revenue bonds:

Insurance

The utility is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

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

| <u>Type</u> | <u>Coverage</u> | <u>Expiration</u> |
|--|--|-------------------|
| <i>Employers Mutual Casualty Company</i> | | |
| Workers compensation | \$ 500,000 | 7/10/16 |
| Commercial automobile | 1,000,000 liability | 7/10/16 |
| Excess liability | 300,000 uninsured | |
| Excess liability | 300,000 under insured | |
| Commercial umbrella | 3,000,000 each loss & aggregate | 7/10/16 |
| Public officials | 1,000,000 each loss & aggregate | 7/10/16 |
| General liability | 2,000,000 | 7/10/16 |
| Government crime | 10,000 | 7/10/16 |
| Property | 46,261,790 | 7/10/16 |
| Data compromise | 50,000 | 7/10/16 |
| <i>Auto-Owners Insurance Company</i> | | |
| Commercial Crime Coverage | \$ 250,000 Blanket employee dishonesty | 10/3/16 |
| Commercial Crime Coverage | 250,000 Forgery or alteration | 10/3/16 |

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 6 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Debt Coverage

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.10 times the annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2015 and 2014 as follows:

| | 2015 | 2014 |
|---|--------------|--------------|
| Operating revenues | \$ 1,411,670 | \$ 1,358,155 |
| Investment income | 24,915 | 19,754 |
| Connection fees | 40,500 | 58,000 |
| Less: Operation and maintenance expenses | (821,778) | (724,630) |
| Net Defined Earnings | \$ 655,307 | \$ 711,279 |
| Minimum Required Earnings per Resolution: | | |
| Current year debt service | \$ 226,732 | \$ 226,752 |
| Coverage factor | 1.10 | 1.10 |
| Minimum Required Earnings | \$ 249,405 | \$ 249,457 |
| Actual Debt Coverage | 2.89 | 3.14 |

Number of Customers and Billed Volumes - Sewer

The utility has the following number of customers and billed volumes for 2015 and 2014:

| | Customers | | Sales (00 ccf) | |
|------------------|-----------|-------|----------------|---------|
| | 2015 | 2014 | 2015 | 2014 |
| Residential | 1,898 | 1,889 | 90,720 | 95,595 |
| Commercial | 229 | 224 | 44,343 | 43,327 |
| Industrial | 8 | 8 | 4,669 | 5,243 |
| Public authority | 20 | 21 | 3,281 | 3,384 |
| Wholesale | 2 | 2 | 103,297 | 85,934 |
| Totals | 2,157 | 2,144 | 246,310 | 233,483 |

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2015 and 2014

NOTE 7 - NET POSITION

GASB No. 34 requires the classification of net position into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position 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 are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets."

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

The following calculation supports the net investment in capital assets:

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Plant in service | \$ 20,403,953 | \$ 20,222,697 |
| Accumulated depreciation | <u>(10,696,207)</u> | <u>(10,190,120)</u> |
| Sub-Totals | <u>9,707,746</u> | <u>10,032,577</u> |
| Less: Capital related debt | | |
| Current portion of capital related long-term debt | 230,403 | 226,449 |
| Long-term portion of capital related long-term debt | <u>3,110,834</u> | <u>3,566,248</u> |
| Sub-Totals | <u>3,341,237</u> | <u>3,792,697</u> |
| Total Net Investment in Capital Assets | <u>\$ 6,366,509</u> | <u>\$ 6,239,880</u> |

NOTE 8 - EMPLOYEES RETIREMENT SYSTEM

The utility implemented GASB No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective January 1, 2015. The cumulative effect of the change in net position due to the change in accounting standard is shown as a change in beginning net position for 2015. The prior year balances for deferred outflows of resources and the net pension liability were not restated due to the measurement date used for the calculation of the balances and the timing of information received by WRS. For this reason, prior year pension footnote disclosures are included under GASB No. 27.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 8 - EMPLOYEES RETIREMENT SYSTEM (cont.)

General Information About the Pension Plan

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 8 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|------|-------------------------|-----------------------------|
| 2005 | 2.6% | 7% |
| 2006 | 0.8 | 3 |
| 2007 | 3.0 | 10 |
| 2008 | 6.6 | 0 |
| 2009 | (2.1) | (42) |
| 2010 | (1.3) | 22 |
| 2011 | (1.2) | 11 |
| 2012 | (7.0) | (7) |
| 2013 | (9.6) | 9 |
| 2014 | 4.7 | 25 |

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. 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 \$16,017 in contributions from the utility.

Contribution rates as of December 31, 2015 are:

| | 2015 | | 2014 | |
|------------------------------------|----------|----------|----------|----------|
| | Employee | Employer | Employee | Employer |
| General (including teachers) | 6.8% | 6.8% | 7.0% | 7.0% |
| Executives & Elected Officials | 7.7% | 7.7% | 7.75% | 7.75% |
| Protective with Social Security | 6.8% | 9.5% | 7.0% | 10.1% |
| Protective without Social Security | 6.8% | 13.1% | 7.0% | 13.7% |

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 8 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

At December 31, 2015, the utility reported a liability (asset) of \$(40,684) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The utility's proportion of the net pension liability (asset) was based on the utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the City of Columbus's proportion was .01935342%, which was a decrease of .0003057% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the utility recognized pension expense of \$15,361.

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

| | <u>Sewer Utility</u> |
|---|----------------------|
| | <u>Deferred</u> |
| | <u>Outflows of</u> |
| | <u>Resources</u> |
| Differences between expected and actual experience | \$ 5,898 |
| Changes in assumption | - |
| Net differences between project and actual earnings on pension plan | 19,701 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 705 |
| Employer contributions subsequent to the measurement date | 16,009 |
| Total | \$ 42,313 |

Deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. For 2015, \$(16,009) is reported for the sewer utility. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| | <u>Sewer Utility</u> |
|-------------------------------|----------------------|
| | <u>Deferred</u> |
| | <u>Outflow of</u> |
| | <u>Resources</u> |
| <u>Year Ended December 31</u> | |
| 2016 | \$ 6,431 |
| 2017 | 6,431 |
| 2018 | 6,431 |
| 2019 | 6,431 |
| 2020 | 580 |
| Thereafter | - |
| Total | \$ 26,304 |

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2015 and 2014

NOTE 8 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

| | |
|---|--------------------------------|
| Actuarial valuation date | December 31, 2013 |
| Measurement date of net pension liability (asset) | December 31, 2014 |
| Actuarial cost method | Entry Age |
| Asset valuation method | Fair Market Value |
| Long-term expected rate of return | 7.2% |
| Discount rate | 7.2% |
| Salary increases | |
| Salary increases | 3.2% |
| Salary increases | 0.2% - 5.8% |
| Mortality | Wisconsin 2012 Mortality Table |
| Post-retirement adjustments | 2.1% |

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

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

| <u>Asset Class</u> | <u>Long-term Real Rate of Return</u> | <u>Target Allocation</u> |
|----------------------------|--|------------------------------|
| US Equities | 5.3% | 21.0% |
| International Equities | 5.7 | 23.0 |
| Fixed Income | 1.7 | 36.0 |
| Inflation Sensitive Assets | 2.3 | 20.0 |
| Real Estate | 4.2 | 7.0 |
| Private Equity/Debt | 6.9 | 7.0 |
| Multi-Asset | 3.9 | 6.0 |
| Cash | 0.9 | (20.0) |

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 8 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

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

| | 1% Decrease to Discount Rate (6.20%) | Current Discount Rate (7.20%) | 1% Increase to Discount Rate (8.20%) |
|--|--|--|---|
| City of Columbus Sewer Utility's proportionate share of the net position liability (asset) | \$ 114,776 | \$ (40,684) | \$ (163,459) |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

Required Disclosures Under GASB No. 27

Covered payroll listed below is substantially the same as total payroll.

| | Year Ended December 31 | |
|--------------------------------|------------------------|------------|
| | 2014 | 2013 |
| Total Covered Employee Payroll | \$ 225,166 | \$ 196,755 |
| Total Required Contributions | \$ 15,762 | \$ 13,084 |
| Total Required Contributions | 7.0% | 6.65% |

COLUMBUS SEWER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2015 and 2014

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Open Contracts

The utility has signed construction contracts that continue into subsequent years. The value of service provided and the corresponding liability as of December 31, 2015 has been accrued in these financial statements.

NOTE 10 - CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE

The utility adopted GASB Statement No. 68 effective January 1, 2015. The cumulative effect of implementation is reflected as a change in net position as follows:

Sewer Utility

| | | |
|---|----|---------------|
| Net pension asset January 1, 2014 | \$ | 66,331 |
| Deferred outflows January 1, 2014 | | <u>16,018</u> |
| Cumulative Effect of a Change in Accounting Principle | \$ | <u>82,349</u> |

Additional information required for retroactive implementation was not provided by the pension plan.

NOTE 11 - SUBSEQUENT EVENTS

Construction Contracts

The utility entered into agreements with contractors for the installation of sewer mains related to the 2016 street and utility projects at an estimated cost of \$526,575.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COLUMBUS - SEWER UTILITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) Wisconsin Retirement System Last 10 Fiscal Years*

Changes of benefit terms: There were no changes of benefit terms for any participating employer in WRS. The required supplementary information presented below represents the proportionate information for the enterprise funds included in this report.

| | 2015 |
|--|-------------|
| City of Columbus's's proportion of the net pension liability (asset) | 0.0193542% |
| Columbus Sewer Utility's proportionate share of the net pension liability (asset) | \$ (40,684) |
| Columbus Sewer Utility's covered employee payroll | \$ 206,179 |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 102.74% |

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

SCHEDULE OF CONTRIBUTIONS Wisconsin Retirement System Last 10 Fiscal Years*

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

| | 2015 |
|---|-----------|
| Contractually required contributions | \$ 16,009 |
| Contributions in relation to the contractually required contributions | (16,009) |
| Contributions deficiency (excess) | - |
| Columbus Sewer Utility's covered-employee payroll | 235,427 |
| Contributions as a percentage of covered-employee payroll | 6.8% |

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

CITY OF COLUMBUS - SEWER UTILITY

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

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

Changes of assumption: There were no changes in the assumptions.

SUPPLEMENTAL INFORMATION

COLUMBUS SEWER UTILITY

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

| | Balance 1/1/15 | Additions | Retirements | Balance 12/31/15 |
|---|-------------------------|-----------------------|----------------------|-------------------------|
| COLLECTING SYSTEM | | | | |
| Collecting mains | \$ 7,463,348 | \$ 6,860 | \$ - | \$ 7,470,208 |
| Interceptor mains | 936,226 | - | - | 936,226 |
| Other collecting system equipment | <u>287,970</u> | <u>-</u> | <u>-</u> | <u>287,970</u> |
| Total Collecting System | <u>8,687,544</u> | <u>6,860</u> | <u>-</u> | <u>8,694,404</u> |
| COLLECTING SYSTEM PUMPING | | | | |
| Electric pumping equipment | 590,927 | 13,508 | - | 604,435 |
| Other power pumping equipment | 14,414 | - | - | 14,414 |
| Miscellaneous pumping equipment | <u>14,876</u> | <u>-</u> | <u>-</u> | <u>14,876</u> |
| Total Collecting System Pumping | <u>620,217</u> | <u>13,508</u> | <u>-</u> | <u>633,725</u> |
| TREATMENT AND DISPOSAL | | | | |
| Land and land rights | 2,500 | - | - | 2,500 |
| Structures and improvements | 3,866,970 | - | - | 3,866,970 |
| Preliminary treatment equipment | 1,811,020 | - | - | 1,811,020 |
| Secondary treatment equipment | 2,254,642 | - | - | 2,254,642 |
| Advanced treatment equipment | 681,604 | - | - | 681,604 |
| Sludge treatment and disposal equipment | 976,941 | 173,498 | 32,192 | 1,118,247 |
| Plant site piping | 387,743 | 7,408 | - | 395,151 |
| Flow metering and monitoring equipment | 244,632 | - | - | 244,632 |
| Other treatment and disposal equipment | <u>343,364</u> | <u>-</u> | <u>-</u> | <u>343,364</u> |
| Total Treatment and Disposal | <u>10,569,416</u> | <u>180,906</u> | <u>32,192</u> | <u>10,718,130</u> |
| GENERAL | | | | |
| Office furniture and equipment | 18,218 | - | - | 18,218 |
| Transportation equipment | 71,148 | 27,303 | 21,131 | 77,320 |
| Other general equipment | <u>256,154</u> | <u>9,002</u> | <u>3,000</u> | <u>262,156</u> |
| Total General | <u>345,520</u> | <u>36,305</u> | <u>24,131</u> | <u>357,694</u> |
| TOTAL SEWER UTILITY PLANT | <u>\$20,222,697</u> | <u>\$ 237,579</u> | <u>\$ 56,323</u> | <u>\$20,403,953</u> |

COLUMBUS SEWER UTILITY

SEWER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2015 and 2014

| | 2015 | 2014 |
|--|---------------|---------------|
| OPERATING REVENUES | | |
| Sewer Revenues | | |
| Residential | \$ 848,228 | \$ 838,247 |
| Commercial | 317,912 | 309,435 |
| Industrial | 28,451 | 31,181 |
| Public authorities | 26,686 | 26,173 |
| Service to other systems | 157,240 | 127,552 |
| Total Sewer Revenues | 1,378,517 | 1,332,588 |
| Other Operating Revenues | | |
| Miscellaneous | 33,153 | 25,567 |
| Total Operating Revenues | 1,411,670 | 1,358,155 |
| OPERATING EXPENSES | | |
| Operation and Maintenance | | |
| Operation | | |
| Supervision and labor | 77,395 | 77,571 |
| Power and fuel for pumping | 9,577 | 13,942 |
| Power and fuel for aeration equipment | 83,696 | 76,490 |
| Chlorine | 25,175 | 25,209 |
| Other operating supplies | 16,742 | 39,043 |
| Transportation | 6,877 | 6,088 |
| Sludge processing - salaries | 8,812 | 9,463 |
| Sludge processing - employee benefits | 4,116 | 3,563 |
| Repairs and maintenance | 7,223 | 2,495 |
| Chemicals | 6,404 | 4,976 |
| Total Operation | 246,017 | 258,840 |
| Maintenance | | |
| Collection system | 177,911 | 39,020 |
| Pumping equipment | 18,917 | 21,860 |
| Treatment and disposal plant equipment | 108,235 | 122,069 |
| General plant structures and equipment | 38,640 | 28,525 |
| Total Maintenance | 343,703 | 211,474 |
| Customer Accounts | | |
| Accounting and collecting | 70,406 | 72,075 |
| Administrative and General | | |
| Salaries | 78,675 | 92,479 |
| Office supplies | 1,949 | 1,785 |
| Outside services employed | 49,844 | 56,102 |
| Insurance | 19,000 | 21,880 |
| Miscellaneous | 2,184 | 1,662 |
| Economic development contribution | 10,000 | 8,333 |
| Total Administrative and General | 161,652 | 182,241 |
| Total Operation and Maintenance | 821,778 | 724,630 |
| Depreciation | 556,996 | 554,432 |
| Total Operating Expenses | 1,378,774 | 1,279,062 |
| OPERATING INCOME | \$ 32,896 | \$ 79,093 |