CITY OF COLUMBUS

Columbus, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

CITY OF COLUMBUS

TABLE OF CONTENTS
As of and for the Year Ended December 31, 2015

	Page(s)
Independent Auditors' Report	i - ii
Required Supplementary Information	
Management's Discussion and Analysis	iii - xi
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10 - 11
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 14
Statement of Assets and Liabilities - Agency Fund	15
Index to Notes to Financial Statements	16
Notes to Financial Statements	17 - 62
Required Supplementary Information	
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	63 - 66
Schedule of Proportionate Share of the Net Pension Asset	67
Schedule of Employer Contributions	67
Notes to Required Supplementary Information	68
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	69 - 71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	72 - 75

BAKER TILLY

Baker Tilly Virchow Krause, LLP
Ten Terrace Ct, PO Box 7398
Madison, WI 53707-7398
tel 608 249 6622
fax 608 249 8532
bakertilly.com

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Columbus
Columbus, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Columbus, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Columbus's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Columbus's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Columbus's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the City Council
City of Columbus

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Columbus, Wisconsin, as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Columbus adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25,* effective January 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 3, 2016

MANAGEMENT'S DISCUSSION

AND ANALYSIS

CITY OF COLUMBUS

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

The management of the City of Columbus offers all persons interested in the financial position of the city this narrative overview and analysis of the city's financial performance during the fiscal year ended December 31, 2015. You are invited to read this narrative in conjunction with the city's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Columbus exceeded its liabilities by $37,484,877 (net position) an increase of $962,210 from 2014's year end restated net position. Of this amount, $4,921,663 is considered unrestricted net position, $6,556,778 is restricted for specific purposes (restricted net position), and $26,006,436 is the city's net investment in capital assets.

- The city's total net position is $37,484,877. Governmental activities net position is $13,490,555 while business-type activities net position is $23,994,322.

- On December 31, 2015, the city's governmental funds reported combined fund balances of $7,208,909, an increase of $1,859,282 from 2014. General fund unassigned fund balance at year end 2015 was $858,505, an increase of $821 from 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the city's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the city:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the city's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of city government, reporting the city's operations in more detail than the government-wide statements.

These financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the city as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the city's net position and how it has changed. Net Position – the difference between the city's assets and the city's liabilities and deferred inflows of resources – is one way to measure the city's financial health, or position. Over time, increases or decreases in the city's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the city you need to consider additional non-financial factors such as changes in the city's property tax base, the condition of the city's equipment/vehicles and the condition of the city's roads.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

The government-wide financial statements include the City of Columbus, the Columbus Water and Light Utilities, and the Columbus Sewer Utility, which are presented as the primary government. The Community Development Authority (CDA) is presented as a component unit. The Columbus Water and Light Utilities and the Columbus Sewer Utility prepare separate financial statements. Financial statements for the Columbus Water and Light Utilities may be obtained from the Columbus Water and Light Department office, located at 950 Maple Avenue, Columbus, and financial statements for the Columbus Sewer Utility may be obtained from Columbus City Hall, 105 North Dickason Boulevard, Columbus. The CDA does not prepare separate financial statements.

FUND FINANCIAL STATEMENTS

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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

The city maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and TIF No. 3, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The city adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds – The city maintains two proprietary funds, both of which are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements present the same type of information as the government-wide financial statements, only in more detail.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the general fund to demonstrate compliance with the budget. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

A summary of the city's Statement of Net Position is presented below in Table 1.

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2014	2015	2014	2015	2014	2015
Current and other assets	$ 9,706,166	$ 11,813,868	$ 6,965,653	$ 6,715,480	$ 16,671,819	$ 18,529,348
Capital assets	14,983,506	14,601,773	23,523,925	23,154,740	38,507,431	37,756,513
Total Assets	24,689,672	26,415,641	30,489,578	29,870,220	55,179,250	56,285,861
Deferred outflows of resources	-	327,565	-	156,079		483,644
Long-term liabilities	6,971,375	8,107,597	5,918,070	4,585,489	12,889,445	12,693,086
Other liabilities	1,536,346	1,460,046	1,494,072	1,446,488	3,030,418	2,906,534
Total Liabilities	8,507,721	9,567,643	7,412,142	6,031,977	15,919,863	15,599,620
Deferred inflows of resources	3,698,979	3,685,008	-	-	3,698,979	3,685,008
Net investment in capital assets	7,493,866	8,061,713	17,508,832	18,142,518	24,795,129	26,006,436
Restricted	2,934,397	5,189,646	1,368,243	1,367,132	4,302,640	6,556,778
Unrestricted	2,054,709	239,196	4,200,361	4,484,672	6,462,639	4,921,663
Total Net Position	$ 12,482,972	$ 13,490,555	$ 23,077,436	$ 23,994,322	$ 35,560,408	$ 37,484,877

A large portion of the city's total net position (69.38%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the city reported positive balances in all three categories of net position, both for the city as a whole, as well as for its separate governmental and business-type activities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

Table 2
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Totals	
	2014*	2015	2014*	2015	2014*	2015
REVENUES						
Program Revenues						
Charges for services	$ 813,400	$ 825,564	$ 10,004,676	$ 10,319,752	$ 10,818,076	$ 11,145,316
Operating grants and contributions	446,023	454,256	3,877	7,500	449,900	461,756
Capital grants and contributions	29,409	1,301	120,521	62,368	149,930	63,669
General Revenues						
Property taxes	3,266,918	3,372,140	-	-	3,266,918	3,372,140
Other taxes	40,461	49,031	-	-	40,461	49,031
Intergovernmental	701,489	680,866	-	-	701,489	680,866
Other	190,738	464,257	53,030	46,866	243,768	511,123
Total Revenues	5,488,438	5,847,415	10,182,104	10,436,486	15,670,542	16,283,901
EXPENSES						
General government	806,669	759,034	-	-	806,669	759,034
Public safety	1,711,378	1,621,593	-	-	1,711,378	1,621,593
Public works	1,496,163	1,436,669	-	-	1,496,163	1,436,669
Health and human services	264,190	194,404	-	-	264,190	194,404
Culture/recreation/education	963,863	1,030,093	-	-	963,863	1,030,093
Conservation and development	323,621	582,914	-	-	323,621	582,914
Interest and fiscal charges	255,229	300,188	-	-	255,229	300,188
Electric	-	-	6,892,774	6,961,808	6,892,774	6,961,808
Water	-	-	908,480	958,441	908,480	958,441
Sewer	-	-	1,388,534	1,476,547	1,388,534	1,476,547
Total Expenses	5,821,113	5,924,895	9,189,788	9,396,796	15,010,901	15,321,691
Changes in net position before transfers	(332,675)	(77,480)	992,316	1,039,690	659,641	962,210
Transfers	445,728	431,612	(445,728)	(431,612)	-	-
Changes in Net Position	113,053	354,132	546,588	608,078	659,641	962,210
Beginning Net Position (As Restated)*	12,369,919	13,136,423	22,530,848	23,386,244	34,900,767	36,522,667
Ending Net Position	$ 12,482,972	$ 13,490,555	$ 23,077,436	$ 23,994,322	$ 35,560,408	$ 37,484,877

* 2014 has not been restated.

As previously noted, the Statement of Net Position shows the city's financial position as of December 31, 2015. The specific nature or source of these changes then becomes more evident in the Statement of Activities as shown above in Table 2.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

GOVERNMENTAL ACTIVITIES

Revenues in 2015 for governmental activities increased approximately 6.54% compared to the prior year. The majority of the increase resulted from grants, public gifts, investment income, gains on the sale of assets received in 2015. Expenses increased $103,782, approximately 1.78%, compared to the prior year because of a storm event in July of 2015 which created unexpected costs. At year-end 2015, net position increased by $354,132 compared to an increase of $113,053 in 2014. Beginning of year net position has been restated due to the implementation of GASB No. 68 in relation to pensions.

BUSINESS-TYPE ACTIVITIES

In 2015, net position for business-type activities increased by $608,078, or 2.60%. In the 2014, net position increased by $546,588. Please refer to the separately issued financial statements for the Water and Light Utility and Sewer Utility for more details regarding these changes.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

GOVERNMENTAL FUNDS

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

At December 31, 2015, the city's governmental funds reported combined fund balances of $7,208,909. Unassigned fund balance is normally available to meet the city's current and future needs; unassigned fund balance across all city funds totaled $664,258 at year end. The remaining $6,544,651 is non-spendable, restricted for advances to other funds, debt service, trusts, and TIF districts, committed for specific purposes, or assigned for internal or budget purposes.

General Fund

The general fund's portion of fund balance totaled $2,206,277. The city's general fund is the chief operating fund of the city. Total fund balance in the general fund decreased $101,262 or 4.39% since the prior year. The unassigned fund balance increased from $857,684 in 2014 to $858,505 in 2015, a change of $821.

The city evaluates general fund balance by measuring the unassigned general fund balance as a percentage of the subsequent year's general fund budget. For 2015, unassigned fund balance is $858,505 and the 2016 general fund expenditure budget is $3,680,649 resulting in an unassigned fund balance of 23.32%. It is recommended by financial advisors that, at a minimum, the undesignated fund balance fall between 15-20%, which would allow fund balance to fund expenditures for about two months, assuming there is no revenue.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (cont.)

GOVERNMENTAL FUNDS (cont.)

General Fund (cont.)

The city's original adopted budget planned for a minimal decrease in the general fund balance. The general fund had an actual fund balance decrease of $101,262. Refer to the budget to actual comparison on pages 63-66 of the financial statements for further details on specific departmental budget variances. Primary reasons for the difference in 2015 is a storm event in July of 2015 which expended services for municipal parks, forestry and public safety.

Debt Service Fund

The city's debt service fund accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. Fund balance of $1,457,836 is restricted for future debt service.

TIF No. 3

TIF No. 3 accounts for the revenues and expenditures related to the city's Tax Incremental Financing District (TIF) No. 3. The city has expended funds to prepare the industrial park for future business development. TIF No. 3 currently has a fund balance of $129,834. In 2015, TIF No. 3 generated a net increase in fund balance of $54,615. This is primarily due to increase in development in 2015.

Non-major Governmental Funds

Fund balance of all other governmental funds is $3,414,962, which is generally restricted or committed for trusts, future projects, and special purposes. For 2015, the pool fund had a deficit of ($194,247). For information on the other Non-major Governmental Funds refer to page 49.

Proprietary Funds

The City of Columbus's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the city's business-type activities as well as separately issued financial statements.

CAPITAL ASSETS

At the end of 2015, the city had invested a total of $37,756,513 in capital assets, a decrease of $750,918 from 2014. This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and utility plant. See Note III.D. for more information on capital assets.

Table 3
Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2014	2015	2014	2015	2014	2015
Land	$ 535,109	$ 535,109	$ 172,253	$ 175,253	$ 707,362	$ 710,362
Construction in progress	-	67,461	32,012	-	32,012	67,461
Other capital assets, net of depreciation	14,448,397	13,999,203	23,319,660	22,979,487	37,768,057	36,978,690
Total Capital Assets	$ 14,983,506	$ 14,601,773	$ 23,523,925	$ 23,154,740	$ 38,507,431	$ 37,756,513

LONG-TERM OBLIGATIONS

At December 31, 2015, the city had $14,390,439 of long-term obligations outstanding. Of this amount $4,031,237 is revenue debt, $10,025,919 is general obligation debt and related premiums, and the rest relates to vested compensated absences, a note payable, and a capital lease. See Note III.F. for more information on long-term debt.

The total long-term debt that was outstanding on December 31, 2015 decreased $329,218 from December 31, 2014 due to payments against existing debt. In 2015, the city refinanced $3,245,000 in both general obligation and revenue debt and issued $2,065,000 in general obligation bonds for new projects including infrastructure, streets reconstruction, sewer, water and electric utility improvements.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2015, was $17,981,565. Total general obligation debt outstanding at year end was $9,848,663. Therefore, the city was at 54.77% of its legal debt limit at December 31, 2015.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2015 city budget. None of these conditions are anticipated to change the overall financial position of the city.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the city's finances. If you have questions about this report or need any additional information, contact the Finance Director/Treasurer at the City of Columbus; 105 N. Dickason Blvd, Columbus, Wisconsin 53925-1565, or call 920 623 5900.

CITY OF COLUMBUS

STATEMENT OF NET POSITION
As of December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Component Unit
ASSETS				
Cash and investments	$ 6,971,401	$ 3,699,384	$ 10,670,785	$ 90,267
Receivables (net)				
Taxes	3,691,796	-	3,691,796	-
Delinquent taxes	4,921	-	4,921	-
Accrued interest	-	5,966	5,966	-
Accounts	50,947	876,120	927,067	-
Special assessments	182,260	-	182,260	-
Delinquent special assessments	5,318	-	5,318	-
Loans	168,170	-	168,170	-
Due from other governments	150,934	-	150,934	-
Internal balances	263,703	(263,703)	-	-
Prepaid items	452	1,202	1,654	-
Inventories	1,137	356,039	357,176	-
Restricted assets				
Cash and investments	-	1,374,220	1,374,220	-
Net pension asset	322,829	152,563	475,392	-
Other assets	-	513,689	513,689	-
Capital Assets				
Land	535,109	175,253	710,362	-
Construction in progress	67,461	-	67,461	-
Other capital assets, net of depreciation	13,999,203	22,979,487	36,978,690	-
Total Assets	26,415,641	29,870,220	56,285,861	90,267
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	327,565	156,079	483,644	-
Total Deferred Outflows of Resources	327,565	156,079	483,644	-
LIABILITIES				
Accounts payable	160,606	676,188	836,794	-
Accrued expenses	169,252	34,894	204,146	1,273
Deposits	149,141	9,045	158,186	-
Public benefits	-	10,055	10,055	-
Noncurrent Liabilities				
Due within one year	981,047	716,306	1,697,353	-
Due in more than one year	8,107,597	4,585,489	12,693,086	-
Total Liabilities	9,567,643	6,031,977	15,599,620	1,273
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	3,685,008	-	3,685,008	-
Total Deferred Inflows of Resources	3,685,008	-	3,685,008	-
NET POSITION				
Net investment in capital assets	8,061,713	18,142,518	26,006,436	-
Restricted	5,189,646	1,367,132	6,556,778	-
Unrestricted	239,196	4,484,672	4,921,663	88,994
TOTAL NET POSITION	$ 13,490,555	$ 23,994,322	$ 37,484,877	$ 88,994

See accompanying notes to financial statements.

CITY OF COLUMBUS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 759,034	$ 89,247	$ -	$ -
Public safety	1,621,593	279,586	15,367	-
Public works	1,436,669	257,146	319,099	1,301
Health and human services	194,404	14,700	-	-
Culture, recreation, and education	1,030,093	180,110	119,790	-
Conservation and development	582,914	4,775	-	-
Interest and fiscal charges	300,188	-	-	-
Total Governmental Activities	5,924,895	825,564	454,256	1,301
Business-type Activities				
Water	958,441	1,286,909	3,450	1,500
Electric	6,961,808	7,621,173	1,409	13,508
Sewer	1,476,547	1,411,670	2,641	47,360
Total Business-type Activities	9,396,796	10,319,752	7,500	62,368
Total Primary Government	$ 15,321,691	$ 11,145,316	$ 461,756	$ 63,669
Component Unit				
Community Development Authority	$ 46,963	$ 1,936	$ 42,000	$ -

General Revenues
- Taxes
  - Property taxes, levied for general purposes
  - Property taxes, levied for debt service
  - Property taxes, levied for TIF districts
  - Property taxes, levied for other purposes
  - Other taxes
- Intergovernmental revenues not restricted to specific programs
- Public gifts and grants
- Investment income
- Gain on the sale of assets
- Miscellaneous

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year (as restated)

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Community Development Authority
$ (669,787)	$ -	$ (669,787)	$ -
(1,326,640)	-	(1,326,640)	-
(859,123)	-	(859,123)	-
(179,704)	-	(179,704)	-
(730,193)	-	(730,193)	-
(578,139)	-	(578,139)	-
(300,188)	-	(300,188)	-
(4,643,774)	-	(4,643,774)	-
-	333,418	333,418	-
-	674,282	674,282	-
-	(14,876)	(14,876)	-
-	992,824	992,824	-
(4,643,774)	992,824	(3,650,950)	-
-	-	-	(3,027)
1,693,531	-	1,693,531	-
760,000	-	760,000	-
505,859	-	505,859	-
412,750	-	412,750	-
49,031	-	49,031	-
680,866	-	680,866	-
294,459	-	294,459	-
50,690	46,866	97,556	211
9,500	-	9,500	-
109,608	-	109,608	-
431,612	(431,612)	-	-
4,997,906	(384,746)	4,613,160	211
354,132	608,078	962,210	(2,816)
13,136,423	23,386,244	36,522,667	91,810
$ 13,490,555	$ 23,994,322	$ 37,484,877	$ 88,994

See accompanying notes to financial statements.

CITY OF COLUMBUS

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	General	General Debt Service	TIF No. 3
ASSETS			
Cash and investments	$ 1,119,372	$ 1,457,836	$ 892,159
Receivables (net)			
Taxes	1,904,225	593,629	490,043
Delinquent personal property tax	4,921	-	-
Accounts	12,183	-	-
Special assessments	19,600	162,660	-
Delinquent special assessments	5,318	-	-
Loans	-	-	-
Due from other funds	471,511	-	-
Due from other governments	3,232	-	-
Advances to other funds	747,019	-	-
Inventories	1,137	-	-
Prepaid items	452	-	-
TOTAL ASSETS	$ 4,288,970	$ 2,214,125	$ 1,382,202
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	$ 59,986	$ -	$ -
Accrued liabilities	97,988	-	254
Deposits	9,702	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	762,071
Total Liabilities	167,676	-	762,325
Deferred Inflows of Resources			
Unearned revenues	1,895,417	593,629	490,043
Unavailable revenues	19,600	162,660	-
Total Deferred Inflows of Resources	1,915,017	756,289	490,043
Fund Balances			
Nonspendable	758,847	-	-
Restricted	-	1,457,836	129,834
Committed	-	-	-
Assigned	588,925	-	-
Unassigned (deficit)	858,505	-	-
Total Fund Balances	2,206,277	1,457,836	129,834
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 4,288,970	$ 2,214,125	$ 1,382,202

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
$ 3,502,034	$ 6,971,401
703,899	3,691,796
-	4,921
38,764	50,947
-	182,260
-	5,318
168,170	168,170
-	471,511
147,702	150,934
-	747,019
-	1,137
-	452
$ 4,560,569	$ 12,445,866
$ 100,620	$ 160,606
6,873	105,115
139,439	149,141
-	-
192,756	954,827
439,688	1,369,689
705,919	3,685,008
-	182,260
705,919	3,867,268
-	758,847
3,343,284	4,930,954
265,925	265,925
-	588,925
(194,247)	664,258
3,414,962	7,208,909
$ 4,560,569	$ 12,445,866

See accompanying notes to financial statements.

CITY OF COLUMBUS

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

Total Fund Balances - Governmental Funds	$ 7,208,909
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	
Land	535,109
Construction in progress	67,461
Other capital assets	20,454,280
Less: Accumulated depreciation	(6,455,077)
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	182,260
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	322,829
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	327,565
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds and notes payable	(8,753,663)
Compensated absences	(172,283)
Accrued interest	(64,137)
Unamortized premium on debt	(147,271)
Capital lease payable	(15,427)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 13,490,555

See accompanying notes to financial statements.

CITY OF COLUMBUS

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

	General	General Debt Service	TIF No. 3
REVENUES			
Taxes	$ 1,721,640	$ 760,000	$ 505,859
Intergovernmental	1,010,652	3,283	1,397
Licenses and permits	101,527	-	-
Fines, forfeitures and penalties	65,229	-	-
Public charges for services	114,617	-	-
Intergovernmental charges for services	5,600	-	-
Special assessments	4,900	37,615	-
Investment income	21,601	17,619	1,554
Miscellaneous revenues	77,814	-	-
Total Revenues	3,123,580	818,517	508,810
EXPENDITURES			
Current			
General government	707,881	5,412	4,679
Public safety	1,344,806	-	-
Health and human services	108,125	-	-
Public works	828,968	-	-
Culture, recreation, and education	264,364	-	-
Conservation and development	296,878	-	230,945
Capital Outlay	-	-	8
Debt Service			
Principal	-	2,712,263	-
Interest and fiscal charges	-	256,712	18,108
Total Expenditures	3,551,022	2,974,387	253,740
Excess (deficiency) of revenues over expenditures	(427,442)	(2,155,870)	255,070
OTHER FINANCING SOURCES (USES)			
Debt issued	-	1,580,000	-
Premium on debt issued	-	74,193	-
Transfers in	431,612	202,755	-
Transfers out	(108,702)	-	(202,755)
Property sales	3,270	-	2,200
Total Other Financing Sources (Uses)	326,180	1,856,948	(200,555)
Net Change in Fund Balances	(101,262)	(298,922)	54,515
FUND BALANCES - Beginning of Year	2,307,539	1,756,758	75,319
FUND BALANCES - END OF YEAR	$ 2,206,277	$ 1,457,836	$ 129,834

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
$ 433,672	$ 3,421,171
114,853	1,130,185
59,373	160,900
5,702	70,931
373,164	487,781
106,053	111,653
-	42,515
9,916	50,690
320,019	397,833
1,422,752	5,873,659
16,717	734,689
200,059	1,544,865
85,878	194,003
242,808	1,071,776
638,130	902,494
59,491	587,314
194,637	194,645
-	2,712,263
34,614	309,434
1,472,334	8,251,483
(49,582)	(2,377,824)
2,065,000	3,645,000
80,831	155,024
108,702	743,069
-	(311,457)
-	5,470
2,254,533	4,237,106
2,204,951	1,859,282
1,210,011	5,349,627
$ 3,414,962	$ 7,208,909

See accompanying notes to financial statements.

CITY OF COLUMBUS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Net change in fund balances - total governmental funds	$	1,859,282
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		194,645
Some items reported as capital outlay were not capitalized		(87,234)
Some items reported as operating expenditures but are capitalized in the government-wide financial statements		85,257
Depreciation is reported in the government-wide financial statements		(555,210)
Net book value of assets retired		(19,191)
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		
Special assessments		(41,214)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Debt issued		(3,645,000)
Principal repaid		2,712,263
Capital lease principal payment		18,512
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.		
Premium on debt issued		(155,024)
Amortization of debt premium		7,753
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(19,143)
Accrued interest on debt		1,493
Net pension asset		(121,897)
Deferred outflows of resources related to pensions		118,840
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	354,132

See accompanying notes to financial statements.

CITY OF COLUMBUS

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

	Business-type Activities - Enterprise Funds		
	Water and Light Utility	Sewer Utility	Totals
ASSETS			
Current Assets			
Cash and investments	$ 1,097,359	$ 2,602,025	$ 3,699,384
Receivables (net)			
Interest	1,400	4,566	5,966
Accounts	852,860	23,260	876,120
Due from other funds	-	99,656	99,656
Advances to other funds	-	24,212	24,212
Inventories	356,039	-	356,039
Prepaid items	1,202	-	1,202
Restricted Assets			
Redemption account - current	311,280	120,820	432,100
Total Current Assets	2,620,140	2,874,539	5,494,679
Noncurrent Assets			
Restricted Assets			
Depreciation account	283,970	-	283,970
Equipment replacement	-	411,831	411,831
Reserve account	144,000	-	144,000
Energy efficiency program	102,319	-	102,319
Net pension asset	111,879	40,684	152,563
Capital Assets			
Property and equipment	23,631,628	20,403,953	44,035,581
Less: Accumulated depreciation	(10,184,634)	(10,696,207)	(20,880,841)
Other Assets			
Advances to other funds	-	183,596	183,596
Preliminary survey and investigation	132,520	131,586	264,106
Investment in American Transmission Company	249,583	-	249,583
Total Noncurrent Assets	14,471,265	10,475,443	24,946,708
Total Assets	17,091,405	13,349,982	30,441,387
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	113,766	42,313	156,079
Total Deferred Outflows of Resources	113,766	42,313	156,079

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Water and Light Utility	Sewer Utility	Totals
LIABILITIES			
Current Liabilities			
Accounts payable	$ 629,863	$ 46,325	$ 676,188
Accrued liabilities	-	16,551	16,551
Due to other funds	571,167	-	571,167
Customer deposits	9,045	-	9,045
Compensated absences	21,149	11,191	32,340
Public benefits	10,055	-	10,055
Other credits	2,692	-	2,692
Notes payable	3,563	-	3,563
General obligation debt	65,000	65,000	130,000
Liabilities Payable from Restricted Assets			
Revenue bonds payable	385,000	165,403	550,403
Accrued interest	4,924	10,727	15,651
Total Current Liabilities	1,702,458	315,197	2,017,655
Noncurrent Liabilities			
Long-Term Debt			
General obligation bonds	280,000	685,000	965,000
Revenue bonds payable	1,055,000	2,425,834	3,480,834
Compensated absences	72,438	40,795	113,233
Note payable	26,422	-	26,422
Total Noncurrent Liabilities	1,433,860	3,151,629	4,585,489
Total Liabilities	3,136,318	3,466,826	6,603,144
NET POSITION			
Net investment in capital assets	11,776,009	6,366,509	18,142,518
Restricted for			
Debt service	306,356	110,093	416,449
Depreciation	283,970	-	283,970
Equipment replacement	-	411,831	411,831
Energy efficiency programs	102,319	-	102,319
Pension	111,879	40,684	152,563
Unrestricted	1,488,320	2,996,352	4,484,672
TOTAL NET POSITION	$ 14,068,853	$ 9,925,469	$ 23,994,322

See accompanying notes to financial statements.

CITY OF COLUMBUS

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

	Business-type Activities - Enterprise Funds		
	Water and Light Utility	Sewer Utility	Totals
OPERATING REVENUES	$ 8,908,082	$ 1,411,670	$ 10,319,752
OPERATING EXPENSES			
Operation and maintenance	7,215,566	821,778	8,037,344
Depreciation	589,346	556,996	1,146,342
Total Operating Expenses	7,804,912	1,378,774	9,183,686
Operating Income	1,103,170	32,896	1,136,066
NONOPERATING REVENUES (EXPENSES)			
Investment income	21,951	24,915	46,866
Interest subsidies	4,859	2,641	7,500
Miscellaneous expenses	(14,635)	-	(14,635)
Interest expense	(63,392)	(97,773)	(161,165)
Debt issuance costs	(37,310)	-	(37,310)
Total Nonoperating Revenues (Expenses)	(88,527)	(70,217)	(158,744)
Income (Loss) Before Contributions and Transfers	1,014,643	(37,321)	977,322
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	15,008	47,360	62,368
Transfers out	(431,612)	-	(431,612)
Total Contributions and Transfers	(416,604)	47,360	(369,244)
Change in Net Position	598,039	10,039	608,078
NET POSITION - Beginning of Year (as restated)	13,470,814	9,915,430	23,386,244
NET POSITION - END OF YEAR	$ 14,068,853	$ 9,925,469	$ 23,994,322

See accompanying notes to financial statements.

CITY OF COLUMBUS

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

	Business-type Activities - Enterprise Funds		
	Water and Light Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	$ 8,886,599	$ 1,393,707	$ 10,280,306
Received from other funds for services	105,033	-	105,033
Paid to suppliers for goods and services	(6,474,862)	(593,071)	(7,067,933)
Paid to employees for services	(648,777)	(229,072)	(877,849)
Net Cash Flows From Operating Activities	1,867,993	571,564	2,439,557
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments sold and matured	546,152	738,500	1,284,652
Investment income	18,553	27,383	45,936
Investments purchased	(144,000)	-	(144,000)
Investment in American Transmission Company	(3,236)	-	(3,236)
Net Cash Flows From Investing Activities	417,469	765,883	1,183,352
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(445,728)	-	(445,728)
Transfers to other funds	(13,393)	-	(13,393)
Repayment of advances from other funds	-	23,737	23,737
Net Cash Flows From Noncapital Financing Activities	(459,121)	23,737	(435,384)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	1,436,345	-	1,436,345
Debt retired	(2,386,345)	(451,460)	(2,837,805)
Interest paid	(71,109)	(100,902)	(172,011)
Debt issuance costs	(37,310)	-	(37,310)
Acquisition and construction of capital assets	(725,123)	(294,123)	(1,019,246)
Received from the sale of capital assets	21,360	-	21,360
Capital contributions received	16,729	40,500	57,229
Note paid	(3,563)	-	(3,563)
Interest subsidy	4,859	-	4,859
Net Cash Flows From Capital and Related Financing Activities	(1,744,157)	(805,985)	(2,550,142)
Net Change in Cash and Cash Equivalents	82,184	555,199	637,383
CASH AND CASH EQUIVALENTS - Beginning of Year	1,712,744	1,567,977	3,280,721
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,794,928	$ 2,123,176	$ 3,918,104

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Water and Light Utility	Sewer Utility	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	$ 1,103,170	$ 32,896	$ 1,136,066
Nonoperating revenue (expense)	(1,242)	2,641	1,399
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	589,346	556,996	1,146,342
Depreciation charged to other funds	37,824	-	37,824
Changes in assets and liabilities			
Accounts receivable	75,284	(5,108)	70,176
Due from other funds	-	(15,496)	(15,496)
Inventories	(4,323)	-	(4,323)
Prepaid items	24,250	-	24,250
Accounts payable	17,420	(1,714)	15,706
Accrued liabilities	-	(1,544)	(1,544)
Due to other funds	34,222	-	34,222
Compensated absences	(8,375)	3,541	(4,834)
Public benefits	(238)	-	(238)
Other current liabilities	(159)	-	(159)
Pension related deferrals and liabilities	814	(648)	166
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 1,867,993	$ 571,564	$ 2,439,557
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments	$ 1,097,359	$ 2,602,025	$ 3,699,384
Restricted cash and investments			
Redemption account	311,280	120,820	432,100
Reserve account	144,000	-	144,000
Depreciation account	283,970	411,831	695,801
Energy efficiency program	102,319	-	102,319
Total Cash and Investments	1,938,928	3,134,676	5,073,604
Less: Noncash equivalents	(144,000)	(1,011,500)	(1,155,500)
CASH AND CASH EQUIVALENTS	$ 1,794,928	$ 2,123,176	$ 3,918,104
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Developer financed additions to utility plant	$ 1,500	$ 6,860	
Dividends reinvested in American Transmission Company	$ 3,398	$ -	
Bond proceeds used in refunding of debt	$ 3,655	$ -	

See accompanying notes to financial statements.

CITY OF COLUMBUS

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

	Agency Fund Tax Collection
ASSETS	
Cash and investments	$ 3,079,335
Taxes receivable	2,585,499
TOTAL ASSETS	$ 5,664,834
LIABILITIES	
Due to other governments	$ 5,664,834
TOTAL LIABILITIES	$ 5,664,834

See accompanying notes to financial statements.

CITY OF COLUMBUS

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

NOTE			Page
I	Summary of Significant Accounting Policies		17
	A.	Reporting Entity	17
	B.	Government-Wide and Fund Financial Statements	18
	C.	Measurement Focus, Basis of Accounting, and Financial Statement Presentation	20
	D.	Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	22
		1. Deposits and Investments	22
		2. Receivables	23
		3. Inventories and Prepaid Items	25
		4. Restricted Assets	25
		5. Capital Assets	25
		6. Other Assets	26
		7. Deferred Outflows of Resources	26
		8. Compensated Absences	26
		9. Long-Term Obligations/Conduit Debt	27
		10. Deferred Inflows of Resources	27
		11. Equity Classifications	28
		12. Basis for Existing Rates	30
II	Stewardship, Compliance, and Accountability		30
	A.	Excess Expenditures and Other Financing Uses Over Appropriations	30
	B.	Deficit Balances	31
	C.	Limitations on the City's Tax Levy	31
III	Detailed Notes on All Funds		32
	A.	Deposits and Investments	32
	B.	Receivables	33
	C.	Restricted Assets	34
	D.	Capital Assets	35
	E.	Interfund Receivables/Payables, Advances and Transfers	40
	F.	Long-Term Obligations	42
	G.	Lease Disclosures	48
	H.	Net Position/Fund Balances	48
	I.	Restatement of Net Position	50
	J.	Component Unit	51
IV	Other Information		51
	A.	Employees' Retirement System	51
	B.	Risk Management	58
	C.	Commitments and Contingencies	58
	D.	Joint Ventures	60
	E.	Subsequent Events	61
	F.	Economic Dependency	61
	G.	Effect of New Accounting Standards on Current-Period Financial Statements	62
	H.	Columbus Area Aquatic Center, Inc.	62

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Columbus, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

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

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

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Community Development Authority

The government-wide financial statements include the Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the CDA, and also create a potential financial benefit to or burden on the city. See Note III.J. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2015. The CDA does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The city does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

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

Fund Financial Statements

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

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

a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and

b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.

c. In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

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

The city reports the following major governmental funds:

General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
General Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
Tax Incremental District (TID) No. 3 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

The city reports the following major enterprise funds:

Water and Light Utility - accounts for operations of the water and light system.
Sewer Utility - accounts for operations of the sewer system.

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

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

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental funds:

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

Community Development Block Grant (CDBG) Fund	Cemetery Fund
Room Tax Fund	Cable TV Fund
Solid Waste Fund	Library Fund
Pool Fund	Library Board
Ward Beautification	Development Fees Fund
Historical Landmarks and Preservation	Joint EMS Fund
Parks Fund	

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

Capital Projects	TIF No. 4

In addition, the city reports the following fund type:

Agency Fund - used to account for and report assets held by the city in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

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

Government-Wide Financial Statements

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

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

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

Government-Wide Financial Statements (cont.)

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 light and sewer utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general fund.

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

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

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

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

Fund Financial Statements (cont.)

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 light and sewer utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

For purposes of the statement of cash flows, the city considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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

a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.

b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.

c. Bonds or securities issued or guaranteed by the federal government.

d. The local government investment pool.

e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

1. Deposits and Investments (cont.)

g. Repurchase agreements with public depositories, with certain conditions.

Investment of most trust funds including cemetery perpetual care funds, is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

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

In relation to custodial credit risk, the city's investment policy states that all deposits and investments should be collateralized in full. The collateral should be held by the city or an independent third party custodian. The investment policy does not address credit risk.

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

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

See Note III. A. for further information.

2. Receivables

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

2. Receivables (cont.)

Property tax calendar - 2015 tax roll:

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

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

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

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

The city has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has been reduced by an allowance for uncollectible accounts of $33,349.

It is the city's policy to record revenue when the initial loan is made from the federal and state grant funds. The net amount of the loan receivable balance is included in restricted fund balance. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used.

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than $5,000 for general capital assets and $25,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

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

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

D. *Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity* (cont.)

5. *Capital Assets* (cont.)

Government-Wide Statements (cont.)

Buildings	30-125	Years
Land Improvements	25	Years
Machinery and Equipment	5-50	Years
Utility System	4-100	Years
Infrastructure	60	Years
Improvements to buildings	30	Years

Fund Financial Statements

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

6. *Other Assets*

Other assets includes an amount for preliminary survey and investigation. This balance represents initial project engineering costs related to utility plant construction. The balance will be capitalized upon commencement of the project.

Other assets include an amount for investment in American Transmission Company (ATC). The electric utility is a member of ATC, which was formed by approximately 25 utilities to plan, construct, maintain, monitor, and own electric transmission facilities in Wisconsin. The electric utility owns less than 1/2 of one percent of ATC. The investment earns dividends quarterly, some of which are paid in cash and some of which are required to be reinvested. The electric utility has the option to contribute additional funds to maintain their proportionate share of ownership. The asset is valued at original cost plus additional contributions and reinvested dividends.

7. *Deferred Outflows of Resources*

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

8. *Compensated Absences*

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

8. Compensated Absences (cont.)

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2015, are determined on the basis of current salary rates and include salary related payments.

9. Long-Term Obligations/Conduit Debt

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

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. At year end, the aggregate principal amount for the seven series outstanding could not be determined; however, their original issue amounts totaled $31,030,000.

10. Deferred Inflows of Resources

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

11. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	$ 8,061,713	$ 18,142,518	$ (197,795)	$ 26,006,436
Unrestricted	239,196	4,484,672	197,795	4,921,663

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

Fund Statements

Governmental fund balances are displayed as follows:

a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

11. Equity Classifications (cont.)

Fund Statements (cont.)

c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.

d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Council may take official action to assign amounts. Assignments may take place after the end of the reporting period.

e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

See Note III. H. for further information.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

12. Basis for Existing Rates

Electric Utility

Current electric rates were approved by the Public Service Commission of Wisconsin on October 24, 2012 and placed into effect on November 1, 2012. The rates are designed to provide a 6.00% return on rate base.

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin on November 19, 2012 and became effective December 1, 2012. The rates are designed to provide a 5.00% return on rate base.

Sewer Utility

Current sewer 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 Village of Fall River rates in accordance with their agreement dated June 1, 2010.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess Expenditures and Other Financing Uses Over Appropriations

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Library Fund	$ 371,320	$ 383,789	$ 12,469
Room Tax Fund	18,550	21,403	2,853
Cemetery Fund	65,966	84,554	18,588
Pool Fund	183,040	204,709	21,669
General Debt Service Fund	1,215,368	2,974,387	1,759,019
CDBG Fund	4,750	38,088	33,338
Capital Projects Fund	111,100	228,050	116,950
Ward Beautification	-	1,324	1,324

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

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. Deficit Balances

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

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

Fund	Amount	Reason
Pool Fund	$ (191,831)	Expenditures in excess of revenues
TIF No. 4	(2,416)	Costs exceeded increment

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

C. Limitations On The City's Tax Levy

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

NOTE III - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	$ 14,305,925	$ 14,420,079	Custodial credit risk
LGIP	908,241	908,241	Credit risk
Petty cash	441	-	N/A
Total Deposits and Investments	$ 15,214,607	$ 15,328,320	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments - primary government	$ 10,670,785		
Restricted cash and investments - primary government	1,374,220		
Unrestricted cash and investments - component unit	90,267		
Per statement of assets and liabilities - agency fund			
Agency Fund	3,079,335		
Total Deposits and Investments	$ 15,214,607		

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

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

The city maintains collateral agreements with its banks. At December 31, 2015, the banks had pledged various government securities in the amount of $9,933,576 to secure the city's deposits.

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

A. Deposits and Investments (cont.)

Custodial Credit Risk

Deposits

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

As of December 31, 2015, $252,167 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 252,167
Total	$ 252,167

Credit Risk

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

The city had investments in the external Wisconsin Local Government Investment Pool which is not rated.

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

B. Receivables

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

	General Fund	Debt Service	Nonmajor and Other Funds	Totals
Amounts not expected to be collected within one year	$ 29,839	$ 162,660	$ 168,170	$ 360,669

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

B. RECEIVABLES (cont.)

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable for subsequent year	$ 3,685,008	$ -
Special assessments not yet due	-	182,260
Total Unearned/Unavailable Revenue for Governmental Funds	$ 3,685,008	$ 182,260

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

At December 31, 2015, the city has not exceeded the maximum amount of program income that it may retain or the amount of time for which funds may be held without use. When it does, a liability to the state will be recorded.

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

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

C. RESTRICTED ASSETS (cont.)

Net Pension Asset

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

Energy Efficiency Program

In conjunction with the electric utility's last rate case in 2012, the utility participates in its own energy efficiency program funded by rate payers. Money collected is restricted for use specific to energy efficiency programs maintained by the utility.

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

Restricted Assets	
Redemption account	$ 432,100
Reserve account	144,000
Depreciation account	283,970
Equipment replacement account	411,831
Energy efficiency program	102,319
Net pension asset	475,392
Total Restricted Assets	$ 1,849,612

D. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	$ 535,109	$ -	$ -	$ 535,109
Construction in progress	-	67,461	-	67,461
Total Capital Assets Not Being Depreciated	535,109	67,461	-	602,570

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated				
Land improvements	$ 341,174	$ -	$ -	$ 341,174
Buildings	5,135,055	-	-	5,135,055
Machinery and equipment	3,347,971	125,207	120,524	3,352,654
Streets	6,752,823	-	-	6,752,823
Storm sewers	2,121,721	-	-	2,121,721
Improvements to buildings	882,198	-	-	882,198
Sidewalks	175,823	-	-	175,823
Bridges	1,067,984	-	-	1,067,984
Dams	624,848	-	-	624,848
Total Capital Assets Being Depreciated	20,449,597	125,207	120,524	20,454,280
Total Capital Assets	20,984,706	192,668	120,524	21,056,850
Less: Accumulated depreciation for				
Land improvements	(72,995)	(13,647)	-	(86,642)
Buildings	(1,407,602)	(90,554)	-	(1,498,156)
Machinery and equipment	(2,136,513)	(243,202)	101,333	(2,278,382)
Streets	(1,741,724)	(112,521)	-	(1,854,245)
Storm sewers	(256,359)	(35,362)	-	(291,721)
Improvements to buildings	(194,690)	(29,671)	-	(224,361)
Sidewalks	(24,519)	(3,517)	-	(28,036)
Bridges	(123,059)	(14,239)	-	(137,298)
Dams	(43,739)	(12,497)	-	(56,236)
Total Accumulated Depreciation	(6,001,200)	(555,210)	101,333	(6,455,077)
Net Capital Assets Being Depreciated	14,448,397	(430,003)	19,191	13,999,203
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 14,983,506	$ (362,542)	$ 19,191	$ 14,601,773

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	$ 57,088
Public safety	89,576
Culture, recreation, and education	169,767
Public works	238,779
Total Governmental Activities Depreciation/Amortization Expense	$ 555,210

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated				
Land and land rights	$ 15,418	$ -	$ -	$ 15,418
Construction in progress	32,012	24,184	56,196	-
Total Capital Assets Not Being Depreciated	47,430	24,184	56,196	15,418
Capital assets being depreciated				
Source of supply	122,133	-	-	122,133
Pumping	278,252	-	-	278,252
Water treatment	1,171,217	130	-	1,171,347
Transmission and distribution	8,406,906	74,089	2,590	8,478,405
General	957,608	3,771	592	960,787
Total Capital Assets Being Depreciated	10,936,116	77,990	3,182	11,010,924
Total Capital Assets	10,983,546	102,174	59,378	11,026,342
Less: Accumulated depreciation for				
Source of supply	(85,719)	(3,542)	-	(89,261)
Pumping	(235,548)	(11,138)	-	(246,686)
Water treatment	(891,081)	(38,173)	-	(929,254)
Transmission and distribution	(1,673,649)	(151,419)	2,606	(1,822,462)
General	(678,560)	(23,381)	592	(701,349)
Total Accumulated Depreciation	(3,564,557)	(227,653)	3,198	(3,789,012)
Net Capital Assets Being Depreciated	7,371,559	(149,663)	(16)	7,221,912
Net Water Capital Assets	$ 7,418,989	$ (125,479)	$ 56,180	$ 7,237,330

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Electric				
Capital assets not being depreciated				
Land and land rights	$ 154,335	$ 3,000	$ -	$ 157,335
Total Capital Assets Not Being Depreciated	154,335	3,000	-	157,335
Capital assets being depreciated				
Distribution	10,078,297	509,412	63,068	10,524,641
General	1,889,119	42,681	8,490	1,923,310
Total Capital Assets Being Depreciated	11,967,416	552,093	71,558	12,447,951
Total Capital Assets	12,121,751	555,093	71,558	12,605,286
Less: Accumulated depreciation for				
Distribution	(4,965,362)	(360,466)	66,158	(5,259,670)
General	(1,084,030)	(60,412)	8,490	(1,135,952)
Total Accumulated Depreciation	(6,049,392)	(420,878)	74,648	(6,395,622)
Net Capital Assets Being Depreciated	5,918,024	131,215	(3,090)	6,052,329
Net Electric Capital Assets	$ 6,072,359	$ 134,215	$ (3,090)	$ 6,209,664

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets not being depreciated				
Land and land rights	$ 2,500	$ -	$ -	$ 2,500
Total Capital Assets Not Being Depreciated	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 for				
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 Being Depreciated	10,030,077	(324,831)	-	9,705,246
Net Sewer Capital Assets	$ 10,032,577	$ (324,831)	$ -	$ 9,707,746
Business-type Capital Assets, Net of Accumulated Depreciation	$ 23,523,925	$ (316,095)	$ 53,090	$ 23,154,740

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	$ 217,804
Electric	371,542
Sewer	556,996
Total Business-type Activities Depreciation Expense	$ 1,146,342

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

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

E. Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General Fund	Water and Light Utility	$ 471,511
Sewer Utility	Water and Light Utility	99,656
Total - Fund Financial Statements		571,167
Less: Fund eliminations		(99,656)
Less: Interfund advances		(207,808)
Total Internal Balances - Government-Wide Statement of Net Position		$ 263,703

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	$ 471,511
Business-type Activities	Governmental Activities	(207,808)
Total Government-Wide Financial Statements		$ 263,703

All amounts are due within one year.

The principal purpose of these interfunds is for the payment in lieu of tax and cash overdrafts. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances

The general fund is advancing funds to the pool fund. The amount advanced is determined by the accumulated deficit of the fund. No repayment schedule has been established.

The general fund and the sewer utility are advancing funds to TIF No. 3. The amounts advanced are determined by the deficiency of revenues over expenditures since the district's inception. Repayment schedules have been established and are presented below.

The general fund is advancing funds to TIF No. 4. The amount advanced was determined by the negative cash position in TIF No. 4. No repayment schedule has been established.

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

E. Interfund Receivables/Payables, Advances and Transfers (cont.)

Advances (cont.)

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	TIF No. 3	$ 554,263	$ 485,412
General Fund	Pool Fund	188,230	188,230
General Fund	TIF No. 4	4,526	4,526
Sewer Utility	TIF No. 3	207,808	183,596
Total - Fund Financial Statements		954,827	
Less: Fund eliminations		(747,019)	
Total - Interfund Advances		$ 207,808	

	TIF 3 Advance from General Fund		TIF 3 Advance from Sewer Utility	
Years	Principal	Interest	Principal	Interest
2016	$ 68,851	$ 12,369	$ 24,212	$ 4,156
2017	68,851	11,240	24,696	3,672
2018	68,851	8,912	25,190	3,178
2019	68,851	7,713	25,694	2,674
2020	68,851	6,490	26,208	2,160
2021-2024	210,008	13,238	81,808	3,294
Totals	$ 554,263	$ 59,962	$ 207,808	$ 19,134

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Water and Light Utility	$ 431,612	Tax equivalent payment
General Debt Service	TIF No. 3	202,755	TIF debt
Nonmajor Funds	General Fund	108,702	Funding EMS and parks activities
Total - Fund Financial Statements		743,069	
Less: Fund eliminations		(311,457)	
Total Transfers - Government-Wide Statement of Activities		$ 431,612	

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

F. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	$ 7,820,926	$ 3,645,000	$ 2,712,263	$ 8,753,663	$ 934,282
Premiums on long-term debt	-	155,024	7,753	147,271	-
Sub-totals	7,820,926	3,800,024	2,720,016	8,900,934	934,282
Other Liabilities					
Vested compensated absences	153,140	44,998	25,855	172,283	31,338
Capital lease	33,939	-	18,512	15,427	15,427
Total Other Liabilities	187,079	44,998	44,367	187,710	46,765
Total Governmental Activities Long-Term Liabilities	$ 8,008,005	$ 3,845,022	$ 2,764,383	$ 9,088,644	$ 981,047

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	$ 1,535,000	$ 225,000	$ 665,000	$ 1,095,000	$ 130,000
Revenue bonds	4,992,697	1,440,000	2,401,460	4,031,237	550,403
Note payable	33,548	-	3,563	29,985	3,563
Sub-totals	6,561,245	1,665,000	3,070,023	5,156,222	683,966
Other Liabilities					
Vested compensated absences	150,407	33,736	38,570	145,573	32,340
Total Other Liabilities	150,407	33,736	38,570	145,573	32,340
Total Business-type Activities Long-Term Liabilities	$ 6,711,652	$ 1,698,736	$ 3,108,593	$ 5,301,795	$ 716,306

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2015, was $17,981,565. Total general obligation debt outstanding at year end was $9,848,663.

General Obligation Debt

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
2005 State Trust Fund Loan	1/26/05	3/15/24	5.25%	$ 389,856	$ 97,068
2007 GO Corporate Purpose Bonds	2/22/07	4/1/26	4%	1,795,000	425,000
2007 GO Community Development Bonds	7/11/07	1/1/26	4.1 - 4.6%	1,200,000	945,000
2007 GO Promissory Notes	11/14/07	5/1/27	2.475	550,000	361,595
2012 GO Promissory Notes	1/5/12	10/1/20	.70 - 2.1%	2,945,000	1,560,000
2013 GO Industrial Development Bonds	2/7/13	10/1/32	2.0 - 2.8%	1,885,000	1,720,000
2015 GO Promissory Notes	3/25/15	3/1/25	1.80	3,645,000	3,645,000
Total Governmental Activities - General Obligation Debt					$ 8,753,663

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
2007 GO Bonds - Electric	2/22/07	4/1/26	4.0%	$ 200,000	$ 120,000
2007 GO Bonds - Sewer	2/22/07	4/1/26	4.0%	750,000	750,000
2010 Taxable GO Notes - Electric	2/24/10	4/1/20	1.45 - 4.55%	440,000	225,000
Total Business-type Activities - General Obligation Debt					$ 1,095,000

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
Years	Principal	Interest	Principal	Interest
2016	$ 934,282	$ 163,825	$ 130,000	$ 36,838
2017	861,418	147,803	130,000	33,425
2018	813,634	133,553	135,000	29,600
2019	826,690	117,988	130,000	25,400
2020	838,945	99,229	75,000	21,300
2021-2025	3,465,830	299,467	400,000	60,600
2026-2030	767,864	63,045	95,000	1,900
2031-2032	245,000	1,750	-	-
Totals	$ 8,753,663	$ 1,026,660	$ 1,095,000	$ 209,063

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water and light and sewer utilities.

The water and light utility has pledged future customer revenues, net of specified operating expenses, to repay revenue bonds issued in 2015. Proceeds from the bonds provided financing for the improvements to the utility systems. The bonds are payable solely from service revenues and are payable through 2019. Annual principal and interest payments on the bonds are expected to require 21% of net revenues. The total principal and interest remaining to be paid on the bonds is $1,472,821. Principal and interest paid for the current year and total customer net revenues were $947,117 and $1,718,084, respectively.

The sewer utility has pledged future customer revenues to repay revenue bonds issued in 2007 and 2011. Proceeds from the bonds provided financing for the improvements to the utility system. The bonds are payable solely from service revenues and are payable through 2031. Annual principal and interest payments on the bonds are expected to require 13% of gross revenues. The total principal and interest remaining to be paid on the bonds is $3,048,021. Principal and interest paid for the current year and total customer gross revenues were $226,732 and $1,477,085, respectively.

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

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

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
Water and Light Utility					
Revenue bonds	3/25/15	5/1/19	0.70-1.40	$ 1,440,000	$ 1,440,000
				Total Water and Light Utility	1,440,000
Sewer Utility					
Clean Water Fund Loan	11/14/07	5/1/27	2.475	$ 2,258,679	$ 1,488,714
Clean Water Fund Loan	6/8/11	5/1/2031	2.40	1,313,944	1,102,523
				Total Sewer Utility	2,591,237
Total Business-type Activities - Revenue Debt					$ 4,031,237

Debt service requirements to maturity are as follows:

	Business-type Activities Revenue Debt	
Years	Principal	Interest
2016	$ 550,403	$ 74,674
2017	539,453	67,561
2018	523,603	59,683
2019	512,854	51,022
2020	182,210	44,267
2021-2025	980,217	151,329
2026-2030	660,687	40,087
2031	81,810	982
Totals	$ 4,031,237	$ 489,605

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of vested compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

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

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The city believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

Current Refunding

On March 25, 2015, the city issued $1,805,000 in general obligation notes with an average coupon rate of 1.80% to refund $2,235,000 of outstanding notes with an interest rate of up to 4.55%. The net proceeds along with existing funds of the city were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was $2,387,564 from 2015 through 2019. The cash flow requirements on the new refunding bonds are $1,910,644 from 2015 through 2022. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $190,191.

On March 25, 2015, the water and light utility issued $1,440,000 in revenue bonds with an average coupon rate of 1.34% to refund $2,240,000 of outstanding bonds with an average coupon rate of 4.36%. The net proceeds along with existing funds of the water and light utility were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was $1,998,225 from 2016 through 2019. The cash flow requirements on the new refunding bonds are $1,480,648 from 2016 through 2019. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $98,851.

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

G. LEASE DISCLOSURES

Lessee - Capital Leases

In 2014, the city acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is $52,026, which are included in capital assets in the governmental activities. The future principal and interest payments as of December 31, 2015, are as follows:

	Governmental Activities		
Years	Principal	Interest	Totals
2016	$ 15,427	$ 1,048	$ 16,475
Totals	$ 15,427	$ 1,048	$ 16,475

H. NET POSITION/FUND BALANCES

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

Governmental Activities

Net Investment in Capital Assets	
Land	$ 535,109
Construction in progress	67,461
Other capital assets, net of accumulated depreciation	13,999,203
Less: Long-term debt outstanding	(8,753,663)
Plus: Unspent capital related debt proceeds	1,918,740
Plus: Noncapital debt proceeds	294,863
Total Net Investment in Capital Assets	8,061,713
Restricted	
Debt Service	1,393,699
Grant Programs	429,118
Library	356,464
Trust purposes	554,722
TIF districts	129,834
Capital projects	2,002,980
Pension	322,829
Total Restricted	5,189,646
Unrestricted	239,196
Total Governmental Activities Net Position	$ 13,490,555

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

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

	General Fund	General Debt Service	TIF No. 3	Nonmajor Funds	Totals
Fund Balances					
Nonspendable:					
Prepaid items	$ 452	$ -	$ -	$ -	$ 452
Inventories	1,137	-	-	-	1,137
Advances	747,019	-	-	-	747,019
Non-current receivables	10,239	-	-	-	10,239
Restricted for:					
Debt service	-	1,457,836	-	-	1,457,836
Capital projects	-	-	129,834	2,002,980	2,132,814
Grants	-	-	-	429,118	429,118
Library	-	-	-	356,464	356,464
Cemetery	-	-	-	204,422	204,422
Preservation	-	-	-	350,300	350,300
Committed to:					
Promote city	-	-	-	25,607	25,607
Development	-	-	-	1,107	1,107
Cable TV	-	-	-	201,516	201,516
Garbage collection	-	-	-	10,577	10,577
Parks and recreation	-	-	-	24,867	24,867
Public safety	-	-	-	2,251	2,251
Assigned to:					
Budget carryovers	20,731	-	-	-	20,731
Subsequent year's budget	95,972	-	-	-	95,972
Continuing appropriations	40,610	-	-	-	40,610
Payment in lieu of taxes from utilities	431,612	-	-	-	431,612
Unassigned (deficit):	858,505	-	-	(194,247)	664,258
Total Fund Balances	$ 2,206,277	$ 1,457,836	$ 129,834	$ 3,414,962	$ 7,208,909

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	$ 172,253
Plant in service, net of accumulated depreciation	22,982,487
Less: Long-term debt outstanding	(5,156,222)
Plus: Unspent capital related debt proceeds	144,000
Total Net Investment in Capital Assets	18,142,518
Restricted	
Debt service	416,449
Depreciation	283,970
Equipment replacement	411,831
Energy efficiency programs	102,319
Pension	152,563
Total Restricted	1,367,132
Unrestricted	4,484,672
Total Business-type Activities Net Position	$ 23,994,322

I. RESTATEMENT OF NET POSITION

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

	Governmental Activities	Business-type Activities	Water and Light Utility	Sewer Utility
Net Position - December 31, 2014 (as reported)	$ 12,482,972	$ 23,077,436	$ 13,244,355	$ 9,833,081
Add: Net pension asset	526,347	248,741	182,410	66,331
Add: Deferred outflows related to pensions	127,104	60,067	44,049	16,018
Net Position - December 31, 2014 (as restat ed)	$ 13,136,423	$ 23,386,244	$ 13,470,814	$ 9,915,430

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

J. Component Unit

COMMUNITY DEVELOPMENT AUTHORITY

This report contains the Community Development Authority (CDA), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The CDA follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

At year end, the carrying amount of the CDA's deposits was $90,267 and is part of the city's commingled cash. See Note III. A.

c. Cash and Cash Equivalents

For purposes of the statement of cash flows, the CDA considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

NOTE IV - OTHER INFORMATION

A. Employees' Retirement System

Summary of Significant Accounting Policies

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

NOTE IV - OTHER INFORMATION (cont.)

A. 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 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

The WRS also provides death and disability benefits for employees.

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized $187,171 in contributions from the city.

Contribution rates as of December 31, 2015 are:

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

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

At December 31, 2015, the city reported an asset of $475,391 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension 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 city's proportion of the net pension asset was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the city's proportion was 0.01935417%, which was a decrease of 0.00030566% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the city recognized pension expense of $190,395.

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 68,917
Net differences between projected and actual earnings on pension plan investments	230,208
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,239
Employer contributions subsequent to the measurement date	176,280
Totals	$ 483,644

$176,280 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	$ 75,142	$ -
2017	75,142	-
2018	75,142	-
2019	75,142	-
2020	6,796	-

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

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

NOTE IV - OTHER INFORMATION (cont.)

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

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

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

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

NOTE IV - OTHER INFORMATION (cont.)

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension asset/(liability)	$(1,341,161)	$475,391	$1,910,031

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

At December 31, 2015, the city reported a payable to the pension plan of $27,181 which represents contractually required contributions outstanding as of the end of the year.

B. *RISK MANAGEMENT*

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

C. *COMMITMENTS AND CONTINGENCIES*

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

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

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Long-Term Contracts - WPPI Energy

The electric utility is one of 51 WPPI Energy member municipalities located throughout the State of Wisconsin. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the utility payable from any operating and maintenance fund established for that system.

In 2002, all WPPI Energy members ratified a 13 year extension to their original 35 year contracts. The new contract expires at midnight on December 31, 2037. Additionally, the electric utility has extended its contract until December 31, 2055.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was $437 million as of December 31, 2015.

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

In 2006, the city issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was $1,500,000, and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 3. Payments are scheduled through the year 2022, and carry an interest rate of 4.5%. The obligation does not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was $1,386,367. Total payments made to date include interest of $601,817 and principal of $113,633.

In 2007, the city issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was $400,000, and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 3. Payments are scheduled through the year 2023 and there is no interest on this obligation. The obligation does not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was $296,416. Total principal payments made to date were $103,587.

In 2007, the city entered into a development agreement with a developer to improve a portion of TIF No. 3. As part of the original agreement, the city agreed to pay 90% of the tax increment generated on the developed property to the developer up to a maximum amount of $8,000,000. The agreement has since been amended and the city will now pay 100% of the tax increment generated on the developed property to the developer up to a maximum amount of $8,000,000. The obligation does not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay the developer $8,000,000, there is no further obligation to the city. The total paid through December 31, 2015, was $178,303.

In 2012, the city entered into a development agreement as part of the purchase and sale of land in the Gateway Industrial Park. The developer will be refunded for any property taxes paid over $55,000 until 2023.

D. JOINT VENTURES

Columbus Rural Fire Group

The City of Columbus and Townships of Portland, York, Hampden, Elba, Calamus, and Columbus jointly operate the fire department, which is called the Columbus Rural Fire Group (district) and provides fire protection services to the municipalities indicated.

The governing body is made up of citizens from each community. Local representatives are appointed by the mayor. The governing body has authority to adopt its own budget and control the financial affairs of the district. The city is obligated by the joint venture agreement to remit an amount annually to the district. The city made a payment to the district of $207,687 in 2015.

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Columbus Rural Fire Group (cont.)

Financial information of the district as of December 31, 2015 is available directly from the district's office.

The city does not have an equity interest in the district.

Joint Municipal Court for Eastern Columbia County

The City of Columbus and the Villages of Fall River, Pardeeville, Randolph, Rio, Poynette, Dane and Cambria, City of Lodi and Town of Columbus jointly operate the local municipal court, which is called the Joint Municipal Court for Eastern Columbia County (court) and provides non-criminal citation processing.

The governing committee is made up of citizens from each community. Local representatives are appointed by the chief executive officer of each community. The committee recommends its own budget which is ratified by each community member. The committee also controls the financial affairs of the courts.

Financial information of the court as of December 31, 2015 is available directly from the municipal court in Columbus, Wisconsin.

The City of Columbus does not have an equity interest in the court.

E. SUBSEQUENT EVENTS

The city, water and light utility, and sewer utility have entered into agreements with contractors for the installation of water and sewer mains related to the 2016 street and utility projects at an estimated cost of $1,800,169, $956,031, and $526,575, respectively.

On January 14, 2016, the water and light utility approved issuance of notes in the amount of $261,721 payable to WPPI to install electric metering infrastructure. The note payable is payable over 10 years and bears a 0% interest rate.

The water and light utility authorized the issuance of revenue mortgage bonds in 2016 not to exceed $4,110,000 for utility system improvements.

F. ECONOMIC DEPENDENCY

Water and Light Utility

The Water and Light Utility has one significant customer who was responsible for 25% of operating revenues in 2015.

NOTE IV - OTHER INFORMATION (cont.)

G. Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 72*, Fair Value Measurement and Application*
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 74*, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- Statement No. 77, *Tax Abatement Disclosures*
- Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

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

H. Columbus Area Aquatic Center, Inc.

In 2002, the city entered into a cooperative agreement with the Columbus Area Aquatic Center, Inc. (CAAC). This agreement specifies the responsibilities of the city and CAAC in regards to the construction, management, and operations of the aquatic center. The board is made up of members from the city, school district, hospital and public. The purpose of CAAC is to raise funds for construction and operation of the aquatic center. All funds receipted from aquatic center operations are turned over to the city. The city pays all bills resulting from the aquatic center. This activity is recorded in the pool special revenue fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COLUMBUS

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

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
TAXES			
General property taxes	$ 1,760,931	$ 1,706,707	$ (54,224)
Mobile home taxes	5,000	5,428	428
Payments in lieu of taxes	4,750	6,777	2,027
Interest and penalties on taxes	500	2,728	2,228
Total Taxes	1,771,181	1,721,640	(49,541)
INTERGOVERNMENTAL			
State shared revenues	574,679	573,882	(797)
State expenditure restraint	90,624	90,624	-
Fire insurance tax (2% fire dues)	14,753	13,927	(826)
State aid - exempt computers	8,530	11,680	3,150
State aid - law enforcement improvement	1,600	1,440	(160)
State aid - general transportation aids	269,626	269,104	(522)
State aid - connecting streets	41,304	41,304	-
State aid - other transportation	-	3,772	3,772
County aid - highway and bridges	4,000	4,919	919
Total Intergovernmental	1,005,116	1,010,652	5,536
LICENSES AND PERMITS			
Liquor licenses	12,000	13,960	1,960
Operators' licenses	4,500	5,604	1,104
Business and occupational licenses	61,500	66,615	5,115
Other business and occupational licenses	1,250	2,110	860
Dog licenses	1,500	2,413	913
Building permits	3,000	10,825	7,825
Total Licenses and Permits	83,750	101,527	17,777
FINES, FORFEITURES, AND PENALTIES			
Court penalties and costs	50,000	53,818	3,818
Parking violations	6,000	2,046	(3,954)
Other law and ordinance violations	-	9,365	9,365
Total Fines, Forfeitures, and Penalties	56,000	65,229	9,229
PUBLIC CHARGES FOR SERVICES			
General government	6,180	7,286	1,106
Law enforcement fees	250	372	122
Fire protection fees	33,200	28,167	(5,033)
Public works fees	7,800	12,679	4,879
Weed and nuisance control	1,500	1,707	207
Other health services	50	-	(50)
Recreation programs	28,100	26,281	(1,819)
Park rental	18,000	20,630	2,630
Senior center	10,600	17,495	6,895
Total Public Charges for Services	105,680	114,617	8,937

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

CITY OF COLUMBUS

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

	Original and Final Budget	Actual	Variance with Final Budget
INTERGOVERNMENTAL CHARGES FOR SERVICES			
Local - fire services	$ 3,000	$ 5,600	$ 2,600
Total Intergovernmental Charges for Services	3,000	5,600	2,600
SPECIAL ASSESSMENTS			
Curb and gutter	4,900	4,900	-
INVESTMENT INCOME			
Interest on investments	24,200	20,566	(3,634)
Interest - special assessments	1,034	1,035	1
Total Investment Income	25,234	21,601	(3,633)
MISCELLANEOUS REVENUES			
Rent	3,360	1	(3,359)
Insurance dividends	20,000	-	(20,000)
Donations	4,350	22,181	17,831
Other miscellaneous	1,500	7,000	5,500
Insurance recoveries	-	48,632	48,632
Total Miscellaneous Revenues	29,210	77,814	48,604
Total Revenues	3,084,071	3,123,580	39,509
EXPENDITURES			
GENERAL GOVERNMENT			
City council	23,177	22,798	379
Legal counseling	88,000	72,219	15,781
Codification of ordinances	10,000	13,205	(3,205)
Mayor	10,440	10,421	19
Administrator	127,610	126,466	1,144
Clerk	127,690	127,749	(59)
Elections	6,306	4,098	2,208
Accounting	28,750	21,499	7,251
Treasurer	70,220	69,407	813
Assessment of property	15,175	13,680	1,495
City hall	124,207	109,212	14,995
Property and liability insurance	104,184	92,376	11,808
Other insurance	10,000	-	10,000
Other general government	35,000	24,751	10,249
Total General Government	780,759	707,881	72,878

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

CITY OF COLUMBUS

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

	Original and Final Budget	Actual	Variance with Final Budget
PUBLIC SAFETY			
Police administration	$ 350,615	$ 343,762	$ 6,853
Police patrol	597,905	601,352	(3,447)
Police communicator	85,072	94,614	(9,542)
Crossing guards	25,291	25,698	(407)
Fire administration	215,213	207,687	7,526
Emergency government	9,505	5,535	3,970
Udey dam	8,172	8,741	(569)
Building inspection	55,000	57,417	(2,417)
Total Public Safety	1,346,773	1,344,806	1,967
HEALTH AND HUMAN SERVICES			
Animal control	2,000	1,550	450
Senior center	106,248	106,575	(327)
Total Health and Human Services	108,248	108,125	123
PUBLIC WORKS			
Public works and building administration	176,185	179,768	(3,583)
Municipal garage	116,239	110,507	5,732
Streets and alleys	205,161	201,737	3,424
Snow and ice control	110,814	110,931	(117)
Street lighting	95,500	102,045	(6,545)
Storm sewers	19,132	18,889	243
City buildings and grounds	80,823	82,567	(1,744)
Recycling	16,247	22,524	(6,277)
Total Public Works	820,101	828,968	(8,867)
CULTURE, RECREATION, AND EDUCATION			
Historic preservation	4,000	1,911	2,089
Municipal parks	219,303	262,453	(43,150)
Total Culture, Recreation, and Education	223,303	264,364	(41,061)
CONSERVATION AND DEVELOPMENT			
Forestry	44,471	79,950	(35,479)
Weed control	9,255	7,208	2,047
Economic development	200,875	209,720	(8,845)
Total Conservation and Development	254,601	296,878	(42,277)
Total Expenditures	3,533,785	3,551,022	(17,237)

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

CITY OF COLUMBUS

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

	Original and Final Budget	Actual	Variance with Final Budget
Excess (deficiency) of revenues over expenditures	$ (449,714)	(427,442)	$ 22,272
OTHER FINANCING SOURCES (USES)			
Transfers in	579,327	431,612	(147,715)
Transfers out	(130,500)	(108,702)	21,798
Property sales	-	3,270	3,270
Total Other Financing Sources (Uses)	448,827	326,180	(122,647)
Net Change in Fund Balance	(887)	(101,262)	(100,375)
FUND BALANCE - Beginning of Year	2,307,539	2,307,539	-
FUND BALANCE - END OF YEAR	$ 2,306,652	$ 2,206,277	$ (100,375)

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

CITY OF COLUMBUS

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

Fiscal Year Ending	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Asset	Covered Payroll	Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset
12/31/15	0.01935417%	$ 475,391	$ 2,409,212	19.73%	102.74%

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

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	$ 176,280	$ 176,280	$ -	$ 2,401,552	7.34%

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

BUDGETARY INFORMATION

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

A budget has been adopted for all of the funds except those listed below. A budget has not been formally adopted and approved by city council for the Library Board, Parks Fund, Historic Landmarks and Preservation, and Tax Increment District No. 4. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

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

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were $20,731. Budgets are adopted at the department level of expenditure.

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in Assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

CITY OF COLUMBUS

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

	Special Revenue Funds				
	CDBG Fund	Cemetery Fund	Room Tax Fund	Cable TV Fund	Solid Waste Fund
ASSETS					
Cash and investments	$ 260,948	$ 204,953	$ 20,788	$ 188,566	$ 30,772
Receivables					
Taxes	-	35,000	-	-	245,980
Accounts	-	-	4,819	14,468	-
Loans	168,170	-	-	-	-
Due from other governments	-	-	-	-	-
TOTAL ASSETS	$ 429,118	$ 239,953	$ 25,607	$ 203,034	$ 276,752
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	$ -	$ 42	$ -	$ 1,518	$ 20,195
Accrued liabilities	-	489	-	-	-
Deposits	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	-	531	-	1,518	20,195
Deferred Inflows of Resources					
Unearned revenues	-	35,000	-	-	245,980
Total Deferred Inflows of Resources	-	35,000	-	-	245,980
Fund Balances					
Restricted	429,118	204,422	-	-	-
Committed	-	-	25,607	201,516	10,577
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances	429,118	204,422	25,607	201,516	10,577
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 429,118	$ 239,953	$ 25,607	$ 203,034	$ 276,752

Special Revenue Funds						
Library Fund	Pool Fund	Library Board	Ward Beautification	Development Fees Fund	Historic Landmarks and Preservation	Joint EMS Fund
$ 97,915	$ -	$ 270,145	$ 3,211	$ 91,498	$ 347,089	$ 52,287
263,250	87,404	-	-	-	-	-
-	-	-	-	3,473	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 361,165	$ 87,404	$ 270,145	$ 3,211	$ 94,971	$ 347,089	$ 52,287
$ 5,248	$ 1,581	$ -	$ -	$ 4,425	$ -	$ -
6,348	-	-	-	-	-	36
-	-	-	-	89,439	-	50,000
-	188,230	-	-	-	-	-
11,596	189,811	-	-	93,864	-	50,036
263,250	89,424	-	-	-	-	-
263,250	89,424	-	-	-	-	-
86,319	-	270,145	3,211	-	347,089	-
-	-	-	-	1,107	-	2,251
-	(191,831)	-	-	-	-	-
86,319	(191,831)	270,145	3,211	1,107	347,089	2,251
$ 361,165	$ 87,404	$ 270,145	$ 3,211	$ 94,971	$ 347,089	$ 52,287

CITY OF COLUMBUS

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

	Special Revenue Funds	Capital Projects Funds		
	Parks Fund	Capital Projects	TIF No. 4	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	$ 24,867	$ 1,908,995	$ -	$ 3,502,034
Receivables				
Taxes	-	72,265	-	703,899
Accounts	-	-	16,004	38,764
Loans	-	-	-	168,170
Due from other governments	-	147,702	-	147,702
TOTAL ASSETS	$ 24,867	$ 2,128,962	$ 16,004	$ 4,560,569
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ -	$ 53,717	$ 13,894	$ 100,620
Accrued liabilities	-	-	-	6,873
Deposits	-	-	-	139,439
Advances from other funds	-	-	4,526	192,756
Total Liabilities	-	53,717	18,420	439,688
Deferred Inflows of Resources				
Unearned revenues	-	72,265	-	705,919
Total Deferred Inflows of Resources	-	72,265	-	705,919
Fund Balances				
Restricted	-	2,002,980	-	3,343,284
Committed	24,867	-	-	265,925
Unassigned (deficit)	-	-	(2,416)	(194,247)
Total Fund Balances	24,867	2,002,980	(2,416)	3,414,962
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 24,867	$ 2,128,962	$ 16,004	$ 4,560,569

CITY OF COLUMBUS

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

	Special Revenue Funds		
	CDBG Fund	Cemetery Fund	Room Tax Fund
REVENUES			
Taxes	$ -	$ 35,000	$ 20,922
Intergovernmental	-	-	-
Licenses and permits	-	-	-
Fines, forfeitures and penalties	-	-	-
Public charges for services	-	14,700	-
Intergovernmental charges for services	-	-	-
Investment income (loss)	7,388	1,439	23
Miscellaneous revenues	-	20,200	-
Total Revenues	7,388	71,339	20,945
EXPENDITURES			
Current			
General government	-	-	-
Health and human services	-	84,554	-
Public works	-	-	-
Public safety	-	-	-
Culture, recreation, and education	-	-	-
Conservation and development	38,088	-	21,403
Capital outlay	-	-	-
Debt Service			
Interest and fiscal charges	-	-	-
Total Expenditures	38,088	84,554	21,403
Excess (deficiency) of revenues over expenditures	(30,700)	(13,215)	(458)
OTHER FINANCING SOURCES (USES)			
Debt issued	-	-	-
Transfers in	-	-	-
Premium on debt issued	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(30,700)	(13,215)	(458)
FUND BALANCES (DEFICIT) - Beginning of Year	459,818	217,637	26,065
FUND BALANCES (DEFICIT) - END OF YEAR	$ 429,118	$ 204,422	$ 25,607

Special Revenue Funds						
Cable TV Fund	Solid Waste Fund	Library Fund	Pool Fund	Library Board	Ward Beautification	Development Fees Fund
$ -	$ -	$ 257,000	$ 59,800	$ -	$ -	$ -
-	-	107,295	765	-	-	-
57,873	-	-	-	-	-	-
-	-	5,702	-	-	-	-
-	242,760	-	115,704	-	-	-
-	-	-	-	-	-	-
239	56	146	19	(2,542)	11	-
9	-	12,382	5,796	1,395	-	-
58,121	242,816	382,525	182,084	(1,147)	11	-
-	-	-	-	-	-	-
-	-	-	-	-	1,324	-
-	242,808	-	-	-	-	-
-	-	-	-	-	-	-
30,131	-	383,789	204,709	611	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
30,131	242,808	383,789	204,709	611	1,324	-
27,990	8	(1,264)	(22,625)	(1,758)	(1,313)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
27,990	8	(1,264)	(22,625)	(1,758)	(1,313)	-
173,526	10,569	87,583	(169,206)	271,903	4,524	1,107
$ 201,516	$ 10,577	$ 86,319	$ (191,831)	$ 270,145	$ 3,211	$ 1,107

CITY OF COLUMBUS

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

	Special Revenue Funds		
	Historic Landmarks and Preservation	Joint EMS Fund	Parks Fund
REVENUES			
Taxes	$ -	$ -	$ -
Intergovernmental	6,793	-	-
Licenses and permits	-	-	-
Fines, forfeitures and penalties	-	-	-
Public charges for services	-	-	-
Intergovernmental charges for services	-	106,053	-
Investment income (loss)	675	57	33
Miscellaneous revenues	251,388	-	12,332
Total Revenues	258,856	106,110	12,365
EXPENDITURES			
Current			
General government	-	-	-
Health and human services	-	-	-
Public works	-	-	-
Public safety	-	200,059	-
Culture, recreation, and education	18,890	-	-
Conservation and development	-	-	-
Capital outlay	-	-	-
Debt Service			
Interest and fiscal charges	-	-	-
Total Expenditures	18,890	200,059	-
Excess (deficiency) of revenues over expenditures	239,966	(93,949)	12,365
OTHER FINANCING SOURCES (USES)			
Debt issued	-	-	-
Transfers in	-	96,200	12,502
Premium on debt issued	-	-	-
Total Other Financing Sources (Uses)	-	96,200	12,502
Net Change in Fund Balances	239,966	2,251	24,867
FUND BALANCES (DEFICIT) - Beginning of Year	107,123	-	-
FUND BALANCES (DEFICIT) - END OF YEAR	$ 347,089	$ 2,251	$ 24,867

Capital Projects Funds		
Capital Projects	TIF No. 4	Total Nonmajor Governmental Funds
$ 60,950	$ -	$ 433,672
-	-	114,853
-	1,500	59,373
-	-	5,702
-	-	373,164
-	-	106,053
2,370	2	9,916
2,517	14,000	320,019
65,837	15,502	1,422,752
959	15,758	16,717
-	-	85,878
-	-	242,808
-	-	200,059
-	-	638,130
-	-	59,491
192,477	2,160	194,637
34,614	-	34,614
228,050	17,918	1,472,334
(162,213)	(2,416)	(49,582)
2,065,000	-	2,065,000
-	-	108,702
80,831	-	80,831
2,145,831	-	2,254,533
1,983,618	(2,416)	2,204,951
19,362	-	1,210,011
$ 2,002,980	$ (2,416)	$ 3,414,962