



**Johnson & Block**  
AND COMPANY, INC.

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Certified Public Accountants

**CITY OF PRESCOTT**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**December 31, 2015**

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**CITY OF PRESCOTT**

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**December 31, 2015**

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Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

April 15, 2016

To the City Council  
City of Prescott  
Prescott, Wisconsin

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

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Prescott, Wisconsin, as of December 31, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, effective January 1, 2015, the City of Prescott adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. 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 management's discussion and analysis on page iv through xv, and budgetary comparison information on page 51, and the Wisconsin Retirement System schedules on pages 52 through 54 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Prescott's basic financial statements as a whole. The supplementary information as described in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
Certified Public Accountants  
Madison, Wisconsin

**CITY OF PRESCOTT, WISCONSIN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of the financial performance of the City of Prescott is intended to provide an overview of the City's financial activities for the fiscal year ended December 31, 2015. Readers are encouraged to consider the information presented here in conjunction with additional information as furnished in the financial statements and footnotes, which begin on page 1.

**FINANCIAL HIGHLIGHTS**

- The City of Prescott has total assets of \$39.6 million, liabilities of \$11.3 million and deferred inflows of \$3.7 million, resulting in net position of \$24.6 million at the end of 2015. Of the net position, \$18 million represents the City's investment in capital assets, net of related debt, \$1.2 million is held for restricted purposes, and \$5.4 million is available to meet the City's ongoing obligations to its citizens and creditors.
- The City of Prescott has three tax incremental districts. TID #3 is designed to promote the location and expansion of industry and provide new public infrastructure in the north portion of the community. TID #4 is a blight elimination district designed to promote economic development and revitalize the down town. TID #5 was created in 2006 and is located at the northeastern edge of the community and will be used to provide new public infrastructure and to promote the location and expansion of industry and development of new commercial business.
- In 2015 the City of Prescott's General Fund increased its unassigned fund balance by \$112,000 for a total of \$2.2 million. The increase is due to payments received on advancement of funds as well as by underspent budgets. Unassigned fund balance may be used for any purpose for the respective fund.
- In taxable year 2015 the City of Prescott had a net new construction value of \$27.7 million, increasing the total equalized value by 9.05%. The large increase was mainly due to the construction two significant businesses.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This section serves as an introduction to the City of Prescott's basic financial statements. The basic financial statements for the City are comprised of three components:

- government-wide financial statements,
- fund financial statements, and
- notes to the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

### Government-wide Financial Statements

The two government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business entities. The *Statement of Net position* presents information on all of the City's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *Statement of Activities* presents information showing how the City'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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The City's overall financial position increased from 2014 to 2015 with the City's net position increasing by over \$1.5 million. The government-wide financial statements can be found on pages 1-2 of this report.

Both of the government-wide financial statements distinguish those functions of the municipality that are principally supported by taxes and intergovernmental revenues, known as governmental activities, from other functions that are intended to recover all, or a significant portion, of their costs through user fees and services charges, called business-type activities. The governmental activities of the City of Prescott include general government, public safety, public works, health and human services, culture, education and recreation, conservation and development, and other miscellaneous activities. The business-type activities of the City include the water, sewer and storm water utilities.

In addition to these various direct operations of the City, or primary government, the government-wide financial statements also include financial information related to legally distinct entities for which the City has financial responsibility and accountability, known as component units. These component units are the Fire and EMS Association. These entities are described in Note 3I following the 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 of Prescott, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. Some funds are required by law, while others are established internally to maintain control over a particular activity. 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 statements, governmental fund financial statements focus on near-term inflows and outflows of current spendable resources, as well as balances of spendable resources that can be converted to cash and balances available at the end of the fiscal year for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental funds include the General, Special Revenue, Capital Projects, and Debt Service funds. Of these, the General fund, Debt Service fund, TIF #4, TIF #5 Capital Projects fund, and Capital Improvements fund are shown as major funds and are presented in separate columns. Data from the other governmental funds are combined into a single column for 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. Reconciliations follow the *Balance Sheet-Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds*. The reconciliations show the adjustments that are needed to convert the governmental funds financial statements to the government-wide *Statement of Net position and Statement of Activities*.

## **Proprietary Funds**

Proprietary funds maintained by the City of Prescott include enterprise funds. Enterprise funds are used to report those functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for activities that provide supplies and services to the general public. Proprietary fund statements provide the same type of information as the government-wide financial statements, but in more detail. The City's fund financial statements present separate enterprise fund information for the Water, Sewer and Storm Water Utilities. The proprietary fund financial statements begin on page 7 of this report.

## **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City of Prescott uses a fiduciary fund to account for taxes collected for the benefit of overlapping tax jurisdictions and to account for funds raised by the Prescott Daze Committee. The fiduciary funds are not reflected in the government-wide financial statements because the resources of the fund are not available to support the programs of the City. The accounting for the fiduciary funds is similar to that used for proprietary funds. The fiduciary fund financial statement can be found on page 12 of this report.

## **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 13 of this report.

## **Additional Supplementary Information**

Following the basic government-wide and fund financial statements and accompanying notes is the supplemental information. A schedule of revenues, expenditures, and changes in fund balance – budget and actual for the General fund, detailed budgetary comparison schedules for the General fund, and combining statements for the non-major governmental funds are included in the supplementary information.



## FINANCIAL ANALYSIS OF THE CITY OF PRESCOTT AS A WHOLE

The *Statement of Net position* for the City of Prescott is summarized in the table below. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position exceeded liabilities by \$24.6 million at the close of 2015. The majority of these net position reflect the City's investment in capital assets, including land, land improvements, buildings and improvements, machinery and equipment, infrastructure, and construction in progress, net of depreciation. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

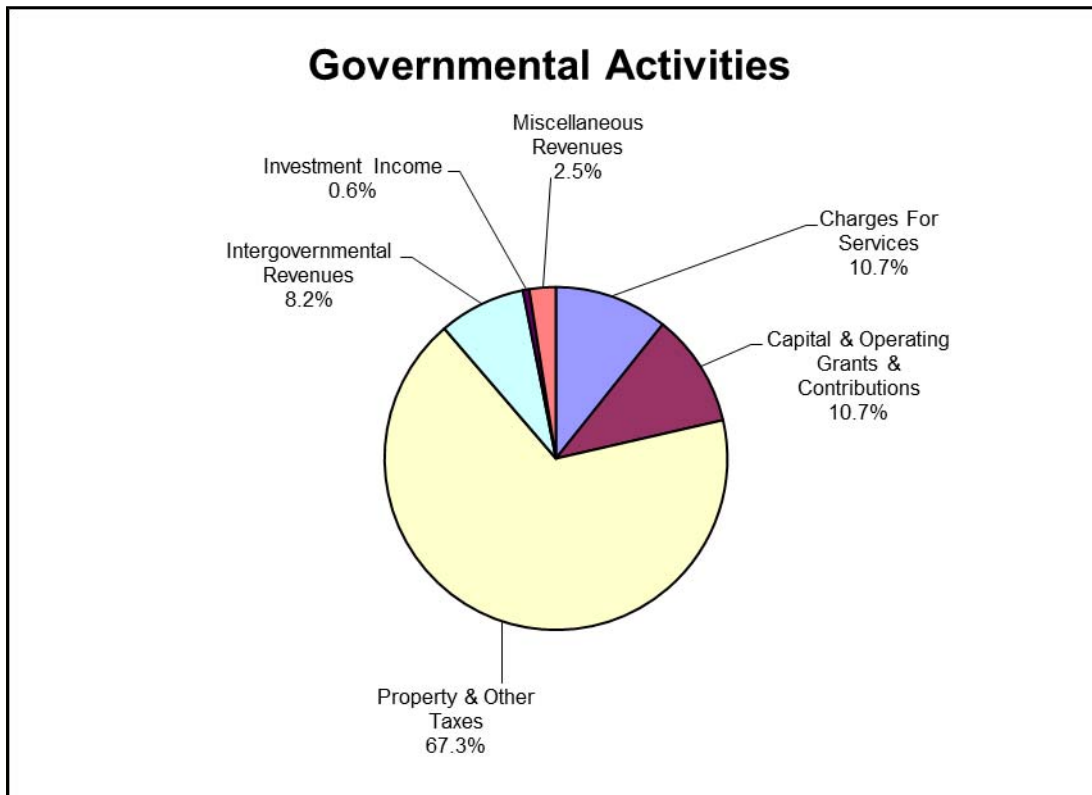
City of Prescott Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 8,836,628	\$ 7,311,671	\$ 3,206,740	\$ 2,829,235	\$12,043,368	\$ 10,140,906
Capital Assets	17,456,895	17,363,639	9,857,242	9,503,415	27,314,137	26,867,054
Total Assets	26,293,523	24,675,310	13,063,982	12,332,650	39,357,505	37,007,960
Deferred Outflows	217,335	-	50,500	-	267,835	-
Long-term Liabilities Outstanding	9,060,725	9,232,304	833,382	608,267	9,894,107	9,840,571
Other Liabilities	1,105,025	1,058,895	340,339	247,351	1,445,364	1,306,246
Total Liabilities	10,165,750	10,291,199	1,173,721	855,618	11,339,471	11,146,817
Deferred Inflows	3,688,225	2,733,553	132	-	3,688,357	2,733,553
Net Position:						
Net Investment in Capital Assets	9,215,588	9,881,180	8,855,009	8,677,792	18,070,597	18,558,972
Restricted	1,060,963	496,671	100,477	-	1,161,440	496,671
Unrestricted	2,380,332	1,272,707	2,985,143	2,799,240	5,365,475	4,071,947
Total Net Position	\$ 12,656,883	\$ 11,650,558	\$11,940,629	\$11,477,032	\$24,597,512	\$ 23,127,590
Total Net Position as a % of Total Liabilities and Deferred Inflows	91.4%	89.4%	1017.2%	1341.4%	163.7%	166.6%

\$1,061,000 of the City's net position represents resources that are subject to other restrictions as to how they may be used. Governmental activities have \$2.4 million of unrestricted net position to fund future activities. An additional \$3 million of unrestricted net position are related to the City's business-type activities and may not be used to fund governmental activities.

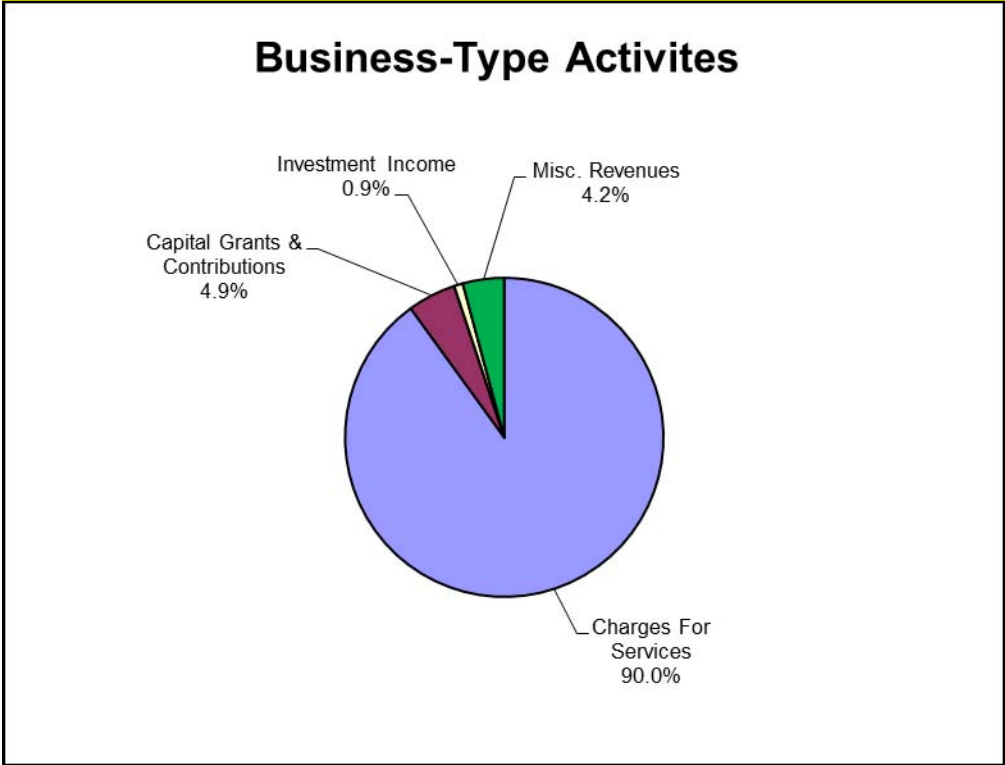
An examination of the *Statement of Activities* provides a concise picture of how the various activities of the City are funded. The following table summarizes the City's governmental and business-type activities.

<b>City of Prescott's Change in Net Position</b>						
	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 456,711	\$ 439,472	\$ 1,349,082	\$ 1,336,876	\$ 1,805,793	\$ 1,776,348
Operating grants and contributions	313,724	313,077	-	-	313,724	313,077
Capital grants and contributions	141,245	354,195	73,903	40,116	215,148	394,311
General Revenues:						
Property taxes	2,729,954	2,627,383	-	-	2,729,954	2,627,383
Other taxes	133,593	127,775	-	-	133,593	127,775
Intergovernmental revenues	347,838	353,504	-	-	347,838	353,504
Investment income	27,351	29,098	13,121	25,696	40,472	54,794
Miscellaneous	33,536	23,581	66,918	60,541	100,454	84,122
Gain (Loss) on disposal of assets	73,292	(176,198)	(4,115)	(13,540)	69,177	(189,738)
<b>Total Revenues</b>	<b>4,257,244</b>	<b>4,091,887</b>	<b>1,498,909</b>	<b>1,449,689</b>	<b>5,756,153</b>	<b>5,541,576</b>
Expenses:						
General Government	450,619	545,832	-	-	450,619	545,832
Public Safety	1,147,044	1,151,132	-	-	1,147,044	1,151,132
Public Works	1,115,301	1,102,679	-	-	1,115,301	1,102,679
Health & Human Services	2,890	3,402	-	-	2,890	3,402
Culture, Education and Recreation	459,937	461,309	-	-	459,937	461,309
Conservation and Development	54,883	2,219,918	-	-	54,883	2,219,918
Interest on long-term debt	369,880	346,409	-	-	369,880	346,409
Water Utility	-	-	490,399	534,093	490,399	534,093
Sewer Utility	-	-	649,203	654,407	649,203	654,407
Storm Water Utility	-	-	75,611	61,386	75,611	61,386
<b>Total Expenses</b>	<b>3,600,554</b>	<b>5,830,681</b>	<b>1,215,213</b>	<b>1,249,886</b>	<b>4,815,767</b>	<b>7,080,567</b>
Increase (decrease) in net position before transfers	656,690	(1,738,794)	283,696	199,803	940,386	(1,538,991)
Transfers	(90,081)	(910,847)	90,081	910,847	-	-
<b>Change in Net Position</b>	<b>566,609</b>	<b>(2,649,641)</b>	<b>373,777</b>	<b>1,110,650</b>	<b>940,386</b>	<b>(1,538,991)</b>
Net Position - January 1	11,650,558	14,300,199	11,477,032	10,366,382	23,127,590	24,666,581
Restatement	439,716	-	89,820	-	529,536	-
<b>Net Position - December 31</b>	<b>\$12,656,883</b>	<b>\$11,650,558</b>	<b>\$11,940,629</b>	<b>\$11,477,032</b>	<b>\$24,597,512</b>	<b>\$23,127,590</b>

The chart below illustrates how governmental activities are funded. Real and personal property taxes provide about 67.3% of the revenue for governmental activities. Charges for Services provide 10.7% while Capital and Operating Grants comprise of 10.7% and Intergovernmental Revenues comprise of another 8.2% of the revenue. All other sources are equal to 3.1% of revenues.



Business-type activities depend on charges for services as their primary revenue sources. As indicated in the graph below, 90% of revenues are generated from user charges.



## FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

### Governmental Funds

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows, and spendable resources. Such information can be useful in assessing the City's financing requirements.

As of December 31, 2015, the City's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$4.4 million, an increase of \$594,000 over the previous year. The increase is primarily due the sale of land, repayment of funds borrowed from the General Fund, and conservative spending and the receipt of a grant in TIF #5. Of the ending fund balances total, \$295,000 is classified as non-spendable mainly for the coverage of the negative TIF4 & 5 fund balances and advances from the General Fund to other funds, \$679,000 is restricted for TIF3, Debt Service, Library, TIF #5 interest escrow and Impact Fees. \$74,000 is committed for the Cable Commission. \$1.6 million is assigned for Capital Projects, accrued vacation and sick pay and Freedom Park. \$1.8 million is unassigned fund balance.

The General fund is the primary operating fund used to account for the governmental operations of the City of Prescott. The largest revenue sources for the General fund are taxes and intergovernmental revenues, together accounting for 78% of revenues. Public Safety and Public Works are the primary operations of the General Fund. 47.7% of the General fund expenditures or nearly \$1.1 Million is allocated to the Public Safety sector. Another 29.4% of the General fund costs are derived from the operations of Public Works totaling \$672,000.

The General fund has a fund balance of \$2,855,000, an increase of \$172,000 from 2014. The unassigned portion of the fund balance of \$2.2 million, an increase of \$112,000 from 2014, is available to be used for any purpose with no spending restraints. Such uses include one-time capital expenses, repayment of debt and covering budget short-falls.

The Debt Service fund has a fund balance of \$238,000, a decrease of \$10,000 from 2014. The fund balance is restricted to pay future debt service.

The fund deficit for TIF #4 is (\$279,000) an increase in the deficit of \$162,000. The main reason for the decrease of fund balance is due to the purchase of land.

The fund deficit for TIF #5 is (\$93,000), a reduction of deficit of \$197,000. The main reason for the reduction of negative fund balance is due to the receipt of a grant.

The Capital Improvements fund has a fund balance of \$1,241,519, an increase of \$238,000 from 2014. This increase is primarily due to the sale of land near the compost site and the postponing of the City Hall HVAC project.

The Non-major Governmental Funds column in the balance sheet includes various special revenue, debt service, and capital projects funds used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. In 2015 TIF 3, the Cable

Fund, Library, Freedom Park and Impact Fees were classified as Non-Major funds. The total ending fund balance of these funds was \$485,000.

### **Proprietary Funds**

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail. The detail of the City's proprietary funds can be found from page 7 to page 11. The net position of the proprietary funds at the end of 2015 totaled \$11.9 million, an increase of \$373,777 million from 2014.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

As shown in the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General Fund* on page 51, the original and final 2015 General fund budgets authorized expenditures and other financing uses of \$2,445,609 funded by anticipated revenues and other financing sources of \$2,445,609.

The City ended the year with net favorable variances. Actual revenues and other financing sources exceeded actual expenditures and other financing uses by \$172,428. Major components of the positive revenue variance include the higher-than-expected receipt of payments from Court & Laura St. special assessments and fines & forfeiture payments and the conservative spending of general government, Public Safety & Public Works.

## CAPITAL ASSETS AND DEBT

### Capital Assets

In accordance with the implementation requirements of GASB No. 34, the City has recorded historical costs and depreciation expense associated with all of its capital assets, including infrastructure. As summarized in the table below, the City's reported investment in capital assets for governmental and business-type activities as of December 31, 2015 totaled \$43.4 million. 64.9% of this total cost was related to governmental capital assets, with the city's street network comprising the most significant component. Total accumulated depreciation was calculated to be \$16.4 million, or approximately 37.7% of the historical asset cost. Net of accumulated depreciation, the city's investment in capital assets is \$27 million.

City of Prescott Capital Assets, Net of Depreciation						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and Improvements	\$ 2,970,747	\$ 3,630,279	\$ -	\$ -	\$ 2,970,747	\$ 3,630,279
Building and Improvements	4,681,860	4,567,932	-	-	4,681,860	4,567,932
Infrastructure	18,486,884	18,186,929	-	-	18,486,884	18,186,929
Machinery and Equipment	2,036,633	1,961,211	-	-	2,036,633	1,961,211
Water Utility	-	-	5,967,492	5,675,036	5,967,492	5,675,036
Sewer Utility	-	-	8,810,996	8,567,073	8,810,996	8,567,073
Storm Water Utility	-	-	472,981	670,656	472,981	670,656
Construction in Progress	-	15,330	-	-	-	15,330
Subtotal	28,176,124	28,361,681	15,251,469	14,912,765	43,427,593	43,274,446
Less: Accumulated Depreciation	(10,719,229)	(10,279,485)	(5,664,227)	(5,409,350)	(16,383,456)	(15,688,835)
Total	\$ 17,456,895	\$ 18,082,196	\$ 9,587,242	\$ 9,503,415	\$ 27,044,137	\$ 27,585,611

Additional information about the City's capital assets can be found in Note 3D of this report.

## Long-Term Debt

On December 31, 2015, the City had \$10.5 million of bond and long-term note principal outstanding, as summarized in the following table:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
	General Obligation Bonds & Notes	\$ 9,537,000	\$ 9,627,450	\$ 992,033	\$ 750,501	\$ 10,529,033
Revenue Bonds	-	120,292	-	34,059	-	154,351
Total	\$ 9,537,000	\$ 9,747,742	\$ 992,033	\$ 784,560	\$ 10,529,033	\$ 10,532,302

Under Wisconsin State Statute Section 67.03(1), the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. Applicable debt of the City totaled \$10,709,033, which is 61.1% of the maximum legal limit. In 2015, the City was given an Aa3 rating by Moody's Investor Service, which was no change from the Aa3 it was given in 2014. Additional information about the City's long-term debt can be found in Note 3F of this report.

## CURRENTLY KNOWN FACTS

In 2014 the City entered into a developer's agreement with United Natural Foods (UNFI). UNFI is currently constructing a distribution center which is located in the business park within TIF #5. Construction was completed in the summer of 2015. For 2015 taxes, payable 2016 UNFI will have an assessed value of \$25.6 million. This figure is estimated to be 90% of final assessed value. This value does not include the personal property tax value which will also be added in the 2016 taxes payable 2017.

In April 2014 the City entered into a developer's agreement with Ptaceks Real Estate, LLC for the purchase of land in the business park within TIF #5 in the amount of \$285,000. The company constructed a grocery store and meat processing facility which will have an assessed value of \$1.7 for taxes payable 2016 and was estimated to be 40-50% of the final value. The result of these two projects increased the City's net new construction by 9.05% for revenue year 2016. This also raised the City's debt capacity by over \$2.2 Million.



In February 2015 a referendum was passed for the Prescott School District to add an auditorium to the new high school which will be constructed in 2015 and 2016. The referendum was approved for \$3,890,000 and will be added to the 2015 payable 2016 tax roll.

In 2016 the City plans to replace all water meters with a drive by system. The estimated cost is around \$369,000. Funding will come from a combination of water reserves and internal borrowing from the General Fund to be paid back over 5 years.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If anyone has any questions about this report or needs additional financial information about the City of Prescott, please contact the City Administrator or the Finance Director at 800 Borner Street North, Prescott, Wisconsin, 54021. City staff can also be reached at (715) 262-5544.

## BASIC FINANCIAL STATEMENTS

City of Prescott

Statement of Net Position  
December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Fire and EMS Association
<b>ASSETS</b>				
Cash and Investments	\$ 4,521,861	\$ 2,859,679	\$ 7,381,540	\$ 97,917
Taxes Receivable	3,687,869	-	3,687,869	-
Special Assessments Receivable	134,095	24,539	158,634	-
Other Receivables	200,878	247,993	448,871	52,669
Internal Balances	1,102	(1,102)	-	-
Advance Receivable From Component Unit	20,227	-	20,227	-
Inventories and Prepaids	-	25,522	25,522	-
Total Current Assets	<u>8,566,032</u>	<u>3,156,631</u>	<u>11,722,663</u>	<u>150,586</u>
Restricted Assets:				
Restricted Cash and Investments	56,971	-	56,971	-
Net Pension Asset	213,625	50,109	263,734	-
Total Restricted Assets	<u>270,596</u>	<u>50,109</u>	<u>320,705</u>	<u>-</u>
Capital Assets:				
Land and Construction in Progress	2,305,139	144,333	2,449,472	-
Other Capital Assets, Net of Depreciation	15,151,756	9,712,909	24,864,665	476,833
Total Capital Assets	<u>17,456,895</u>	<u>9,857,242</u>	<u>27,314,137</u>	<u>476,833</u>
Total Assets	<u>26,293,523</u>	<u>13,063,982</u>	<u>39,357,505</u>	<u>627,419</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Outflows	217,335	50,500	267,835	-
Total Deferred Pension Outflows	<u>217,335</u>	<u>50,500</u>	<u>267,835</u>	<u>-</u>
Total Assets and Deferred Pension Outflows	<u>\$ 26,510,858</u>	<u>\$ 13,114,482</u>	<u>\$ 39,625,340</u>	<u>\$ 627,419</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 117,034	\$ 118,529	\$ 235,563	\$ 17,881
Accrued Liabilities	65,251	13,703	78,954	7,144
Accrued Interest	176,365	6,389	182,754	-
Advance Payable to Primary Government	-	-	-	20,227
Long-term liabilities				
Due Within One Year				
Bonds, Notes and Other	698,330	187,084	885,414	10,000
Compensated Absences	48,045	14,634	62,679	-
Due in More Than One Year				
Bonds, Notes and Other	9,019,717	815,149	9,834,866	170,000
Compensated Absences	41,008	18,233	59,241	-
Total Liabilities	<u>10,165,750</u>	<u>1,173,721</u>	<u>11,339,471</u>	<u>225,252</u>
<b>DEFERRED INFLOWS</b>				
Deferred Tax Levy	3,684,994	-	3,684,994	-
Deferred Pension Inflows	563	132	695	-
Other	2,668	-	2,668	1,229
Total Deferred Inflows	<u>3,688,225</u>	<u>132</u>	<u>3,688,357</u>	<u>1,229</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	9,215,588	8,855,009	18,070,597	276,606
Restricted	1,060,963	100,477	1,161,440	-
Unrestricted	2,380,332	2,985,143	5,365,475	124,332
Total Net Position	<u>12,656,883</u>	<u>11,940,629</u>	<u>24,597,512</u>	<u>400,938</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 26,510,858</u>	<u>\$ 13,114,482</u>	<u>\$ 39,625,340</u>	<u>\$ 627,419</u>

See accompanying notes to the basic financial statements

**City of Prescott**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
<b>Primary Government</b>								
Governmental Activities								
General Government	\$ 450,619	\$ 52,523	\$ -	\$ 49,080	\$ (349,016)	\$ -	\$ (349,016)	\$ -
Public Safety	1,147,044	100,559	15,044	-	(1,031,441)	-	(1,031,441)	-
Public Works	1,115,301	257,064	202,840	87,938	(567,459)	-	(567,459)	-
Health, Welfare and Sanitation	2,890	1,248	-	-	(1,642)	-	(1,642)	-
Culture and Recreation	459,937	45,317	95,840	4,227	(314,553)	-	(314,553)	-
Conservation and Development	54,883	-	-	-	(54,883)	-	(54,883)	-
Interest on Long-term Debt	369,880	-	-	-	(369,880)	-	(369,880)	-
Total Governmental Activities	<u>3,600,554</u>	<u>456,711</u>	<u>313,724</u>	<u>141,245</u>	<u>(2,688,874)</u>		<u>(2,688,874)</u>	
Business-type activities:								
Water	490,399	462,562	-	1,680	-	(26,157)	(26,157)	-
Sewer	649,203	773,802	-	72,223	-	196,822	196,822	-
Storm Sewer	75,611	112,718	-	-	-	37,107	37,107	-
Total Business-Type Activities	<u>1,215,213</u>	<u>1,349,082</u>	<u>-</u>	<u>73,903</u>	<u>-</u>	<u>207,772</u>	<u>207,772</u>	
Total Primary Government	<u>\$ 4,815,767</u>	<u>\$ 1,805,793</u>	<u>\$ 313,724</u>	<u>\$ 215,148</u>	<u>(2,688,874)</u>	<u>207,772</u>	<u>(2,481,102)</u>	
<b>Component Units</b>								
Fire and EMS Association	\$ 378,809	\$ 330,356	\$ 74,354	\$ -				25,901
Total Component Units	<u>\$ 378,809</u>	<u>\$ 330,356</u>	<u>\$ 74,354</u>	<u>\$ -</u>				<u>25,901</u>
<b>General revenues:</b>								
Taxes:								
Property taxes, levied for general purposes					1,630,588	-	1,630,588	-
Property taxes, levied for debt service					442,715	-	442,715	-
Property taxes, tax increment					656,651	-	656,651	-
Other taxes					133,593	-	133,593	-
Grants and contributions not restricted to specific programs					347,838	-	347,838	-
Unrestricted investment earnings					27,351	13,121	40,472	-
Miscellaneous					33,536	66,918	100,454	215
Special item - gain (loss) on disposal of infrastructure and other assets					73,292	(4,115)	69,177	(13,495)
Transfers					(90,081)	90,081	-	-
Total general revenues, special items, and transfers					<u>3,255,483</u>	<u>166,005</u>	<u>3,421,488</u>	<u>(13,280)</u>
Change in net position					<u>566,609</u>	<u>373,777</u>	<u>940,386</u>	<u>12,621</u>
Net Position - Beginning, as previously reported					11,650,558	11,477,032	23,127,590	388,317
Prior period adjustment - implementation of GASB Statement No. 68 and GASB Statement No. 71					439,716	89,820	529,536	-
Net Position - Beginning, as restated					<u>12,090,274</u>	<u>11,566,852</u>	<u>23,657,126</u>	<u>388,319</u>
Net Position - Ending					<u>\$ 12,656,883</u>	<u>\$ 11,940,629</u>	<u>\$ 24,597,512</u>	<u>\$ 400,938</u>

See accompanying notes to the basic financial statements

**City of Prescott**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2015**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>TIF #4 Capital Projects Fund</b>	<b>TIF #5 Capital Projects Fund</b>	<b>Capital Improvements Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 2,612,203	\$ 238,478	\$ -	\$ -	\$ 1,186,939	\$ 484,241	\$ 4,521,861
Restricted Cash	-	-	-	48,571	-	8,400	56,971
Receivables:							
Taxes	1,393,503	380,615	367,108	858,191	183,650	501,927	3,684,994
Delinquent Personal Property Taxes	2,875	-	-	-	-	-	2,875
Special Assessments	111,836	-	-	-	-	21,272	133,108
Accounts	50,375	-	-	-	-	51	50,426
Other	144,058	-	-	6,867	-	515	151,440
Due from Other Funds	1,102	-	-	-	-	-	1,102
Advances to Other Funds	1,500,407	-	-	-	78,750	-	1,579,157
Advances to Component Unit	20,227	-	-	-	-	-	20,227
Total Assets	<u>5,836,586</u>	<u>619,093</u>	<u>367,108</u>	<u>913,629</u>	<u>1,449,339</u>	<u>1,016,406</u>	<u>10,202,161</u>
<b>DEFERRED OUTFLOWS</b>							
Deferred Debt Service	-	-	80,946	1,151,129	-	-	1,232,075
Total Deferred Outflows	<u>-</u>	<u>-</u>	<u>80,946</u>	<u>1,151,129</u>	<u>-</u>	<u>-</u>	<u>1,232,075</u>
Total Assets and Deferred Outflows	<u>\$ 5,836,586</u>	<u>\$ 619,093</u>	<u>\$ 448,054</u>	<u>\$ 2,064,758</u>	<u>\$ 1,449,339</u>	<u>\$ 1,016,406</u>	<u>\$ 11,434,236</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable	\$ 47,387	\$ -	\$ 25,000	\$ 48,001	\$ 20,420	\$ 1,228	\$ 142,036
Accrued Liabilities	57,965	-	600	-	-	6,686	65,251
Advances Payable	-	-	334,641	1,244,516	-	-	1,579,157
Total Liabilities	<u>105,352</u>	<u>-</u>	<u>360,241</u>	<u>1,292,517</u>	<u>20,420</u>	<u>7,914</u>	<u>1,786,444</u>
Deferred Inflows:							
Tax Levy	1,393,503	380,615	367,108	858,191	183,650	501,927	3,684,994
Special Assessments	111,835	-	-	-	-	21,272	133,107
Other	1,370,973	-	-	6,867	3,750	566	1,382,156
Total Deferred Inflows	<u>2,876,311</u>	<u>380,615</u>	<u>367,108</u>	<u>865,058</u>	<u>187,400</u>	<u>523,765</u>	<u>5,200,257</u>
Fund Balances (Deficits):							
Nonspendable	295,184	-	-	-	-	-	295,184
Restricted	-	238,478	-	48,571	-	392,088	679,137
Committed	-	-	-	-	-	74,353	74,353
Assigned	364,683	-	-	-	1,241,519	18,286	1,624,488
Unassigned	2,195,056	-	(279,295)	(141,388)	-	-	1,774,373
Total Fund Balances (Deficits)	<u>2,854,923</u>	<u>238,478</u>	<u>(279,295)</u>	<u>(92,817)</u>	<u>1,241,519</u>	<u>484,727</u>	<u>4,447,535</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 5,836,586</u>	<u>\$ 619,093</u>	<u>\$ 448,054</u>	<u>\$ 2,064,758</u>	<u>\$ 1,449,339</u>	<u>\$ 1,016,406</u>	<u>\$ 11,434,236</u>

See accompanying notes to the basic financial statements

**City of Prescott**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
December 31, 2015**

Total fund balance, governmental funds	\$	4,447,535
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		17,456,895
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Some receivables are fully accrued and recognized as revenue when the receivable is established for the governmental activities of the Statement of Net Position. They are reported as deferred inflow on the fund financial statements to the extent they are not available.

Special assessments	133,107		
Deferred court receivables	140,546		
Deferred inflows- Grant Revenue	6,867		
			280,520

The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements		213,625
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Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plans. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and, therefore, are not reported in the fund statements.

Deferred outflows of resources			217,335
Deferred inflows of resources			(563)

Some liabilities, (such as Notes Payable, Long-term Compensated Absences, and Bonds Payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

General Obligation debt	(9,537,000)		
Unamortized debt discount and premium	(90,887)		
Compensated absences	(89,053)		
Capital Lease Payable	(10,660)		
Accrued Developer Incentive Payment	(54,500)		
Accrued interest	(176,364)		
			(9,958,464)

Net Position of Governmental Activities in the Statement of Net Position	\$	<u>12,656,883</u>
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City of Prescott

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended December 31, 2015

	General Fund	Debt Service Fund	TIF #4 Capital Projects Fund	TIF #5 Capital Projects Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 1,325,974	\$ 442,715	\$ 312,619	\$ 80,833	\$ 137,000	\$ 454,541	\$ 2,753,682
Special Assessments	77,349	-	-	-	-	14,624	91,973
Intergovernmental	561,193	-	392	319,130	-	49,355	930,070
License and Permits	27,025	-	-	-	-	-	27,025
Fines, Forfeits and Penalties	79,217	-	-	-	-	-	79,217
Public Charges for Services	297,603	-	-	-	-	6,650	304,253
Interest Income	17,682	-	-	40	1,597	1,270	20,589
Miscellaneous Income	34,817	14,385	3,000	6,130	-	101,716	160,048
Total Revenues	<u>2,420,860</u>	<u>457,100</u>	<u>316,011</u>	<u>406,133</u>	<u>138,597</u>	<u>628,156</u>	<u>4,366,857</u>
<b>EXPENDITURES</b>							
Current:							
General Government	416,057	-	150	150	-	2,545	418,902
Public Safety	1,093,211	-	-	-	-	-	1,093,211
Public Works	672,223	-	-	-	62,979	-	735,202
Health and Human Services	2,890	-	-	-	-	-	2,890
Culture, Recreation and Education	98,724	-	-	-	-	277,551	376,275
Conservation and Development	6,780	-	32,703	33,517	-	-	73,000
Capital Outlay	-	-	168,642	71,213	463,600	-	703,455
Debt Service:							
Principal	-	329,725	185,292	34,000	5,330	111,525	665,872
Interest and Fiscal Charges	-	168,303	91,437	88,725	-	70,928	419,393
Total Expenditures	<u>2,289,885</u>	<u>498,028</u>	<u>478,224</u>	<u>227,605</u>	<u>531,909</u>	<u>462,549</u>	<u>4,488,200</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>130,975</u>	<u>(40,928)</u>	<u>(162,213)</u>	<u>178,528</u>	<u>(393,312)</u>	<u>165,607</u>	<u>(121,343)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from Sale of Capital Assets	-	-	-	-	152,862	-	152,862
Proceeds from Long-Term Debt	-	-	-	-	445,000	-	445,000
Proceeds from Capital Leases	-	-	-	-	15,990	-	15,990
Proceeds from Refunding Bonds	-	1,530,000	-	-	-	1,125,000	2,655,000
Premium on Issuance of Debt	-	35,075	-	-	-	31,662	66,737
Refunding of Debt	-	(1,534,320)	-	-	-	(1,115,880)	(2,650,200)
Transfers In	112,865	-	-	18,600	22,400	-	153,865
Transfers Out	(71,412)	-	-	-	(4,500)	(47,680)	(123,592)
Total Other Financing Sources and Uses	<u>41,453</u>	<u>30,755</u>	<u>-</u>	<u>18,600</u>	<u>631,752</u>	<u>(6,898)</u>	<u>715,662</u>
Net Change in Fund Balances	172,428	(10,173)	(162,213)	197,128	238,440	158,709	594,319
Fund Balances (Deficit) - Beginning	2,682,495	248,651	(117,082)	(289,945)	1,003,079	326,018	3,853,216
Fund Balances (Deficit) - Ending	<u>\$ 2,854,923</u>	<u>\$ 238,478</u>	<u>\$ (279,295)</u>	<u>\$ (92,817)</u>	<u>\$ 1,241,519</u>	<u>\$ 484,727</u>	<u>\$ 4,447,535</u>

See accompanying notes to the basic financial statements

**City of Prescott**

**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:	\$	594,319
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
<p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.</p>		
Capital outlay reported in governmental fund statements	759,872	
Depreciation expenses reported in the Statement of Activities	(587,046)	
Loss on asset disposition	(79,570)	
Amount by which capital outlays are greater than depreciation and loss on asset disposals in the current period.		93,256
<p>Compensated absences are reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.</p>		
Change in compensated absences		(1,736)
<p>Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.</p>		
Debt proceeds for the year		(3,100,000)
Capital Lease proceeds for the year		(15,990)
The amount of long-term debt principal payments in the current year		3,316,072
<p>In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the Statement of Activities, interest is reported as incurred.</p>		
Change in accrued interest on debt		66,841
<p>In governmental funds, court penalties and fines are reported as revenue when measurable and available. In the Statements of Activities, this revenue is reported as revenue when earned.</p>		
		21,342
<p>In governmental funds, special assessments are reported as revenue when measurable and available. In the Statements of Activities, special assessment revenue is reported as revenue when earned.</p>		
Special assessments		4,733
<p>In governmental funds, Capital Grants and Contributions are reported as revenue when measurable and available. In the Statements of Activities, special assessment revenue is reported as revenue when earned. This is grant revenue earned in prior year but received in 2015.</p>		
		(318,845)
<p>Debt discounts and premiums are reported when paid on governmental fund statements but deferred and amortized on Statement of Activities.</p>		
		(84,064)
<p>Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments.</p>		
Amount of current year required contributions into the defined benefit pension plan.	82,918	
Actuarially determined change in net pension asset between years, with adjustments.	(92,237)	(9,319)
Change in net position of governmental activities	\$	566,609

See accompanying notes to the basic financial statements



**City of Prescott**

**Statement of Net Position  
Proprietary Funds  
December 31, 2015**

	<b>Enterprise Funds</b>			<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Storm Water</b>	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 896,234	\$ 1,809,387	\$ 154,058	\$ 2,859,679
Receivables				
Accounts	76,904	150,347	20,742	247,993
Special Assessments	156	24,383	-	24,539
Due from Other Funds	-	988	-	988
Inventories	22,550	2,972	-	25,522
Total Current Assets	995,844	1,988,077	174,800	3,158,721
Restricted Assets:				
Net Pension Asset	18,461	26,373	5,275	50,109
Total Restricted Assets	18,461	26,373	5,275	50,109
Capital Assets:				
Land	10,570	-	133,763	144,333
Plant in Service	5,956,922	8,810,996	609,218	15,377,136
Less Accumulated Depreciation	(2,072,555)	(3,527,098)	(64,574)	(5,664,227)
Net Capital Assets	3,894,937	5,283,898	678,407	9,857,242
Total Assets	4,909,242	7,298,348	858,482	13,066,072
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Outflows	18,766	26,331	5,403	50,500
Total Deferred Outflows of Resources	18,766	26,331	5,403	50,500
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,928,008</b>	<b>\$ 7,324,679</b>	<b>\$ 863,885</b>	<b>\$ 13,116,572</b>

See accompanying notes to the basic financial statements

**City of Prescott**

**Statement of Net Position  
Proprietary Funds  
December 31, 2015**

	<u>Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Storm Water</u>	<u>Total</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 3,318	\$ 115,211	\$ -	\$ 118,529
Accrued Liabilities	5,547	6,980	1,176	13,703
Due to Other Funds	-	-	2,090	2,090
Accrued Interest	1,170	3,378	1,841	6,389
Current Portion of Long Term Debt	130,000	38,541	18,543	187,084
Compensated Absences	5,470	7,236	1,928	14,634
Total Current Liabilities	<u>145,505</u>	<u>171,346</u>	<u>25,578</u>	<u>342,429</u>
Non-Current Liabilities:				
Long-Term Debt				
General Obligation (GO) Bonds	<u>350,200</u>	<u>170,631</u>	<u>294,318</u>	<u>815,149</u>
Total Long-Term Debt	<u>350,200</u>	<u>170,631</u>	<u>294,318</u>	<u>815,149</u>
Other Liabilities				
Compensated Absences	<u>6,350</u>	<u>10,025</u>	<u>1,858</u>	<u>18,233</u>
Total Other Liabilities	<u>6,350</u>	<u>10,025</u>	<u>1,858</u>	<u>18,233</u>
Total Non-Current Liabilities	<u>356,550</u>	<u>180,656</u>	<u>296,176</u>	<u>833,382</u>
Total Liabilities	<u>502,055</u>	<u>352,002</u>	<u>321,754</u>	<u>1,175,811</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Pension Inflows	<u>49</u>	<u>69</u>	<u>14</u>	<u>132</u>
Total Deferred Pension Inflows	<u>49</u>	<u>69</u>	<u>14</u>	<u>132</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	3,414,737	5,074,726	365,546	8,855,009
Restricted	37,178	52,635	10,664	100,477
Unrestricted	973,989	1,845,247	165,907	2,985,143
Total Net Position	<u>4,425,904</u>	<u>6,972,608</u>	<u>542,117</u>	<u>11,940,629</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; NET POSITION</b>	<u>\$ 4,928,008</u>	<u>\$ 7,324,679</u>	<u>\$ 863,885</u>	<u>\$ 13,116,572</u>

See accompanying notes to the basic financial statements

City of Prescott

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 For the Year Ended December 31, 2015

	Enterprise Funds			Total
	Water	Sewer	Storm Water	
<b>REVENUES</b>				
Charges for Services	\$ 451,398	\$ 755,660	\$ 111,166	\$ 1,318,224
Other Operating Revenues	11,164	18,142	1,552	30,858
Total Operating Revenues	<u>462,562</u>	<u>773,802</u>	<u>112,718</u>	<u>1,349,082</u>
<b>OPERATING EXPENSES</b>				
Operation and Maintenance	237,731	455,197	47,075	740,003
Depreciation	119,854	183,359	21,682	324,895
Total Operating Expenses	<u>357,585</u>	<u>638,556</u>	<u>68,757</u>	<u>1,064,898</u>
Operating Income (Loss)	<u>104,977</u>	<u>135,246</u>	<u>43,961</u>	<u>284,184</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and Investment Revenue	5,161	7,696	264	13,121
Miscellaneous Non-Operating Revenue	62,124	1,891	1,486	65,501
Interest Expense	(22,949)	(10,647)	(5,201)	(38,797)
Miscellaneous Expenses	-	-	(1,653)	(1,653)
Gain (Loss) on Sale of Assets	-	(4,115)	-	(4,115)
Amortization Revenue (Expense)	1,417	-	-	1,417
Total Non-Operating Revenue (Expenses)	<u>45,753</u>	<u>(5,175)</u>	<u>(5,104)</u>	<u>35,474</u>
Income (Loss) Before Contributions and Transfers	<u>150,730</u>	<u>130,071</u>	<u>38,857</u>	<u>319,658</u>
Capital Contributions	1,680	72,223	-	73,903
Capital Contributions - TIF Contributions	4,205	6,284	-	10,489
Transfers In	79,592	-	-	79,592
Transfers Out	(109,865)	-	-	(109,865)
Total Contributions and Transfers	<u>(24,388)</u>	<u>78,507</u>	<u>-</u>	<u>54,119</u>
Change in Net Position	<u>126,342</u>	<u>208,578</u>	<u>38,857</u>	<u>373,777</u>
Total Net Position - Beginning, as previously reported	4,262,453	6,720,091	494,488	11,477,032
Prior Period Adjustment - Implementation of GASB Statement No. 68 and GASB Statement No. 71	37,109	43,939	8,772	89,820
Total Net Position - Beginning	<u>4,299,562</u>	<u>6,764,030</u>	<u>503,260</u>	<u>11,566,852</u>
Total Net Position - Ending	<u>\$ 4,425,904</u>	<u>\$ 6,972,608</u>	<u>\$ 542,117</u>	<u>\$ 11,940,629</u>

See accompanying notes to the basic financial statements

City of Prescott

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2015

	Enterprise Funds			Total
	Water	Sewer	Storm Water	
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers	\$ 473,894	\$ 819,294	\$ 112,035	\$ 1,405,223
Payments to other funds	-	-	(2,606)	(2,606)
Payments to suppliers	(27,915)	(285,329)	(9,665)	(322,909)
Payments to employees	(136,078)	(196,804)	(39,963)	(372,845)
Tax equivalent paid	(38,453)	-	-	(38,453)
Net cash provided (used) by operating activities	<u>271,448</u>	<u>337,161</u>	<u>59,801</u>	<u>668,410</u>
<u>Cash Flows From Capital and Related</u>				
<u>Financing Activities:</u>				
Acquisition and construction of plant assets	(308,291)	(189,801)	(72,325)	(570,417)
Proceeds from long-term debt	470,000	100,000	85,000	655,000
Payments on advances from other funds	-	(73,705)	-	(73,705)
Principal payments on long-term debt	(340,000)	(59,996)	(13,471)	(413,467)
Interest and fiscal charges	(22,912)	(11,638)	(5,302)	(39,852)
Contributions for plant in service	1,680	72,223	-	73,903
Net cash provided (used) for capital and related financing activities	<u>(199,523)</u>	<u>(162,917)</u>	<u>(6,098)</u>	<u>(368,538)</u>
<u>Cash Flows From Investing Activities:</u>				
Interest on investments	<u>1,532</u>	<u>6,874</u>	<u>264</u>	<u>8,670</u>
Net cash provided (used) for investing activities	<u>1,532</u>	<u>6,874</u>	<u>264</u>	<u>8,670</u>
Net increase (decrease) in cash and equivalents	73,457	181,118	53,967	308,542
Cash and equivalents - beginning of year	418,391	1,326,509	100,091	1,844,991
Cash and equivalents - end of year	<u>\$ 491,848</u>	<u>\$ 1,507,627</u>	<u>\$ 154,058</u>	<u>\$ 2,153,533</u>

See accompanying notes to the basic financial statements

**City of Prescott**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2015**

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Storm Water</b>	<b>Total</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 104,977	\$ 135,246	\$ 43,961	\$ 284,184
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other revenues (expenses)	70,304	1,909	(167)	72,046
Tax equivalent transfer	(38,453)	-	-	(38,453)
Amortization	10,200	-	-	10,200
Depreciation	129,433	173,780	21,682	324,895
Changes in Assets and Liabilities:				
Receivables	11,747	23,619	(683)	34,683
Pension and other assets	(118)	(8,765)	(1,906)	(10,789)
Due to/from other funds	-	109	(2,606)	(2,497)
Inventories	(7,093)	150	-	(6,943)
Accounts payable	(9,023)	9,913	(1,300)	(410)
Other accrued liabilities	(575)	1,131	806	1,362
Deferred Inflows	49	69	14	132
Net cash provided (used) by operating activities	\$ 271,448	\$ 337,161	\$ 59,801	\$ 668,410
Reconciliation of cash and cash equivalents to balance sheet accounts				
Cash and investments	\$ 896,234	\$ 1,809,387	\$ 154,058	\$ 2,859,679
Total Cash and Investments	896,234	1,809,387	154,058	2,859,679
less: non-cash equivalents	(404,386)	(301,760)	-	(706,146)
Cash and cash equivalents- End of year	\$ 491,848	\$ 1,507,627	\$ 154,058	\$ 2,153,533
Schedule of non-cash activity				
Plant financed by accounts payable	\$ -	\$ 101,931	\$ -	\$ 101,931
Plant financed by contributions	\$ 5,885	\$ 78,507	\$ -	\$ 84,392
Principal paid by Biosolids facility	\$ -	\$ 34,059	\$ -	\$ 34,059

See accompanying notes to the basic financial statements

City of Prescott

Statement of Net Position  
Fiduciary Funds  
December 31, 2015

	<u>Agency Funds</u>	
	<u>Prescott Daze</u>	<u>Tax Collection</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 26,789	\$ 2,762,518
Receivables:		
Taxes Receivable	-	6,550,716
Total Assets	<u>\$ 26,789</u>	<u>\$ 9,313,234</u>
<b>LIABILITIES</b>		
Due to Other Funds	\$ 26,789	\$ 3,684,994
Due to Other Governments	-	5,628,240
Total Liabilities	<u>\$ 26,789</u>	<u>\$ 9,313,234</u>

See accompanying notes to the basic financial statements

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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**1. Summary of Significant Accounting Policies**

The accounting policies of the City of Prescott, 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 of Prescott. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

**Discretely Presented Component Unit**

**Prescott Fire and EMS Association**

The government-wide financial statements include the Prescott Fire and EMS Association (Association) as a component unit. The Association is a legally separate organization. The board is appointed by the participating entities. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Association, and also create a potential financial benefit to or burden on the City. As a component unit, the Association'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 Association does not issue separate financial statements. See Note 3. I.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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**1. Summary of Significant Accounting Policies (Continued)**  
**B. Government-Wide and Fund Financial Statements**

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

**Fund Financial Statements**

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

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

Funds are organized as major funds or non-major 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 of Prescott or meets the following criteria:

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



**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund financial Statements (Continued)**

**Fund Financial Statements (Continued)**

The City of Prescott reports the following major governmental funds:

**General Fund** – accounts for the City of Prescott’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

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

**TIF District #4 Capital Projects Fund** – used to account for expenditures outlined in the TIF project plan and related revenues and proceeds of long-term borrowing.

**TIF District #5 Capital Projects Fund** – used to account for expenditures outlined in the TIF project plan and related revenues and proceeds of long-term borrowing.

**Capital Improvements Fund** – used to account for financial resources used for the acquisition or construction of equipment and/or major capital facilities.

The City reports the following major enterprise funds:

**Water Utility** – accounts for the City of Prescott’s water utility.

**Sewer Utility** – accounts for the City of Prescott’s sewer utility.

**Storm Water Utility** – accounts for the City of Prescott’s storm water utility.

The City of Prescott reports the following non-major governmental funds:

**TIF Capital Project Funds** – used to account for expenditures outlined in the TIF project plan and related revenues and proceeds of long-term borrowing. The City currently has one non-major TIF capital project funds, the TIF District #3 Capital Projects Fund.

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

- Cable TV
- Library
- Public Water Impact Fees
- Municipal Building Impact Fees
- Public Streets Impact Fees
- Public Parks Impact Fees
- Freedom Park Special Revenue Fund

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund financial Statements (Continued)**

**Fund Financial Statements (Continued)**

In addition, the City of Prescott reports the following fund type:

Agency funds are used to account for assets held by the City of Prescott as an agent for other governmental units.

Prescott Daze  
Tax Collection

- 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 inflow. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City of Prescott's water and sewer utility and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**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 of Prescott 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.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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- 1. Summary of Significant Accounting Policies (Continued)**
- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Fund Financial Statements (Continued)**

Intergovernmental aids and grants are recognized as revenues in the period the City of Prescott is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are also 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 deferred inflows.

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.

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

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water 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 expense.

**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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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**1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity**

**1. Deposits and Investments**

For purposes of the statement of cash flows, the City of Prescott 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 state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. 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, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool (LGIP).
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The City's investment policy invests public funds to meet the daily needs of cash flow demands and maximize return with the highest security on investments of funds not immediately needed while conforming to state and local statutes.

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 Wisconsin Local Government Investment Pool 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 3. A. for further information.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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**1. Summary of Significant Accounting Policies (Continued)**  
**D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

**2. Receivables**

An allowance for doubtful accounts for the municipal court receivables has been established to provide an estimate of receivables that are expected to be uncollectible. These receivables are shown net of an allowance of \$35,137.

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 agency fund statement of net position.

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 and 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 City’s 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 government-wide financial statements as “internal balances”.

**3. Inventories and Prepaid Items**

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction 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.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**
  
- 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 Financial Statements**

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

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. The City has retroactively reported all infrastructure acquired by its governmental fund types. The original cost was estimated.

The estimated cost and accumulated depreciation of infrastructure built prior to 1999 was recorded as one unit in 2004. Streets were being depreciated over 35 years and only 15 years of depreciation was retroactively applied. Although many of these streets were much older than 15 years at the time of implementation, only 19 years of depreciation was recorded and can now be retired. As a result the current year street retirements were under depreciated. Going forward, streets built prior to 1999 that are retired will result in a loss, but as these roads continue to depreciate the loss will decrease until all streets prior to 1999 have been retired.

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. Net interest related to current year capital asset additions was not material. 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.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**
  
- 5. Capital Assets (Continued)**

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

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 of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	15-75 Years
Land Improvements	15-30 Years
Machinery and Equipment	3-20 Years
Infrastructure	15-60 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**

In governmental funds, debt discounts and premiums are recognized as expenditures/revenue in the current period. For the government-wide and the proprietary fund type financial statements, debt discounts and premiums are deferred and amortized over the term of the debt issue.

The City accounts for its long-term receivable relating to the Biosolids facility as an other asset.

**7. Compensated Absences**

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary 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, or are payable with expendable available 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.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

**8. Pensions**

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

**9. Deferred Outflows and Inflows of Resources**

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

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

**10. Long-Term Obligations**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bond 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 deferred and amortized over the life of the issue. Gains or losses on prior refunding are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter.

**11. Claims and Judgments**

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



**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

**12. Equity Classifications**

**Government-Wide Financial Statements**

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

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- b. Restricted net position – Consists of net position with constraints placed on its use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations or other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets”

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 Financial Statements**

Governmental fund equity is classified as fund balance. In the fund financial statements, governmental fund balance is presented in five possible categories:

**Nonspendable** – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

**Restricted** – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

**Assigned** – resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or a body or official to which the City Council has delegated the authority to assign amounts for specific purposes.

**Unassigned** – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

When restricted and other fund balance resources are available for use, it is the City’s policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

**12. Equity Classifications (Continued)**

**Fund Financial Statements (Continued)**

**City's Policy**

Minimum Fund Balance - The unassigned fund balance of the general fund shall be maintained as of December 31 of each year as a minimum of 15% of the next year's general fund expenditures.

Replenishment and Annual Review - If it is anticipated at the completion of any fiscal year that the projected amount of unrestricted fund balance will be less than the minimum requirement, the City Administrator should prepare and submit in conjunction with the proposed budget, a plan for the expenditure reductions and/or revenue increases necessary to restore the minimum requirements in the subsequent budget year. Compliance with the provisions of this policy should be reviewed as part of the annual budget adoption process, or as stated within this policy.

**13. Basis for Existing Rates**

**Sewer Utility**

Current rates were approved by the City Council and were effective as of October 1, 2011.

**Water Utility**

Current water rates were authorized by the Public Service Commission with order 4850-WQ-105, which is effective for services rendered on or after September 1, 2015.

**Storm Water Utility**

On February 8, 2010 the City adopted Resolution 03-10 establishing a storm water utility. The utility was established to provide funding for operations, maintenance and improvements to its storm water system.

The utility rate charges are computed based on an equivalent runoff unit as defined in the storm water utility ordinance and will be \$1.00 per equivalent runoff unit per quarter. Current rates were approved by the City Council and were effective as of September 1, 2014.

**14. Change in Accounting Principle**

Effective January 1, 2015, the City adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Implementation of GASB Statement No. 68 and 71 required net position in the governmental activities to be increased by \$439,716. A prior period adjustment was made to reflect the January 1, 2014 beginning net pension asset of \$344,271 and beginning deferred outflows of resources of \$95,445 for City contributions to the WRS after the December 31, 2013 measurement date through December 31, 2014.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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**2. Stewardship, Compliance, and Accountability**

**A. 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 1. C.

A budget has been adopted for the general fund, special revenue funds, the debt service fund, and capital projects funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The City Council may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action. Appropriations lapse at year end unless specifically carried over. Budgets are adopted at the department level of expenditure.

The City controls expenditures at the departmental level. The detail of those items can be found in the City's year-end budget to actual report.

**B. Excess Expenditures over Appropriations**

The City controls expenditures at the department level. Some individual line items experienced expenditures, which exceeded appropriations. The detail of those items can be found in the City's yearend budget to actual report.

Certain functions reported expenditures in excess of budgeted amounts as follows: Health and Human Service \$190, Culture, Recreation and Education \$10,289 and Conservation and Development \$2,230.

**C. Deficit Balances**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. As of December 31, 2015 the following individual funds held a deficit balance:

Fund	Final Dissolution Date	Amount	Reason
TIF #4	January 1, 2030	\$ 279,295	Expenditures in Excess of Revenues
TIF #5	June 26, 2026	92,817	Expenditures in Excess of Revenues

The TIF District deficits are anticipated to be funded with future incremental taxes levied over the life of the district, 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.

**D. Limitations on the City Tax Levy**

The State has passed current legislation that 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 0% for the 2015-2016 tax year. Changes in debt service from one year to the next are generally exempt from this limit.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds**

**A. Deposits and Investments**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion in this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the City's funds.

The City of Prescott's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risk
Deposits	\$ 8,644,679	\$ 8,736,012	None
Certificates of Deposit	1,046,207	1,043,794	Interest rate risk
LGIP	634,524	634,524	Credit risk, interest rate risk
Petty cash	325	-	N/A
Less: Fire/EMS commingled cash	(97,917)	-	
 Total Cash and Investments	 \$ 10,227,818	 \$ 10,414,330	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 7,381,540		
Restricted cash and investments	56,971		
Per statement of net position			
Fiduciary Funds			
Agency	2,789,307		
 Total Cash and Investments	 \$ 10,227,818		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for demand deposits and \$250,000 for time and savings deposits. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing the amounts collateralized.

**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. This risk applies when the City has deposits that are not covered by depository insurance and are uncollateralized.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds (Continued)**  
**A. Deposits and Investments (Continued)**

**Custodial Credit Risk (Continued)**

As of December 31, 2015 the City had \$9,779,806 on deposit with financial institutions. Of this amount the City had deposits in excess of federal deposit insurance limits that were exposed to custodial credit risk as follows:

Insured by Federal and State Deposit Insurance	\$	5,921,246
Collateralized – held by Financial Institution		3,837,073
Uninsured and Uncollateralized		21,487
Total	\$	<u>9,779,806</u>

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

**Investments**

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

The City’s investment policy requires all investments to be fully insured or collateralized.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations.

The City held investments in the local government investment pool, an external pool which is not rated.

**Cash Equivalents vs. Non-Cash Equivalents**

The following is a schedule of cash and non-cash equivalents for the purposes of the statement of cash flows:

	<u>Water</u>	<u>Sewer</u>	<u>Storm</u>	<u>Total</u>
Cash	\$ 896,234	\$ 1,809,387	\$ 154,058	\$ 2,859,679
Total	<u>\$ 896,234</u>	<u>\$ 1,809,387</u>	<u>\$ 154,058</u>	<u>\$ 2,859,679</u>
Cash & Cash Equivalents	\$ 491,848	\$ 1,507,627	\$ 154,058	\$ 2,153,533
Non-Cash Equivalents	404,386	301,760	-	706,146
Total	<u>\$ 896,234</u>	<u>\$ 1,809,387</u>	<u>\$ 154,058</u>	<u>\$ 2,859,679</u>

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds (Continued)**  
**A. Deposits and Investments (Continued)**

**Interest Rate Risk**

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

As of December 31, 2015, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1 year	1 - 5 Years	More Than 5
External investment pools	\$ 634,524	\$ 634,524	\$ -	\$ -
Certificates of Deposit	1,043,794	401,707	642,087	-
Total	<u>\$ 1,678,318</u>	<u>\$ 1,036,231</u>	<u>\$ 642,087</u>	<u>\$ -</u>

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

**B. Receivables and Deferred Inflows**

All of the City's receivables are expected to be collected within one year except for \$95,944 in the general fund, \$17,121 in TIF #3, \$156 in water utility and \$22,928 in the sewer utility.

At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Property taxes receivable	\$ -	\$ 3,684,994	\$ 3,684,994
Special assessments not yet due	133,107	-	133,107
Other			
Court Receivable	140,546	-	140,546
Grant Receivable	6,867	-	6,867
Storm Water	1,102	-	1,102
Interest - Debt Service - TIF Advances	166,937	-	166,937
Principal - Debt Service - TIF Advances	1,061,388	-	1,061,388
Interest - Advance	3,750	-	3,750
Restitution Revenue	566	-	566
Other miscellaneous revenues	1,000	-	1,000
Subtotal Other	1,382,156	-	1,382,156
Total Deferred Inflows			
For Governmental Funds	<u>\$ 1,515,263</u>	<u>\$ 3,684,994</u>	<u>\$ 5,200,257</u>

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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**3. Detailed Notes On All Funds (Continued)**  
**C. Restricted Assets**

The following represent the balances of the restricted assets.

Impact Fee Accounts

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

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

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Impact Fee Accounts	\$ 8,400	\$ -	\$ 8,400
Unspent Bond Proceeds	48,571	-	48,571
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 56,971</u>	<u>\$ -</u>	<u>\$ 56,971</u>

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds (Continued)**

**D. Capital Assets**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not being depreciated				
Construction in progress	\$ 15,330	\$ 421,062	\$ 436,392	\$ -
Land	2,246,114	59,025	-	2,305,139
Total Capital Assets				
Not Being Depreciated	<u>2,261,444</u>	<u>480,087</u>	<u>436,392</u>	<u>2,305,139</u>
Capital Assets being depreciated				
Land improvements	665,608	-	-	665,608
Buildings	4,567,932	113,928	-	4,681,860
Machinery and equipment	1,961,211	105,132	29,710	2,036,633
Infrastructure	18,186,929	497,117	197,162	18,486,884
Total Capital Assets				
Being Depreciated	<u>25,381,680</u>	<u>716,177</u>	<u>226,872</u>	<u>25,870,985</u>
Accumulated depreciation for				
Land improvements	(304,678)	(27,563)	-	(332,241)
Buildings	(1,138,573)	(82,162)	-	(1,220,735)
Machinery and equipment	(1,552,226)	(57,182)	21,424	(1,587,984)
Infrastructure	(7,284,008)	(420,139)	125,878	(7,578,269)
Total Accumulated Depreciation	<u>(10,279,485)</u>	<u>(587,046)</u>	<u>147,302</u>	<u>(10,719,229)</u>
Capital Assets, Net of Depreciation	<u>\$17,363,639</u>	<u>\$ 609,218</u>	<u>\$ 515,962</u>	<u>\$17,456,895</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 22,601
Public safety	45,943
Public works	441,711
Culture, recreation and education	76,791
Total Governmental Activities Depreciation Expense	<u>\$ 587,046</u>



**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds (Continued)**  
**D. Capital Assets (Continued)**

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 10,570	\$ -	\$ -	\$ 10,570
Total Capital Assets Not Being Depreciated	10,570	-	-	10,570
Capital assets being depreciated				
Source of supply	324,637	-	-	324,637
Pumping	459,661	-	-	459,661
Water treatment	26,800	-	-	26,800
Transmission and distribution	4,621,091	284,167	20,040	4,885,218
Administrative and general assets	232,277	28,329	-	260,606
Total Capital Assets Being Depreciated	5,664,466	312,496	20,040	5,956,922
Total Capital Assets	5,675,036	312,496	20,040	5,967,492
Less: Accumulated depreciation	(1,963,162)	(129,433)	20,040	(2,072,555)
Net Water Plant	\$ 3,711,874	\$ 183,063	\$ -	\$ 3,894,937

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds (Continued)**  
**D. Capital Assets (Continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Sewer</u>				
Capital assets being depreciated				
Plant	\$ 2,083,246	\$ 115,357	\$ 28,199	\$ 2,170,404
New Plant	5,105,926	-	-	5,105,926
Collecting Mains	1,130,256	126,544	13,830	1,242,970
Laterals	199,045	50,495	12,064	237,476
General	48,600	5,620	-	54,220
Total Capital Assets Being Depreciated	<u>8,567,073</u>	<u>298,016</u>	<u>54,093</u>	<u>8,810,996</u>
Total Capital Assets	8,567,073	298,016	54,093	8,810,996
Less: Accumulated depreciation	<u>(3,403,296)</u>	<u>(173,780)</u>	<u>49,978</u>	<u>(3,527,098)</u>
Net Sewer Plant	<u>\$ 5,163,777</u>	<u>\$ 124,236</u>	<u>\$ 4,115</u>	<u>\$ 5,283,898</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Storm Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 133,763	\$ -	\$ -	\$ 133,763
Total Capital Assets Not Being Depreciated	<u>133,763</u>	<u>-</u>	<u>-</u>	<u>133,763</u>
Capital assets being depreciated				
Plant	510,685	68,169	-	578,854
Equipment	26,208	4,156	-	30,364
Total Capital Assets Being Depreciated	<u>536,893</u>	<u>72,325</u>	<u>-</u>	<u>609,218</u>
Total Capital Assets	670,656	72,325	-	742,981
Less: Accumulated depreciation	<u>(42,892)</u>	<u>(21,682)</u>	<u>-</u>	<u>(64,574)</u>
Net Storm Water Plant	<u>\$ 627,764</u>	<u>\$ 50,643</u>	<u>\$ -</u>	<u>\$ 678,407</u>

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds (Continued)**  
**D. Capital Assets (Continued)**

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	\$ 119,854
Sewer	183,359
Storm Water	<u>21,682</u>
Total Business-type Activities	
Depreciation Expense	<u><u>\$ 324,895</u></u>

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

**E. Interfund Receivables/Payables, Advances and Transfers**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Stormwater	\$ 1,102
Sewer	Stormwater	988
Sub-Total - Fund Financial Statements		2,090
Advances		1,579,157
Less: Fund eliminations		<u>(1,580,145)</u>
Total - Government-Wide Statement of Activities		<u><u>\$ 1,102</u></u>

Amounts due from the TIFs are not expected to be paid in one year. The balances are expected to be paid when increments become available. These amounts are shown in the general fund as deferred inflows. Balances result 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.

For the statement of activities, interfund balances which are owed within the governmental or business activities are netted and eliminated.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds (Continued)**  
**E. Interfund Receivables/Payables, Advances and Transfers (Continued)**

Individual long-term advances at December 31, 2015 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	TIF #4	\$ 255,891	Cash Flows
General Fund	TIF #5	1,244,516	Debt Payments
Capital Improvements	TIF #4	78,750	Capital Purchase
		<u>\$ 1,579,157</u>	

Capital Purchase Advance

The Prescott Sewer Fund has made annual principal and interest payments to the General Fund since 2012. The loan was paid off early in October 2015.

TIF #4 Cash Flow and Debt Payment Advances

Due to insufficient tax increment in the TIF District, the general fund has covered principal and interest payments and operating shortfalls for #4 for the last several years. Interest is charged and added to the balance of the advance annually. There is currently no repayment plan in place. Advances are expected to be repaid in future years when there is sufficient increment.

The general fund has also advanced funds to the Fire and EMS Association. See Note 3.I. for additional information.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds (Continued)**  
**E. Interfund Receivables/Payables, Advances and Transfers (Continued)**

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Per Government- Wide Statements</u>	<u>Per Fund Statements</u>	<u>Principal Purpose</u>
General Fund	Capital Projects		\$ 3,000	Operations
General Fund	Water Utility		109,865	Tax Equivalent
Capital Projects	Municipal Building Impact	Eliminated	22,400	Impact fees
TIF #5	Water Impact Fees	Eliminated	7,820	Impact fees
TIF #5	Public Streets Impact	Eliminated	9,280	Impact fees
TIF #5	Capital Projects	Eliminated	1,500	Operations
Subtotal Governmental Funds - Transfer In			<u>153,865</u>	
Water Utility	Water Impact Fees		8,180	Impact fees
Less: Net of Tax Equivalent Forgiven			<u>(38,453)</u>	
Subtotal Governmental Funds - Transfer Out			<u>\$ 123,592</u>	
Water Utility	TIF #5	\$ 4,205	\$ -	Contributed Capital
Sewer Utility	TIF #5	6,284	-	Contributed Capital
Water Utility	Water Impact Fees	8,180	-	Impact fees
Water Utility	General Fund	71,412	71,412	Property tax forgiven
General Fund	Water Utility	-	(109,865)	Tax Equivalent
Subtotal Proprietary Funds			<u>\$ 90,081</u>	
Total Transfers - Government-Wide Statement of Activities			<u>\$ 90,081</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget required 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.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds (Continued)**  
**F. Long-Term Obligations**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds, Notes and Other Payables					
General Obligation Debt	\$ 9,627,450	\$ 3,100,000	\$ 3,190,450	\$ 9,537,000	\$ 668,000
Revenue Bonds	120,292	-	120,292	-	-
Developer Commitment	54,500	25,000	-	79,500	25,000
Capital Lease Payable	-	15,990	5,330	10,660	5,330
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	6,824	66,736	(17,327)	90,887	-
Sub-Total	<u>9,809,066</u>	<u>3,207,726</u>	<u>3,298,745</u>	<u>9,718,047</u>	<u>698,330</u>
Other Liabilities					
Vested Compensated Absences	87,317	1,736	-	89,053	48,045
Total Other Liabilities	<u>87,317</u>	<u>1,736</u>	<u>-</u>	<u>89,053</u>	<u>48,045</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 9,896,383</u>	<u>\$ 3,209,462</u>	<u>\$ 3,298,745</u>	<u>\$ 9,807,100</u>	<u>\$ 746,375</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 750,501	\$ 655,000	\$ 413,468	\$ 992,033	\$ 187,084
Revenue Bonds	34,059	-	34,059	-	-
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	1,417	10,200	1,417	10,200	-
Sub-Total	<u>785,977</u>	<u>665,200</u>	<u>448,944</u>	<u>1,002,233</u>	<u>187,084</u>
Other Liabilities					
Vested Compensated Absences	32,415	452	-	32,867	14,634
Total Other Liabilities	<u>32,415</u>	<u>452</u>	<u>-</u>	<u>32,867</u>	<u>14,634</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 818,392</u>	<u>\$ 665,652</u>	<u>\$ 448,944</u>	<u>\$ 1,035,100</u>	<u>\$ 201,718</u>
<b>COMPONENT UNITS</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 190,000	\$ -	\$ 10,000	\$ 180,000	\$ 10,000
Sub-Total	<u>190,000</u>	<u>-</u>	<u>10,000</u>	<u>180,000</u>	<u>10,000</u>
Total Component Unit Long-Term Liabilities	<u>\$ 190,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 180,000</u>	<u>\$ 10,000</u>

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds (Continued)**  
**F. Long-Term Obligations (Continued)**

**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 and TIF capital project funds. 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.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2015, was \$17,517,550. Total general obligation debt outstanding at year end was \$10,709,033.

<u>Governmental Activities General Obligation Debt</u>	<u>Date Of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2015</u>
Refunding Bonds Payable	2010	2026	1.5-5.25%	\$ 1,500,000	\$ 1,125,000
Refunding Bonds Payable	2012	2030	2.0-2.5%	3,375,000	2,717,000
Bonds Payable	2014	2023	1.9-2.05%	840,000	840,000
Bonds Payable	2014	2021	1.2-2.6%	1,755,000	1,755,000
Bonds Payable	2015	2026	2.0-2.375%	3,100,000	3,100,000
Total Governmental Activities -- General Obligation Debt					<u><u>\$ 9,537,000</u></u>

<u>Business-type Activities General Obligation Debt</u>	<u>Date Of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2015</u>
Note Payable	2008	2018	4.85%	\$ 224,653	\$ 79,033
Refunding Bonds Payable	2012	2030	2.0-2.5%	310,000	258,000
Bonds Payable	2015	2026	2.0-2.375%	655,000	655,000
Total Business-type Activities -- General Obligation Debt					<u><u>\$ 992,033</u></u>

<u>Component Unit General Obligation Debt</u>	<u>Date Of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2015</u>
Refunding Bonds Payable	2012	2028	2.0-2.5%	\$ 210,000	\$ 180,000
Total Component Unit -- General Obligation Debt					<u><u>\$ 180,000</u></u>

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds (Continued)**  
**F. Long-Term Obligations (Continued)**

**General Obligation Debt (Continued)**

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 668,000	\$ 230,612	\$ 187,084	\$ 25,647
2017	1,098,000	200,735	198,327	17,947
2018	1,113,000	180,378	84,622	13,212
2019	1,153,000	157,695	62,000	10,714
2020	1,188,000	132,335	62,000	9,474
2021-2025	3,498,000	318,135	302,000	28,929
2026-2030	819,000	39,741	96,000	6,031
Totals	<u>\$ 9,537,000</u>	<u>\$ 1,259,631</u>	<u>\$ 992,033</u>	<u>\$ 111,954</u>

<u>Component Unit General Obligation Debt</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 10,000	\$ 3,650
2017	10,000	3,450
2018	10,000	3,250
2019	15,000	3,000
2020	15,000	2,700
2021-2025	75,000	9,000
2026-2028	45,000	1,612
Total	<u>\$ 180,000</u>	<u>\$ 26,662</u>

***Current Refunding Bonds***

On September 3, 2015, the City issued \$3.755 million in general obligation refunding bonds with interest rates ranging between 2.0% and 2.375%. The City issued the bonds to current refund \$2.395 million of the outstanding series 2006 general obligation bonds with a 3.85-4.05% interest rate and to current refund \$550,000 of the outstanding series 2008 refunding bonds payable with a 3.75-4.0% interest rate. The City used the remaining net proceeds for construction projects.

The current refunding reduced total debt service payments over the next 11 years by nearly \$435,292. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$341,458.



**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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**3. Detailed Notes On All Funds (Continued)**  
**F. Long-Term Obligations (Continued)**

*Development Agreement – Commitment*

On December 18, 2013 the City amended a developer agreement that included proposed additional development within the TID. The agreement states that by December 31, 2013 the City will purchase parcels from the Company in the amount of \$33,500. The Company has agreed to construction private improvements on the lots purchased by the City. The City agrees to reimburse the Company for costs incurred for the construction project agreed to in an amount equal to \$54,500. These funds shall be from funds available from the Company’s “pay as you go” funds in the TID. This reimbursement shall be made in January 2017 if the project is substantially complete. The Company has met the conditions of the agreement and it is reasonably certain the City will be obligated for the reimbursement of costs incurred. Accordingly, an additional liability has been recorded on the government-wide financial statements as of December 31, 2015.

**Other Debt Information**

Estimated payments of 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.

**G. Lease Disclosures**

**Lessor – Operating Leases**

The City is lessor on a 12 year lease with up to three, six year extensions, ending December 31, 2030 with Point St. Croix, Ltd. leasing riverfront property. The terms of the lease provide for annual lease payments with provisions for lease payment increases. The rent received per this agreement in 2015 was \$8,168.

The City is party as lessor and/or lessee on various other leases renegotiated annually. The other leases in whole and individually are not material to the financial statements of the City. Other rental income received totaled \$18,733 in 2015.

**Lessee – Capital Lease**

The City entered into a Capital Lease in 2015 to purchase the Caselle Software. The term of the lease is 3 years. The lease payment per this agreement in 2015 was \$5,330.

The future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 5,330
2017	5,330
Total	<u>\$ 10,660</u>

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds (Continued)**  
**H. Fund Balances/Net Position**

**Restatement**

A prior period adjustment has been recorded effective December 31, 2014 as follows:

	<u>Governmental</u>	<u>Proprietary Funds</u>			
		<u>Business-type</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm</u>
Net Position - December 31, 2014 (as reported)	\$ 11,650,558				
Implementation of GASB Statement No. 68 - Pensions	<u>439,716</u>				
Net Position- January 1, 2015 (as restated)	<u><u>\$ 12,090,274</u></u>				
Net Position - December 31, 2014 (as reported)	\$ 11,477,032	\$ 4,262,453	\$ 6,720,091	\$ 494,488	
Implementation of GASB Statement No. 68 - Pensions	<u>89,820</u>	<u>37,109</u>	<u>43,939</u>	<u>8,772</u>	
Net Position- January 1, 2015 (as restated)	<u><u>\$ 11,566,852</u></u>	<u><u>\$ 4,299,562</u></u>	<u><u>\$ 6,764,030</u></u>	<u><u>\$ 503,260</u></u>	

In accordance with the City's policy and GASB 54, fund balances reported on the fund financial statements at December 31, 2015 include the following:

**Nonspendable Fund Balance**

General Fund

Delinquent Personal Property Taxes	\$ 2,875
Advances to Other Funds	272,082
Advance to Component Unit	<u>20,227</u>
Total Nonspendable Fund Balance	<u><u>\$ 295,184</u></u>

**Restricted Fund Balance**

TIF District #3

Debt Service	<u>\$ 345,737</u>
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Debt Service Fund

Future Debt Service	<u>238,478</u>
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TIF District #5

Unspent Bond Proceeds	<u>48,571</u>
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Impact Fee Funds

Public Parks Impact Fees	<u>8,400</u>
	<u>8,400</u>

Library Fund

Library Expenditures	<u>37,951</u>
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Total Restricted Fund Balance	<u><u>\$ 679,137</u></u>
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**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds (Continued)**  
**H. Fund Balances/Net Position (Continued)**

<b>Committed Fund Balance</b>	
<u>Cable TV Fund</u>	
Cable Commission Expenditures	\$ 74,353
Total Committed Fund Balance	<u>\$ 74,353</u>
 <b>Assigned Fund Balance</b>	
<u>General Fund</u>	
Vacation and Sick Leave	\$ 84,683
HVAC Project	50,000
City Hall Remodel Project	30,000
Future Project	200,000
	<u>364,683</u>
 <u>Capital Improvements</u>	
Capital Purchases	35,135
City Land	152,862
HVAC Project	250,000
Public Works	84,400
Future Capital Improvements	719,122
	<u>1,241,519</u>
 <u>Freedom Park Fund</u>	
Future Capital Improvements	<u>18,286</u>
Total Assigned Fund Balance	<u>\$ 1,624,488</u>

**Governmental Activities**

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

Capital Assets	\$ 17,456,895
Less: Long-term debt outstanding	(9,547,660)
Plus: Bonds not used for governmental capital assets	1,348,669
Plus: Unspent capital related debt proceeds	48,571
Plus: Unamortized debt discount (premium)	(90,887)
Total Net Investment in Capital Assets	<u>9,215,588</u>
 Restricted	
Debt service	238,478
Impact fees	8,400
Library	37,951
Employee pension plan	430,397
Other	345,737
Total Restricted	<u>1,060,963</u>
 Unrestricted	
Total Governmental Activities Net Position	<u>\$ 12,656,883</u>

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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**3. Detailed Notes On All Funds (Continued)**  
**H. Fund Balances/Net Position (Continued)**

**Business-Type Activities**

Capital Assets	\$ 9,857,242
Less: related long-term debt outstanding	(992,033)
Plus: Unamortized debt discount (premium)	(10,200)
Net Investment in Capital Assets	8,855,009
Restricted for:	
Employee pension plan	100,477
Unrestricted	2,985,143
Total Business-Type Activities Net Position	\$ 11,940,629

**I. Component Units**

**Prescott Fire and EMS Association**

This report contains the Prescott Fire and EMS Association (Association), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

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.

Basis of Accounting/Measurement Focus

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

Deposits and Investments

As of December 31, 2015 the Association's carrying amount of deposits was \$90,048 and is part of the City's commingled cash. See Note 3. A.

At year end, the Association also had separate deposits in the amount of \$7,869, none of which was exposed to custodial credit risk.

Receivables

Accounts receivable for the Fire and EMS Associations are shown net of an allowance of \$33,571 and \$119,088, respectively.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**3. Detailed Notes On All Funds (Continued)**  
**I. Component Unit (Continued)**

**Prescott Fire and EMS Association (Continued)**

Capital Assets

	Beginning Balance	Additions	Adjustments/ Deletions	Ending Balance
Equipment	\$ 694,961	\$ -	\$ 34,122	\$ 660,839
Total Assets Being Depreciated	694,961	-	34,122	660,839
Less: Accumulated Depreciation	(179,458)	(25,175)	20,627	(184,006)
Total Assets Being Depreciated	<u>\$ 515,503</u>	<u>\$ 25,175</u>	<u>\$ 13,495</u>	<u>\$ 476,833</u>

Long-Term Obligations

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General Obligation Debt	\$ 190,000	\$ -	\$ 10,000	\$ 180,000	\$ 10,000
Total	<u>\$ 190,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 180,000</u>	<u>\$ 10,000</u>

Advances from Other Funds

Advances made to the Association are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Fire & EMS Association	\$ 20,227	Truck Loan
		<u>\$ 20,227</u>	

Interfund Agreement with General Fund

The City has approved a resolution authorizing interfund borrowing between the General Fund and the Prescott Fire & EMS Association to cover cash shortfalls as needed. An interest rate of 2.5% is applied to any balance borrowed.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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**3. Detailed Notes On All Funds (Continued)**  
**I. Component Unit (Continued)**

**Prescott Fire and EMS Association (Continued)**

Fire & EMS Association Truck Loan Advance - The Prescott Area Fire & EMS Association will make annual principal and interest payments to the General Fund following the current loan payment schedule beginning in 2012, with an annual interest rate of 4.75%.

Payments for Services

The City of Prescott makes yearly payments to the Fire and EMS Associations for services rendered. Contributions to the Fire and EMS Associations in 2015 were \$86,329 and \$88,241, respectively.

Net Position

Net Investment in Capital Assets

Capital Assets, Net	\$ 476,833
Less: Long-Term Debt	180,000
Less: Advances	20,227
Total	<u>\$ 276,606</u>

Employee Retirement System

Eligible employees of the Association participate in the Wisconsin Retirement System. Wage and contribution total are included as part of the City's totals in Note 4A.

Contracted Ambulance Services

In November 2014, the Prescott Area Fire and EMS Association entered into an agreement with the City of River Falls for additional ambulance services for the calendar years 2015 to 2017. As part of this agreement the Association has agreed to donate an ambulance, one defibrillator/monitor and two power cots to the City of River Falls. All EMS district assets have been removed from the financial statements.

The Association agrees to pay the City of River Falls an annual per capita rate of \$18 during the initial term of the contract. Contract Renewals for a successive two-year period after the initial term of the contract may include an increase per capita rate no greater than 10%.

As a result of this agreement, starting in 2015, the Association no longer recognizes payroll expenses and user fees in the form of charges for services. The City of River Falls assumes the day to day management of EMS services including staffing and collections.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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**4. Other Information**  
**A. Employees' Retirement System**

*Plan description.* The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

The WRS also provides death and disability benefits for employees.

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

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

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

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

During the reporting period, the WRS recognized \$112,425 in contributions from the employer.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	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%



**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

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

At December 31, 2015 the City reported an asset of \$263,734 for its proportionate share of the net pension asset. The net pension liability (asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (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 0.01073715%, which was an increase of 0.00021227% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$103,336.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 38,233	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	127,713	-
Changes in proportion and difference between City contributions and proportionate share of contributions	-	(695)
City contributions subsequent to the measurement date	101,889	-
Total	<u>\$ 267,835</u>	<u>\$ (695)</u>

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

\$101,899 reported as deferred outflows related to pension resulting from the City'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:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 40,645	\$ (158)
2017	40,645	(158)
2018	40,645	(158)
2019	40,645	(158)
2020	3,366	(63)

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

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

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

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

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

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

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

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

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

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 744,038	\$ (263,734)	\$ (1,059,632)

**CITY OF PRESCOTT**  
**Notes to Financial Statements**  
**December 31, 2015**

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**4. Other Information (Continued)**  
**A. Employees' Retirement System (Continued)**

*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.

**Allocation of Pension Plan**

Pension amounts are allocated between the Proprietary Funds and the General Fund based on the percentage of required contributions of each fund to the whole.

**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 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**

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 such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

Funding for the operating budget of the City comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the City. Those aid and grant programs are dependent of continued approval and funding by the Wisconsin governor and legislature, through their budget process.

REQUIRED SUPPLEMENTARY INFORMATION

City of Prescott

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the year ended December 31, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,327,346	\$ 1,327,346	\$ 1,325,974	\$ (1,372)
Special Assessment Revenue	28,100	28,100	77,349	49,249
Intergovernmental	560,967	560,967	561,193	226
License and Permits	27,625	27,625	27,025	(600)
Fines, Forfeits and Penalties	58,200	58,200	79,217	21,017
Public Charges for Services	299,450	299,450	297,603	(1,847)
Interest Income	11,300	11,300	17,682	6,382
Miscellaneous Income	32,621	32,621	34,817	2,196
Total Revenues	<u>2,345,609</u>	<u>2,345,609</u>	<u>2,420,860</u>	<u>75,251</u>
<b>EXPENDITURES</b>				
Current:				
General Government	483,350	481,350	416,057	65,293
Public Safety	1,101,880	1,101,880	1,093,211	8,669
Public Works	701,694	701,694	672,223	29,471
Health and Human Services	2,700	2,700	2,890	(190)
Culture, Recreation and Education	88,435	88,435	98,724	(10,289)
Conservation and Development	2,550	4,550	6,780	(2,230)
Total Expenditures	<u>2,380,609</u>	<u>2,380,609</u>	<u>2,289,885</u>	<u>90,724</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(35,000)</u>	<u>(35,000)</u>	<u>130,975</u>	<u>165,975</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (including tax equivalent)	100,000	100,000	112,865	(12,865)
Transfers Out	<u>(65,000)</u>	<u>(65,000)</u>	<u>(71,412)</u>	<u>6,412</u>
Total Other Financing Sources and Uses	<u>35,000</u>	<u>35,000</u>	<u>41,453</u>	<u>6,453</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>172,428</u>	<u>172,428</u>
Fund Balances - Beginning	<u>2,682,495</u>	<u>2,682,495</u>	<u>2,682,495</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,682,495</u>	<u>\$ 2,682,495</u>	<u>\$ 2,854,923</u>	<u>\$ 172,428</u>

**City of Prescott**

**Schedule of City's Proportionate Share of the Net Pension Liability (Asset)  
Wisconsin Retirement System  
As of the Measurement Date**

	<u>December 31, 2014</u>
City's proportion of the net pension liability (asset)	0.01073715%
City's proportionate share of the net pension liability (asset)	\$ (263,734)
City's covered-employee payroll	\$ 1,375,745
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	19.17%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

**City of Prescott**

**Schedule of City's Contributions  
Wisconsin Retirement System  
As of the Year Ended**

	<u>December 31, 2015</u>
Contractually required contributions	\$ 101,889
Contributions in relation to the contractually required contributions	\$ 101,889
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$ 1,306,225
Contributions as a percentage of covered-employee payroll	7.80%



**CITY OF PRESCOTT**  
**Notes to Required Supplementary Information**  
**For the Year Ended December 31, 2015**

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**Changes of Benefit Terms**

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

**Changes of Assumptions**

There were no changes in assumptions.

**SUPPLEMENTARY INFORMATION**

**CITY OF PRESCOTT**

**Detailed Schedule of Revenues and Expenditures  
Budget and Actual (with variances)  
General Fund  
For the Year Ended December 31, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>TAXES</b>				
Property Taxes	\$ 1,302,246	\$ 1,302,246	\$ 1,302,246	\$ -
Mobile Home Taxes	17,300	17,300	15,928	(1,372)
Payments in lieu of taxes	7,800	7,800	7,800	-
<b>TOTALS</b>	<b>1,327,346</b>	<b>1,327,346</b>	<b>1,325,974</b>	<b>(1,372)</b>
<b>SPECIAL ASSESSMENTS</b>				
Special assessments	22,300	22,300	70,587	48,287
Interest on special assessments	5,800	5,800	6,762	962
<b>TOTALS</b>	<b>28,100</b>	<b>28,100</b>	<b>77,349</b>	<b>49,249</b>
<b>INTERGOVERNMENTAL REVENUES</b>				
State shared revenues	344,444	344,444	344,095	(349)
State aid - law enforcement	1,200	1,200	1,760	560
State aid - fire dues	10,750	10,750	11,256	506
State aid - exempt computer	1,340	1,340	1,242	(98)
State aid - general transportation aids	203,233	203,233	202,840	(393)
<b>TOTALS</b>	<b>560,967</b>	<b>560,967</b>	<b>561,193</b>	<b>226</b>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	9,700	9,700	9,738	38
Operator's licenses	4,000	4,000	4,050	50
Cigarette licenses	800	800	800	-
Animal licenses	2,400	2,400	1,248	(1,152)
Mobile home park licenses	225	225	225	-
Building permits	7,300	7,300	8,289	989
Other regulatory permits and fees	3,000	3,000	2,425	(575)
Golf Cart Permits	200	200	250	50
<b>TOTALS</b>	<b>27,625</b>	<b>27,625</b>	<b>27,025</b>	<b>(600)</b>
<b>FINES, FORFEITURES AND PENALTIES</b>				
Court penalties and costs	53,000	53,000	75,345	22,345
Parking violations	5,200	5,200	3,872	(1,328)
<b>TOTALS</b>	<b>58,200</b>	<b>58,200</b>	<b>79,217</b>	<b>21,017</b>

**CITY OF PRESCOTT**

**Detailed Schedule of Revenues and Expenditures  
Budget and Actual (with variances)  
General Fund  
For the Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>PUBLIC CHARGES FOR SERVICES</b>				
Publication fees	100	100	95	(5)
Law enforcement fees	1,850	1,850	2,028	178
Refuse and garbage collection	260,700	260,700	257,063	(3,637)
Boat launch fees	36,800	36,800	38,417	1,617
TOTALS	<u>299,450</u>	<u>299,450</u>	<u>297,603</u>	<u>(1,847)</u>
<b>INVESTMENT INCOME</b>				
Interest on investments	11,300	11,300	17,682	6,382
TOTALS	<u>11,300</u>	<u>11,300</u>	<u>17,682</u>	<u>6,382</u>
<b>MISCELLANEOUS</b>				
Rent of municipal property	26,900	26,900	26,901	1
Miscellaneous	5,721	5,721	7,515	1,794
TOTALS	<u>32,621</u>	<u>32,621</u>	<u>34,817</u>	<u>2,196</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,345,609</u>	<u>\$ 2,345,609</u>	<u>\$ 2,420,860</u>	<u>\$ 75,251</u>

**CITY OF PRESCOTT**

**Detailed Schedule of Revenues and Expenditures  
Budget and Actual (with variances)  
General Fund  
For the Year Ended December 31, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>GENERAL GOVERNMENT</b>				
Council	\$ 26,190	\$ 26,190	\$ 25,596	\$ 594
Mayor	11,215	12,355	10,791	1,564
Municipal court	53,624	57,509	61,611	(4,102)
Administrator	74,350	74,350	72,580	1,770
Finance	69,955	69,955	73,008	(3,053)
Treasurer	58,385	58,385	55,792	2,593
Employee relations	16,200	16,200	15,077	1,123
Elections	6,500	6,500	4,950	1,550
Assessment of property	7,500	7,500	7,664	(164)
Independent Auditing	25,500	25,500	24,262	1,238
Legal	41,285	41,285	23,216	18,069
Municipal buildings	23,195	23,195	26,067	(2,872)
Property and liability insurance	13,800	13,800	13,555	245
Other general government	2,500	2,500	1,888	612
Contingency	53,151	46,126	-	46,126
<b>TOTALS</b>	<b>483,350</b>	<b>481,350</b>	<b>416,057</b>	<b>65,293</b>
<b>PUBLIC SAFETY</b>				
Police	911,685	911,685	903,510	8,175
Public fire protection	97,079	97,079	97,585	(506)
Ambulance	93,116	93,116	92,116	1,000
<b>TOTALS</b>	<b>1,101,880</b>	<b>1,101,880</b>	<b>1,093,211</b>	<b>8,669</b>
<b>PUBLIC WORKS</b>				
Administration	81,569	81,569	81,079	490
Engineering	6,000	6,000	1,881	4,119
Public works shop and garage	27,525	27,525	37,690	(10,165)
Street maintenance	149,675	149,675	102,677	46,998
Snow and ice control	50,140	50,140	30,559	19,581
Street lighting	51,600	51,600	51,913	(313)
Street machinery	81,555	81,555	104,109	(22,554)
Tree and brush control	13,065	13,065	14,489	(1,424)
Refuse and garbage collection/Recycling	240,565	240,565	247,826	(7,261)
<b>TOTAL</b>	<b>701,694</b>	<b>701,694</b>	<b>672,223</b>	<b>29,471</b>
<b>HEALTH AND SOCIAL SERVICES</b>				
Animal control	2,700	2,700	2,890	(190)
<b>TOTALS</b>	<b>2,700</b>	<b>2,700</b>	<b>2,890</b>	<b>(190)</b>

**CITY OF PRESCOTT**

**Detailed Schedule of Revenues and Expenditures  
Budget and Actual (with variances)  
General Fund  
For the Year Ended December 31, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>CULTURE, RECREATION AND EDUCATION</b>				
Swimming	10,265	10,265	12,150	(1,885)
Boat launch and docks	3,000	3,000	4,739	(1,739)
Cemetery	6,000	6,000	6,029	(29)
Ice rinks	2,850	2,850	1,899	951
Parks	66,320	66,320	73,907	(7,587)
TOTALS	<u>88,435</u>	<u>88,435</u>	<u>98,724</u>	<u>(10,289)</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Economic Development	2,550	4,550	6,780	(2,230)
	<u>2,550</u>	<u>4,550</u>	<u>6,780</u>	<u>(2,230)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,380,609</u>	<u>\$ 2,380,609</u>	<u>\$ 2,289,885</u>	<u>\$ 90,724</u>

**City of Prescott**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**December 31, 2015**

	<b>Public Parks Impact Fees</b>	<b>Cable TV Fund</b>	<b>Library Fund</b>	<b>Freedom Park Fund</b>	<b>Non-Major Special Revenue Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ 74,362	\$ 45,692	\$ 18,450	\$ 138,504
Restricted Cash	8,400	-	-	-	8,400
Receivables:					
Taxes	-	-	188,158	29,949	218,107
Accounts	-	51	-	-	51
Other	-	-	515	-	515
Total Assets	<u>\$ 8,400</u>	<u>\$ 74,413</u>	<u>\$ 234,365</u>	<u>\$ 48,399</u>	<u>\$ 365,577</u>
 <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ -	\$ 9	\$ 1,055	\$ 164	\$ 1,228
Accrued Liabilities	-	-	6,686	-	6,686
Total Liabilities	<u>-</u>	<u>9</u>	<u>7,741</u>	<u>164</u>	<u>7,914</u>
Deferred Inflows:					
Tax Levy	-	-	188,158	29,949	218,107
Other	-	51	515	-	566
Total Deferred Inflows	<u>-</u>	<u>51</u>	<u>188,673</u>	<u>29,949</u>	<u>218,673</u>
Fund Balances:					
Restricted	8,400	-	37,951	-	46,351
Committed	-	74,353	-	-	74,353
Assigned	-	-	-	18,286	18,286
Total Fund Balances	<u>8,400</u>	<u>74,353</u>	<u>37,951</u>	<u>18,286</u>	<u>138,990</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 8,400</u>	<u>\$ 74,413</u>	<u>\$ 234,365</u>	<u>\$ 48,399</u>	<u>\$ 365,577</u>

City of Prescott

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Special Revenue Funds  
For the Year Ended December 31, 2015**

	<b>Public Water Impact Fees</b>	<b>Municipal Building Impact Fees</b>	<b>Public Streets Impact Fees</b>	<b>Public Parks Impact Fees</b>	<b>Cable TV Fund</b>	<b>Library Fund</b>	<b>Freedom Park Fund</b>	<b>Non-Major Special Revenue Funds</b>
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,891	\$ 24,451	\$ 191,342
Intergovernmental	-	-	-	-	-	47,530	-	47,530
Public Charges for Services	-	-	-	-	-	6,650	-	6,650
Interest Income	-	-	-	-	286	-	-	286
Miscellaneous Income	16,000	22,400	9,280	1,400	50,409	2,127	100	101,716
Total Revenues	<u>16,000</u>	<u>22,400</u>	<u>9,280</u>	<u>1,400</u>	<u>50,695</u>	<u>223,198</u>	<u>24,551</u>	<u>347,524</u>
<b>EXPENDITURES</b>								
Current:								
General Government	-	-	-	-	-	-	2,395	2,395
Culture, Recreation and Education	-	-	-	-	39,465	219,341	18,745	277,551
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,465</u>	<u>219,341</u>	<u>21,140</u>	<u>279,946</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>16,000</u>	<u>22,400</u>	<u>9,280</u>	<u>1,400</u>	<u>11,230</u>	<u>3,857</u>	<u>3,411</u>	<u>67,578</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers Out	(16,000)	(22,400)	(9,280)	-	-	-	-	(47,680)
Total Other Financing Sources and Uses	<u>(16,000)</u>	<u>(22,400)</u>	<u>(9,280)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,680)</u>
Net Change in Fund Balances	-	-	-	1,400	11,230	3,857	3,411	19,898
Fund Balances - Beginning	-	-	-	7,000	63,123	34,094	14,875	119,092
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,400</u>	<u>\$ 74,353</u>	<u>\$ 37,951</u>	<u>\$ 18,286</u>	<u>\$ 138,990</u>



**City of Prescott**  
**Combining Balance Sheet**  
**Non-Major Capital Projects Funds**  
**December 31, 2015**

	<b>TIF #3 Capital Projects Fund</b>	<b>Non-Major Capital Project Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 345,737	\$ 345,737
Receivables:		
Taxes	283,820	283,820
Special Assessments	21,272	21,272
Total Assets	650,829	650,829
Total Assets	\$ 650,829	\$ 650,829
 <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>		
Deferred Inflows:		
Tax Levy	\$ 283,820	\$ 283,820
Special Assessments	21,272	21,272
Total Deferred Inflows	305,092	305,092
Fund Balances:		
Restricted	345,737	345,737
Total Fund Balances (Deficits)	345,737	345,737
Total Liabilities, Deferred Inflows and Fund Balances	\$ 650,829	\$ 650,829

City of Prescott

**Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances**

**Non-Major Capital Project Funds  
For the Year Ended December 31, 2015**

	<b>TIF #3 Capital Projects Fund</b>	<b>Non-Major Capital Projects Funds</b>
<b>REVENUES</b>		
Taxes	\$ 263,199	\$ 263,199
Special Assessment Revenue	14,624	14,624
Intergovernmental	1,825	1,825
Interest Income	984	984
Total Revenues	280,632	280,632
<b>EXPENDITURES</b>		
Current:		
General Government	150	150
Debt Service:		
Principal Repayment	111,525	111,525
Interest and Fiscal Charges	70,928	70,928
Total Expenditures	182,603	182,603
Excess (Deficiency) of Revenues Over Expenditures	98,029	98,029
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from Refunding Bonds	1,125,000	1,125,000
Premium on Issuance of Debt	31,662	31,662
Refunding of Debt	(1,115,880)	(1,115,880)
Total Other Financing Sources and Uses	40,782	40,782
Net Change in Fund Balances	138,811	138,811
Fund Balances - Beginning	206,926	206,926
Fund Balances - Ending	\$ 345,737	\$ 345,737