

CITY OF RHINELANDER

Rhineland, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

CITY OF RHINELANDER

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Rhinelander
Rhinelander, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rhinelander, Wisconsin (city), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the city as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the City Council
City of Rhinelander

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
1985 Community Block Grant Special Revenue Fund	Unmodified
General Debt Service Fund	Unmodified
General Capital Projects	Unmodified
Water Utility	Unmodified
Wastewater Utility	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include all financial data for the city’s legally separate component unit – the Rhinelander District Library. Information for the library board and Rhinelander District Library Foundation accounts has not been provided. Accounting principles generally accepted in the United States of America require the complete financial data for this component unit to be reported with the financial data of the city’s primary government unless the city also issues financial statements for the financial reporting entity that include the complete financial data for its component units. The city has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component units that would have been presented have not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Rhinelander, Wisconsin, as of December 31, 2016 or the changes in financial position or, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rhinelander, Wisconsin, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council
City of Rhinelander

Other Matters

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rhinelander's basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017 on our consideration of the City of Rhinelander's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rhinelander's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Eau Claire, Wisconsin
September 29, 2017

CITY OF RHINELANDER

STATEMENT OF NET POSITION As of December 31, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	Rhinelanders- Oneida County Airport	Rhinelanders District Library
ASSETS					
Cash and investments	\$ 3,960,858	\$ 2,188,121	\$ 6,148,979	\$ 52,446	\$ 64,148
Receivables (net)					
Taxes	6,888,845	-	6,888,845	197,081	267,446
Delinquent personal property	6,387	-	6,387	-	-
Accounts	141,164	1,928,232	2,069,396	43,263	-
Special assessments	97,491	-	97,491	-	-
Loans	2,376,782	-	2,376,782	-	-
Other	33,373	-	33,373	-	-
Due from other governments	783,965	1,012,823	1,796,788	626,137	468,573
Due from component unit	174,974	-	174,974	-	-
Internal balances	2,511,868	(2,511,868)	-	-	-
Inventories and prepaid items	254,602	139,335	393,937	16,080	7,724
Restricted assets					
Cash and investments	-	1,664,168	1,664,168	-	-
Capital Assets					
Construction in progress	260,207	29,721	289,928	1,121,341	-
Land	3,701,019	1,657,329	5,358,348	187,500	8,183
Other capital assets, net of depreciation	23,804,570	50,792,580	74,597,150	7,620,192	233,903
Total Assets	<u>44,996,105</u>	<u>56,900,441</u>	<u>101,896,546</u>	<u>9,864,040</u>	<u>1,049,977</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	<u>3,865,159</u>	<u>611,482</u>	<u>4,476,641</u>	<u>251,287</u>	<u>291,859</u>
Total Deferred Outflows of Resources	<u>3,865,159</u>	<u>611,482</u>	<u>4,476,641</u>	<u>251,287</u>	<u>291,859</u>
LIABILITIES					
Accounts payable	494,137	799,982	1,294,119	46,855	10,914
Accrued liabilities and deposits	272,771	106,230	379,001	12,088	11,530
Due to other governments	17,628	-	17,628	-	-
Due to primary government	-	-	-	75,488	99,486
Noncurrent Liabilities					
Due within one year	1,455,464	1,156,186	2,611,650	-	-
Due in more than one year	17,231,714	21,046,191	38,277,905	45,772	52,108
Total Liabilities	<u>19,471,714</u>	<u>23,108,589</u>	<u>42,580,303</u>	<u>180,203</u>	<u>174,038</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenues	6,526,939	2,106	6,529,045	197,081	736,019
Pension related amounts	<u>1,468,286</u>	<u>231,966</u>	<u>1,700,252</u>	<u>96,633</u>	<u>110,008</u>
Total Deferred Inflows of Resources	<u>7,995,225</u>	<u>234,072</u>	<u>8,229,297</u>	<u>293,714</u>	<u>846,027</u>

See accompanying notes to financial statements.

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	Rhinelanders- Oneida County Airport	Rhinelanders District Library
NET POSITION					
Net investment in capital assets	\$ 19,807,590	\$ 30,593,509	\$ 47,903,229	\$ 8,929,033	\$ 242,086
Restricted for					
Cemetery perpetual care	14,950	-	14,950	-	-
Tourism	36,479	-	36,479	-	-
Loan programs	2,293,903	-	2,293,903	-	-
Debt service	407,064	712,735	1,119,799	-	-
Parking advisory board operations	129,272	-	129,272	-	-
Hazardous materials response	25,147	-	25,147	-	-
Historical complex facilities and programs	27,080	-	27,080	-	-
Future dog park	12,000	-	12,000	-	-
K-9 program	10,990	-	10,990	-	-
DARE program	4,065	-	4,065	-	-
TIF projects	2,855,514	-	2,855,514	-	-
Landfill clean-up	182,414	-	182,414	-	-
Equipment replacement	-	871,653	871,653	-	-
Library	-	-	-	-	79,685
Unrestricted (deficit)	(4,412,143)	1,991,365	77,092	712,377	-
TOTAL NET POSITION	\$ 21,394,325	\$ 34,169,262	\$ 55,563,587	\$ 9,641,410	\$ 321,771

See accompanying notes to financial statements.

CITY OF RHINELANDER

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,190,107	\$ 205,232	\$ -	\$ -
Public safety	4,858,281	730,483	55,851	5,927
Public works	3,200,978	67,167	1,414,260	40,153
Health and human services	153,783	29,500	-	-
Culture, education and recreation	478,530	15,437	19,203	135,351
Conservation and development	100,953	109,486	24,500	-
Interest and fiscal charges	<u>519,963</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>10,502,595</u>	<u>1,157,305</u>	<u>1,513,814</u>	<u>181,431</u>
Business-type Activities				
Water Utility	1,535,123	2,106,112	-	500,000
Wastewater Utility	2,927,412	2,858,711	-	2,287,582
Stormwater Utility	356,028	427,273	-	29,047
Golf Course	<u>648,503</u>	<u>573,492</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>5,467,066</u>	<u>5,965,588</u>	<u>-</u>	<u>2,816,629</u>
Total Primary Government	<u>\$ 15,969,661</u>	<u>\$ 7,122,893</u>	<u>\$ 1,513,814</u>	<u>\$ 2,998,060</u>
Component Units				
Rhinelanders-Oneida County Airport	\$ 1,884,952	\$ 975,188	\$ -	\$ 785,118
Rhinelanders District Library	<u>940,082</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Component Units	<u>\$ 2,825,034</u>	<u>\$ 975,188</u>	<u>\$ -</u>	<u>\$ 785,118</u>
General Revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Property taxes, levied for TIF districts				
Property taxes, levied for the airport				
Property taxes, levied for the library				
Other taxes				
Intergovernmental revenues not restricted to specific programs				
Investment income				
Miscellaneous				
Transfers - internal				
Transfers - component unit				
Transfers - primary government				
Total General Revenues and Transfers				

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Totals	Rhinelanders- Oneida County Airport	Rhinelanders District Library
\$ (984,875)	\$ -	\$ (984,875)	\$ -	\$ -
(4,066,020)	-	(4,066,020)	-	-
(1,679,398)	-	(1,679,398)	-	-
(124,283)	-	(124,283)	-	-
(308,539)	-	(308,539)	-	-
33,033	-	33,033	-	-
<u>(519,963)</u>	<u>-</u>	<u>(519,963)</u>	<u>-</u>	<u>-</u>
<u>(7,650,045)</u>	<u>-</u>	<u>(7,650,045)</u>	<u>-</u>	<u>-</u>
-	1,070,989	1,070,989	-	-
-	2,218,881	2,218,881	-	-
-	100,292	100,292	-	-
-	<u>(75,011)</u>	<u>(75,011)</u>	<u>-</u>	<u>-</u>
-	<u>3,315,151</u>	<u>3,315,151</u>	<u>-</u>	<u>-</u>
<u>(7,650,045)</u>	<u>3,315,151</u>	<u>(4,334,894)</u>	<u>-</u>	<u>-</u>
-	-	-	(124,646)	-
-	-	-	-	<u>(940,082)</u>
-	-	-	<u>(124,646)</u>	<u>(940,082)</u>
4,562,813	-	4,562,813	-	-
916,535	-	916,535	-	-
916,796	-	916,796	-	-
-	-	-	197,081	-
-	-	-	-	264,330
371,197	-	371,197	-	-
1,327,714	-	1,327,714	-	627,518
97,625	21,086	118,711	884	-
101,643	-	101,643	-	29,573
3,150,330	(3,150,330)	-	-	-
3,269	-	3,269	-	-
-	-	-	<u>(1,410)</u>	<u>(1,859)</u>
<u>11,447,922</u>	<u>(3,129,244)</u>	<u>8,318,678</u>	<u>196,555</u>	<u>919,562</u>
3,797,877	185,907	3,983,784	71,909	(20,520)
<u>17,596,448</u>	<u>33,983,355</u>	<u>51,579,803</u>	<u>9,569,501</u>	<u>342,291</u>
<u>\$ 21,394,325</u>	<u>\$ 34,169,262</u>	<u>\$ 55,563,587</u>	<u>\$ 9,641,410</u>	<u>\$ 321,771</u>

See accompanying notes to financial statements.

CITY OF RHINELANDER

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	<u>General Fund</u>	1985 Community Block Grant Special Revenue Fund	<u>General Debt Service Fund</u>	<u>General Capital Projects</u>
ASSETS				
Cash and investments	\$ 756,575	\$ 243,272	\$ 71,734	\$ 854,590
Receivables (net)				
Taxes	4,912,844	-	905,264	19,393
Delinquent personal property taxes	6,387	-	-	-
Accounts	-	-	-	-
Special assessments	-	-	-	97,491
Loans	9,812	1,847,154	-	-
Other	3,373	-	-	-
Due from other governments	59,799	-	-	380,213
Due from component units	-	-	174,974	-
Due from other funds	261,448	-	-	-
Inventories and prepaid items	226,356	-	-	-
Advances to other funds	<u>1,574,329</u>	<u>-</u>	<u>180,346</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 7,810,923</u></u>	<u><u>\$ 2,090,426</u></u>	<u><u>\$ 1,332,318</u></u>	<u><u>\$ 1,351,687</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 116,558	\$ 8,380	\$ -	\$ 335,143
Accrued liabilities	103,882	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>220,440</u>	<u>8,380</u>	<u>-</u>	<u>335,143</u>
Deferred Inflows of Resources				
Unearned revenues	4,610,784	-	905,264	-
Unavailable revenues	<u>9,812</u>	<u>1,847,154</u>	<u>-</u>	<u>197,834</u>
Total Deferred Inflows of Resources	<u>4,620,596</u>	<u>1,847,154</u>	<u>905,264</u>	<u>197,834</u>
Fund Balances				
Nonspendable	1,800,685	-	-	-
Restricted	-	234,892	427,054	1,037,506
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	<u>1,169,202</u>	<u>-</u>	<u>-</u>	<u>(218,796)</u>
Total Fund Balances	<u>2,969,887</u>	<u>234,892</u>	<u>427,054</u>	<u>818,710</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 7,810,923</u></u>	<u><u>\$ 2,090,426</u></u>	<u><u>\$ 1,332,318</u></u>	<u><u>\$ 1,351,687</u></u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 1,952,130	\$ 3,878,301
1,051,344	6,888,845
-	6,387
141,164	141,164
-	97,491
519,816	2,376,782
30,000	33,373
343,953	783,965
-	174,974
-	261,448
28,246	254,602
<u>1,155,000</u>	<u>2,909,675</u>
<u>\$ 5,221,653</u>	<u>\$ 17,807,007</u>
\$ 34,056	\$ 494,137
5,772	109,654
17,628	17,628
261,448	261,448
<u>397,807</u>	<u>397,807</u>
<u>716,711</u>	<u>1,280,674</u>
1,010,891	6,526,939
<u>632,205</u>	<u>2,687,005</u>
<u>1,643,096</u>	<u>9,213,944</u>
43,122	1,843,807
3,071,345	4,770,797
100,783	100,783
8,728	8,728
<u>(362,132)</u>	<u>588,274</u>
<u>2,861,846</u>	<u>7,312,389</u>
<u>\$ 5,221,653</u>	<u>\$ 17,807,007</u>

See accompanying notes to financial statements.

CITY OF RHINELANDER

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2016

Total Fund Balances - Governmental Funds	\$	7,312,389
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III. D.		27,765,796
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note III.B.		2,687,005
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		3,865,159
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		(1,468,286)
Internal service funds are reported in the statement of net position as governmental activities.		79,829
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.		
Bonds and notes payable		(16,810,933)
Compensated absences		(638,831)
Accrued interest		(160,389)
Unamortized debt premium		(241,929)
Landfill liability		(300,000)
Net pension liability		<u>(695,485)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>21,394,325</u>

See accompanying notes to financial statements.

CITY OF RHINELANDER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	<u>General Fund</u>	1985 Community Block Grant Special Revenue Fund	<u>General Debt Service Fund</u>	<u>General Capital Projects</u>
REVENUES				
Taxes	\$ 4,717,723	\$ -	\$ 916,535	\$ -
Special assessments	10,698	-	-	20,303
Intergovernmental	1,910,175	-	-	542,780
Licenses and permits	211,521	-	-	-
Fines, forfeitures and penalties	36,792	-	-	-
Charges for services	190,567	-	-	-
Investment income	21,393	836	16,058	4,027
Miscellaneous	115,398	71,251	-	2,200
Total Revenues	<u>7,214,267</u>	<u>72,087</u>	<u>932,593</u>	<u>569,310</u>
EXPENDITURES				
Current				
General government	1,074,513	-	-	-
Public safety	4,033,833	-	-	-
Public works	1,718,454	-	-	30
Health and human services	69,517	-	-	-
Culture, recreation and education	227,259	-	-	29,466
Conservation and development	24,386	12,095	-	-
Capital Outlay	23,575	-	-	1,903,905
Debt Service				
Principal	-	-	1,893,823	-
Interest and fiscal charges	-	-	197,468	58,038
Total Expenditures	<u>7,171,537</u>	<u>12,095</u>	<u>2,091,291</u>	<u>1,991,439</u>
Excess (deficiency) of revenues over expenditures	<u>42,730</u>	<u>59,992</u>	<u>(1,158,698)</u>	<u>(1,422,129)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	1,135,000	2,164,300
Premium on debt issued	-	-	25,326	62,564
Transfers in	324,050	-	3,369	17,500
Transfers out	(370,209)	-	(17,500)	-
Contribution from component units	-	-	3,269	-
Property sales	38,636	-	-	204,250
Total Other Financing Sources (Uses)	<u>(7,523)</u>	<u>-</u>	<u>1,149,464</u>	<u>2,448,614</u>
Net Change in Fund Balances	35,207	59,992	(9,234)	1,026,485
FUND BALANCES (DEFICIT) - Beginning of Year	<u>2,934,680</u>	<u>174,900</u>	<u>436,288</u>	<u>(207,775)</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,969,887</u>	<u>\$ 234,892</u>	<u>\$ 427,054</u>	<u>\$ 818,710</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 1,133,083	\$ 6,767,341
-	31,001
736,250	3,189,205
-	211,521
150	36,942
467,659	658,226
55,227	97,541
<u>225,290</u>	<u>414,139</u>
<u>2,617,659</u>	<u>11,405,916</u>
-	1,074,513
622,775	4,656,608
513,079	2,231,563
-	69,517
204,714	461,439
63,045	99,526
13,277	1,940,757
662,399	2,556,222
<u>301,008</u>	<u>556,514</u>
<u>2,380,297</u>	<u>13,646,659</u>
<u>237,362</u>	<u>(2,240,743)</u>
-	3,299,300
-	87,890
396,209	741,128
(38,805)	(426,514)
-	3,269
<u>6</u>	<u>242,892</u>
<u>357,410</u>	<u>3,947,965</u>
594,772	1,707,222
<u>2,267,074</u>	<u>5,605,167</u>
<u>\$ 2,861,846</u>	<u>\$ 7,312,389</u>

See accompanying notes to financial statements.

CITY OF RHINELANDER

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, 2016

Net change in fund balances - total governmental funds	\$	1,707,222
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		1,940,757
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		326,484
Capital assets transferred from business-type activities		2,835,716
Depreciation is reported in the government-wide financial statements		(1,300,587)
Loss on disposal of capital assets is recorded in the government-wide statements		(495,641)
<p>Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.</p>		
		(251,642)
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Debt issued		(3,299,300)
Principal repaid		2,556,222
<p>Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.</p>		
Amortization		15,358
Debt discount (premium)		(69,764)
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences		261,228
Accrued interest on debt		3,103
Net pension liability (and pension related deferred outflows and inflows of resources)		(419,237)
Landfill liability		20,000
<p>Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities</p>		
		(32,042)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>3,797,877</u>

See accompanying notes to financial statements.

CITY OF RHINELANDER

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals	
ASSETS					
Current Assets					
Cash and investments	\$ 1,163,279	\$ 1,024,842	\$ -	\$ 2,188,121	\$ 82,557
Receivables					
Accounts	440,526	1,318,988	168,718	1,928,232	-
Due from other governments	-	1,012,823	-	1,012,823	-
Due from other funds	-	100,000	-	100,000	-
Inventories and prepaid items	76,594	24,718	38,023	139,335	-
Restricted cash and investments	<u>155,816</u>	<u>592,466</u>	<u>-</u>	<u>748,282</u>	<u>-</u>
Total Current Assets	<u>1,836,215</u>	<u>4,073,837</u>	<u>206,741</u>	<u>6,116,793</u>	<u>82,557</u>
Noncurrent Assets					
Restricted Assets					
Cash and investments	-	915,886	-	915,886	-
Capital Assets					
Construction in progress	15,912	13,809	-	29,721	-
Land	34,070	1,587,593	35,666	1,657,329	-
Capital assets being depreciated	19,330,437	43,492,607	8,986,191	71,809,235	-
Less: Accumulated depreciation	(5,253,464)	(10,801,674)	(4,961,517)	(21,016,655)	-
Advances to other funds	<u>479,463</u>	<u>1,457,339</u>	<u>-</u>	<u>1,936,802</u>	<u>-</u>
Total Noncurrent Assets	<u>14,606,418</u>	<u>36,665,560</u>	<u>4,060,340</u>	<u>55,332,318</u>	<u>-</u>
Total Assets	<u>16,442,633</u>	<u>40,739,397</u>	<u>4,267,081</u>	<u>61,449,111</u>	<u>82,557</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	<u>189,559</u>	<u>296,291</u>	<u>125,632</u>	<u>611,482</u>	<u>-</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals	
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 165,967	\$ 545,347	\$ 88,668	\$ 799,982	\$ -
Accrued wages	7,334	9,693	4,391	21,418	-
Accrued interest	-	-	4,032	4,032	-
Deposits	-	-	1,000	1,000	-
Due to other funds	-	-	100,000	100,000	-
Current portion of general obligation debt	-	-	91,400	91,400	-
Current portion of advances	20,000	40,000	-	60,000	-
Current portion of compensated absences	4,231	9,333	2,282	15,846	-
Current portion of leases	-	-	2,046	2,046	-
Claims payable	-	-	-	-	2,728
Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	222,171	824,723	-	1,046,894	-
Accrued interest	7,703	72,077	-	79,780	-
Total Current Liabilities	427,406	1,501,173	293,819	2,222,398	2,728
Noncurrent Liabilities					
Long-Term Debt					
General obligation debt	-	-	404,300	404,300	-
Revenue bonds	3,936,680	16,398,213	-	20,334,893	-
Other Liabilities					
Compensated absences	52,587	86,905	51,042	190,534	-
Net pension liability	33,806	53,223	22,847	109,876	-
Capital leases payable	-	-	6,588	6,588	-
Advances from other funds	430,778	811,320	3,146,572	4,388,670	-
Total Noncurrent Liabilities	4,453,851	17,349,661	3,631,349	25,434,861	-
Total Liabilities	4,881,257	18,850,834	3,925,168	27,657,259	2,728
DEFERRED INFLOWS OF RESOURCES					
Unearned revenues	-	-	2,106	2,106	-
Pension related amounts	71,369	112,363	48,234	231,966	-
Total Deferred Inflows of Resources	71,369	112,363	50,340	234,072	-
NET POSITION					
Net investment in capital assets	9,968,104	17,069,399	3,556,006	30,593,509	-
Restricted for					
Debt service	148,113	564,622	-	712,735	-
Equipment replacement	-	871,653	-	871,653	-
Unrestricted (deficit)	1,563,349	3,566,817	(3,138,801)	1,991,365	79,829
TOTAL NET POSITION	<u>\$ 11,679,566</u>	<u>\$ 22,072,491</u>	<u>\$ 417,205</u>	<u>\$ 34,169,262</u>	<u>\$ 79,829</u>

See accompanying notes to financial statements.

CITY OF RHINELANDER

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals	
OPERATING REVENUES	<u>\$ 2,106,112</u>	<u>\$ 2,858,711</u>	<u>\$ 1,000,765</u>	<u>\$ 5,965,588</u>	<u>\$ 59,604</u>
OPERATING EXPENSES					
Operation and maintenance	1,031,591	1,098,692	769,943	2,900,226	-
Depreciation	424,998	1,352,845	223,559	2,001,402	-
Taxes	19,407	32,083	-	51,490	-
Self insurance claims	-	-	-	-	91,730
Total Operating Expenses	<u>1,475,996</u>	<u>2,483,620</u>	<u>993,502</u>	<u>4,953,118</u>	<u>91,730</u>
Operating Income (Loss)	<u>630,116</u>	<u>375,091</u>	<u>7,263</u>	<u>1,012,470</u>	<u>(32,126)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	13,915	7,171	-	21,086	84
Interest and fiscal charges	(59,127)	(443,792)	(11,029)	(513,948)	-
Contribution of infrastructure to City	<u>(462,500)</u>	<u>(1,934,329)</u>	<u>(438,887)</u>	<u>(2,835,716)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(507,712)</u>	<u>(2,370,950)</u>	<u>(449,916)</u>	<u>(3,328,578)</u>	<u>84</u>
Income (Loss) Before Contributions and Transfers	<u>122,404</u>	<u>(1,995,859)</u>	<u>(442,653)</u>	<u>(2,316,108)</u>	<u>(32,042)</u>
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	500,000	2,287,582	29,047	2,816,629	-
Transfers out	<u>(312,474)</u>	<u>(1,519)</u>	<u>(621)</u>	<u>(314,614)</u>	<u>-</u>
Total Contributions and Transfers	<u>187,526</u>	<u>2,286,063</u>	<u>28,426</u>	<u>2,502,015</u>	<u>-</u>
Change in Net Position	309,930	290,204	(414,227)	185,907	(32,042)
NET POSITION - Beginning of Year	<u>11,369,636</u>	<u>21,782,287</u>	<u>831,432</u>	<u>33,983,355</u>	<u>111,871</u>
NET POSITION - END OF YEAR	<u>\$ 11,679,566</u>	<u>\$ 22,072,491</u>	<u>\$ 417,205</u>	<u>\$ 34,169,262</u>	<u>\$ 79,829</u>

See accompanying notes to financial statements.

CITY OF RHINELANDER

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 2,175,695	\$ 2,539,938	\$ 994,871	\$ 5,710,504	\$ 59,604
Paid to suppliers for goods and services	(854,026)	(783,683)	(482,759)	(2,120,468)	(91,730)
Paid to employees for services	(209,843)	(315,436)	(301,272)	(826,551)	-
Net Cash Flows From Operating Activities	<u>1,111,826</u>	<u>1,440,819</u>	<u>210,840</u>	<u>2,763,485</u>	<u>(32,126)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	13,915	7,171	-	21,086	84
Net Cash Flows From Investing Activities	<u>13,915</u>	<u>7,171</u>	<u>-</u>	<u>21,086</u>	<u>84</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Paid to municipality for tax equivalent	(311,245)	-	-	(311,245)	-
Negative cash implicitly financed	-	-	303,328	303,328	-
Advances from (repaid to) other funds	(480,795)	(861,567)	(674)	(1,343,036)	-
Interest on advance	(2,973)	(3,675)	(1,503)	(8,151)	-
Net Cash Flows From Noncapital Financing Activities	<u>(795,013)</u>	<u>(865,242)</u>	<u>301,151</u>	<u>(1,359,104)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt issued	1,830,008	6,261,484	35,700	8,127,192	-
Debt retired	(166,948)	(4,248,652)	(92,069)	(4,507,669)	-
Interest and fiscal charges paid	(43,095)	(420,314)	(9,526)	(472,935)	-
Acquisition and construction of capital assets	(1,922,342)	(4,186,261)	(1,797,693)	(7,906,296)	-
Contribution received for construction	500,000	1,141,383	-	1,641,383	-
Capital advances from other funds	-	-	1,351,597	1,351,597	-
Advances repaid to other funds	(20,000)	(40,000)	-	(60,000)	-
Interest on advance	(10,433)	(20,867)	-	(31,300)	-
Net Cash Flows From Capital and Related Financing Activities	<u>167,190</u>	<u>(1,513,227)</u>	<u>(511,991)</u>	<u>(1,858,028)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	497,918	(930,479)	-	(432,561)	(32,042)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>821,177</u>	<u>3,463,673</u>	<u>-</u>	<u>4,284,850</u>	<u>114,599</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,319,095</u>	<u>\$ 2,533,194</u>	<u>\$ -</u>	<u>\$ 3,852,289</u>	<u>\$ 82,557</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 630,116	\$ 375,091	\$ 7,263	\$ 1,012,470	\$ (32,126)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	424,998	1,352,845	223,559	2,001,402	-
Depreciation charged to other funds	15,723	(15,723)	-	-	-
Changes in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources					
Accounts receivable	(17,595)	(303,050)	(18,561)	(339,206)	-
Due from other funds	71,555	-	14,465	86,020	-
Inventories and prepaid items	(21,490)	(16,560)	(12,031)	(50,081)	-
Accounts payable	(11,093)	(15,213)	(6,177)	(32,483)	-
Accrued wages	4,414	5,495	2,605	12,514	-
Deposits	(100)	-	-	(100)	-
Accrued compensated absences	(6,373)	16,671	(11,205)	(907)	-
Unearned revenues	-	-	(1,798)	(1,798)	-
Pension related deferrals and asset/liability	21,671	41,263	12,720	75,654	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,111,826</u>	<u>\$ 1,440,819</u>	<u>\$ 210,840</u>	<u>\$ 2,763,485</u>	<u>\$ (32,126)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and investments	\$ 1,163,279	\$ 1,024,842	\$ -	\$ 2,188,121	\$ 82,557
Restricted cash and investments	155,816	1,508,352	-	1,664,168	-
CASH AND CASH EQUIVALENTS	<u>\$ 1,319,095</u>	<u>\$ 2,533,194</u>	<u>\$ -</u>	<u>\$ 3,852,289</u>	<u>\$ 82,557</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital assets acquired via accounts payable	\$ 97,290	\$ 521,724	\$ 78,939		\$ -
Capital assets transferred to Governmental Activities	\$ 462,500	\$ 1,934,329	\$ 438,887		\$ -
Capital assets acquired via capital lease	\$ -	\$ -	\$ 10,703		\$ -

See accompanying notes to financial statements.

CITY OF RHINELANDER

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 3,427,400
Taxes receivable	<u>4,648,754</u>
TOTAL ASSETS	<u>\$ 8,076,154</u>
LIABILITIES	
Due to other governments	<u>\$ 8,076,154</u>
TOTAL LIABILITIES	<u>\$ 8,076,154</u>

See accompanying notes to financial statements.

CITY OF RHINELANDER

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CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Rhinelanders-Oneida County Airport

The government-wide financial statements include the Rhinelanders-Oneida County Airport (airport) as a component unit. The airport is a legally separate organization. The commission of the airport is made up of three members; appointments to the commission are alternated between the City of Rhinelanders and Oneida County. The city is the fiscal agent for the airport's operations. See Note III.I. As a component unit, the airport'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, 2016. The airport does not issue separate financial statements.

Rhinelanders District Library

The government-wide financial statements include the Rhinelanders District Library (library) as a component unit. The library is a legally separate organization. The board of the library is made up of three trustees representing the City of Rhinelanders, one trustee representing each member town and one trustee representing the K-12 school district. Under the agreement creating the library, the city is responsible for the largest share of the financial contribution to the library and is also the fiscal agent for the library's operations. See Note III.I. As a component unit, the library'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, 2016 and excludes the library foundation and library board accounts. The library does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2015, the GASB issued statement No. 72 - *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

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.

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Government-Wide Financial Statements (cont.)

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

Fund Financial Statements

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

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

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

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

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements (cont.)

The city reports the following major governmental funds: (cont.)

1985 Community Block Grant Special Revenue Fund - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the program.

General Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TIF or enterprise debt.

General Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities, other than TIF or enterprise projects.

The city reports the following major enterprise funds:

Water Utility - accounts for operations of the water system

Wastewater Utility - accounts for operations of the wastewater system

The city reports the following nonmajor governmental and enterprise funds:

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

Room Tax	Dog Park
Recycling Grant	Boat Launch
Parking Advisory Board	HCRI Grant
Downtown Works	K-9
Hazardous Materials	Fire Inspection Seminars
Shared Ride Transport Grant	Cemetery Perpetual Care
Tank Inspections	DARE
Landfill Settlement	Historic Preservation
Playground Equipment	Ambulance
Historical Complex	Property Acquisition & Improvements

Debt Service Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

Environmental TIF #1

TIF #5

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental and enterprise funds: (cont.)

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

TIF #6
TIF #8

TIF #9
TIF #10

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

Stormwater Utility

Golf Course

In addition, the city reports the following fund types:

Internal Service Fund - used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

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

Tax Collection

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

Government-Wide Financial Statements

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

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Government-Wide Financial Statements (cont.)

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

Fund Financial Statements

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

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At year end, there were \$296,446 of unrecorded deferred assessments which are not recorded as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

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

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

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements (cont.)

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, and stormwater utilities and golf course are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

1. Deposits and Investments (cont.)

The city has adopted an investment policy. That policy is more restrictive than the state statute for allowable investments. Custodial credit risk and credit risk are addressed as follows:

- > Where allowed by state law, full collateralization will be required on all demand deposit accounts and non-negotiable certificates of deposit.
- > Investments will be limited to the safest type of securities.
- > Financial institutions, broker/dealers, intermediaries and advisors with which the city will do business will be pre-qualified.
- > The investment portfolio will be diversified so that potential losses on individual securities will be minimized.

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 methods and inputs as outlined in Note III. A. 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 to the general fund. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note III. A. for further information.

2. Receivables

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

Property tax calendar - 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2019

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

2. Receivables (cont.)

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, wastewater and stormwater utilities because they have the right by law to place substantially all delinquent bills on the tax roll.

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

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

The city has received grant funds for housing rehabilitation loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as housing rehabilitation loans receivable has not been reduced by an allowance for uncollectible accounts.

It is the city's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

3. Inventories and Prepaid Items

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

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

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

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.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$2,000 for general capital assets purchased prior to 2014 and \$10,000 for general capital assets purchased in 2014 and beyond, and \$20,000 for infrastructure assets purchased prior to 2014 and \$100,000 for infrastructure assets purchased in 2014 and beyond, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

Depreciation and amortization 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 and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	25-50 Years
Land Improvements	10-55 Years
Machinery and Equipment	3-25 Years
Utility System	40-100 Years
Infrastructure	10-60 Years
Intangibles	3-7 Years

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

5. Capital Assets (cont.)

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. Deferred Outflows of Resources

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

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 fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2016, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations

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

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

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

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

9. *Deferred Inflows of Resources*

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

10. *Equity Classifications*

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 19,807,590	\$ 30,593,509	\$ (2,497,870)	\$ 47,903,229
Unrestricted	(4,412,143)	1,991,365	2,497,870	77,092

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.

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

10. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has adopted a financial policy authorizing the Administrator to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

It is the goal of the city to achieve and maintain an unassigned fund balance in the general fund equal to 25% of expenditures. The city considers a balance of less than 15% to be cause for concern, barring unusual or deliberate circumstances. If unassigned fund balance falls below the 15% level the city will implement a corrective plan of action. The general fund's unassigned fund balance at the end of 2016 compared to actual general fund expenditures was 16.3%.

See Note III. H. for further information.

11. Pension

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

12. Basis for Existing Rates

Water Utility

Current rates for the water utility were authorized by the Public Service Commission in 2015 with order 5010-WR-109.

Wastewater Utility

By ordinance, the city's wastewater rates are based on a user charge system. Current rates were approved by the city council in 2014 and were effective June 1, 2014.

Stormwater Utility

Current rates for the stormwater utility were approved by the city council in 2012. The rates were effective January 1, 2013 and contain step increases for 2014 and 2015.

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Debt Service	\$ 993,071	\$ 2,108,791	\$ 1,115,720
General Capital Projects	17,500	1,991,439	1,973,939
Room Tax	154,100	193,844	39,744
Recycling Grant	118,651	130,655	12,004
Downtown Works	20,100	47,428	27,328
Hazardous Materials	16,634	23,408	6,774
Landfill Settlement	16,000	21,677	5,677
HCRI Grant	1,103	14,215	13,112
Ambulance	715,791	758,757	42,966

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

B. DEFICIT BALANCES

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

As of December 31, 2016, the following individual funds held a deficit balance:

Fund	Amount	Reason
Share Ride Transport Grant	\$ 113,245	Expenditures in excess of revenues
Environmental TIF #1	199,949	Expenditures in excess of revenues
TIF #6	23,948	Unavailable revenues
Golf Course	1,199,566	Expenses in excess of revenues

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

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

C. LIMITATIONS ON THE CITY'S TAX LEVY

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

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The city maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of 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's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 10,832,720	\$ 10,490,808	Custodial credit
US agencies - implicitly guaranteed	197,174	197,174	Custodial credit, credit, concentration of credit, interest rate
Negotiable CD's	209,628	209,628	Custodial credit, credit, concentration of credit, interest rate
Petty cash	1,025	-	N/A
Total Deposits and Investments	<u>\$ 11,240,547</u>	<u>\$ 10,897,610</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 6,148,979		
Restricted cash and investments	1,664,168		
Per statement of assets and liabilities -			
agency fund			
Agency fund	3,427,400		
Total Deposits and Investments	<u>\$ 11,240,547</u>		

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$406,802 of the city's investments are covered by SIPC. Additionally, through London insurers, accounts have additional securities coverage of \$149.5 million per customer, subject to a \$500 million aggregate firm limit.

The city maintains collateral agreements with its banks. At December 31, 2016, the banks had pledged various government securities in the amount of \$10,514,853 to secure the city's deposits.

The city categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Quoted market prices

Investment Type	December 31, 2016			
	Level 1	Level 2	Level 3	Total
US agencies - implicitly guaranteed	\$ -	\$ 197,174	\$ -	\$ 197,174
Negotiable CD	-	209,628	-	209,628
Total	\$ -	\$ 406,802	\$ -	\$ 406,802

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.

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Deposits (cont.)

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

Investments

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

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

Credit Risk

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

As of December 31, 2016, the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>
US agencies - implicitly guaranteed	AA+

At December 31, 2016, the city also had investments in negotiable CD's, which are not rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2016, the investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Bank	US agencies - implicitly guaranteed	48.47%
Bank of Baroda New York	Negotiable CD	51.53%

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2016, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-3	More than 3
US agencies - implicitly guaranteed	\$ 197,174	\$ -	\$ -	\$ 197,174
Negotiable CDs	209,628	209,628	-	-
Totals	\$ 406,802	\$ 209,628	\$ -	\$ 197,174

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$2.26 million of loans receivable and \$78,509 of special assessments receivable.

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 6,526,939	\$ 19,393
Special assessments not yet due	-	97,491
Accounts receivable	-	52,212
Loans receivable	-	2,376,782
Due from other governments	-	141,127
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 6,526,939	\$ 2,687,005

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

Following is a list of restricted assets at December 31, 2016:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 726,239	\$ 79,780	\$ 646,459
Bond reserve account	66,276	-	66,276
Equipment replacement account	871,653	-	871,653
Total	\$ 1,664,168	\$ 79,780	\$ 1,584,388

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Construction in progress	\$ 368,866	\$ 260,207	\$ 368,866	\$ 260,207
Land	3,690,819	10,200	-	3,701,019
Total Capital Assets Not Being Depreciated/Amortized	4,059,685	270,407	368,866	3,961,226

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated/amortized				
Land improvements	\$ 469,616	\$ 598,137	\$ 8,275	\$ 1,059,478
Buildings and improvements	8,302,307	176,140	235,819	8,242,628
Machinery and equipment	8,217,197	848,158	732,468	8,332,887
Intangibles	63,420	-	-	63,420
Infrastructure	27,336,012	3,578,981	781,760	30,133,233
Total Capital Assets Being Depreciated/Amortized	44,388,552	5,201,416	1,758,322	47,831,646
Total Capital Assets	48,448,237	5,471,823	2,127,188	51,792,872
Less: Accumulated depreciation/amortization for				
Land improvements	(297,637)	(17,519)	623	(314,533)
Buildings and improvements	(6,040,961)	(93,618)	174,143	(5,960,436)
Machinery and equipment	(5,172,670)	(482,147)	601,357	(5,053,460)
Intangibles	(33,624)	(12,684)	-	(46,308)
Infrastructure	(12,444,278)	(694,619)	486,558	(12,652,339)
Total Accumulated Depreciation/Amortization	(23,989,170)	(1,300,587)	1,262,681	(24,027,076)
Net Capital Assets Being Depreciated/ Amortized	20,399,382	3,900,829	495,641	23,804,570
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/ Amortization	\$ 24,459,067	\$ 4,171,236	\$ 864,507	\$ 27,765,796

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 23,773
Public safety	283,834
Public works	899,575
Health and human services	8,626
Culture, education and recreation	84,779
Total Governmental Activities Depreciation Expense	\$ 1,300,587

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Construction in progress	\$ 155,323	\$ -	\$ 139,411	\$ 15,912
Land	34,070	-	-	34,070
Total Capital Assets Not Being Depreciated	189,393	-	139,411	49,982
Capital assets being depreciated				
Property and equipment	17,804,062	1,729,505	203,130	19,330,437
Total Capital Assets Being Depreciated	17,804,062	1,729,505	203,130	19,330,437
Total Capital Assets	17,993,455	1,729,505	342,541	19,380,419
Less: Accumulated depreciation for				
Property and equipment	(5,015,873)	(440,721)	203,130	(5,253,464)
Total Accumulated Depreciation	(5,015,873)	(440,721)	203,130	(5,253,464)
Net Capital Assets Being Depreciated	12,788,189	1,288,784	-	14,076,973
Net Water Capital Assets	\$ 12,977,582	\$ 1,288,784	\$ 139,411	\$ 14,126,955

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater</u>				
Capital assets not being depreciated				
Construction in progress	\$ 411,541	\$ -	\$ 397,732	\$ 13,809
Land	1,587,593	-	-	1,587,593
Total Capital Assets Not Being Depreciated	1,999,134	-	397,732	1,601,402
Capital assets being depreciated				
Property and equipment	40,840,564	3,057,628	405,585	43,492,607
Total Capital Assets Being Depreciated	40,840,564	3,057,628	405,585	43,492,607
Total Capital Assets	42,839,698	3,057,628	803,317	45,094,009
Less: Accumulated depreciation for				
Property and equipment	(9,870,137)	(1,337,122)	405,585	(10,801,674)
Total Accumulated Depreciation	(9,870,137)	(1,337,122)	405,585	(10,801,674)
Net Capital Assets Being Depreciated	30,970,427	1,720,506	-	32,690,933
Net Wastewater Capital Assets	\$ 32,969,561	\$ 1,720,506	\$ 397,732	\$ 34,292,335

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital assets not being depreciated				
Construction in progress	\$ 76,411	\$ -	\$ 76,411	\$ -
Land	35,666	-	-	35,666
Total Capital Assets Not Being Depreciated	112,077	-	76,411	35,666
Capital assets being depreciated				
Property and equipment	4,123,668	1,480,631	197,469	5,406,830
Total Capital Assets Being Depreciated	4,123,668	1,480,631	197,469	5,406,830
Total Capital Assets	4,235,745	1,480,631	273,880	5,442,496
Less: Accumulated depreciation for				
Property and equipment	(1,869,362)	(162,590)	197,469	(1,834,483)
Total Accumulated Depreciation	(1,869,362)	(162,590)	197,469	(1,834,483)
Net Capital Assets Being Depreciated	2,254,306	1,318,041	-	3,572,347
Net Stormwater Capital Assets	\$ 2,366,383	\$ 1,318,041	\$ 76,411	\$ 3,608,013
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Golf Course</u>				
Capital assets being depreciated				
Property and equipment	\$ 3,536,483	\$ 42,878	\$ -	\$ 3,579,361
Total Capital Assets Being Depreciated	3,536,483	42,878	-	3,579,361
Less: Accumulated depreciation for				
Property and equipment	(3,066,065)	(60,969)	-	(3,127,034)
Total Accumulated Depreciation	(3,066,065)	(60,969)	-	(3,127,034)
Net Capital Assets Being Depreciated	470,418	(18,091)	-	452,327
Net Capital Assets	\$ 470,418	\$ (18,091)	\$ -	\$ 452,327
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 48,783,944	\$ 4,309,240	\$ 613,554	\$ 52,479,630

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 424,998
Wastewater	1,352,845
Stormwater	162,590
Golf course	<u>60,969</u>

Total Business-type Activities Depreciation Expense	<u><u>\$ 2,001,402</u></u>
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Depreciation/amortization expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General Fund	Shared Ride Transport Grant	\$ 48,505
General Fund	Boat Launch	188,995
General Fund	TIF #6	23,948
Wastewater Utility	Stormwater Utility	<u>100,000</u>
Total - Fund Financial Statements		361,448
Less: Fund eliminations		(361,448)
Add: Interfund advances		<u>2,511,868</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 2,511,868</u></u>

All amounts are due within one year.

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

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Advances

The general fund is advancing funds to the golf course, environmental TIF #1, ambulance, and shared ride transport grant funds. The amount advanced is determined by the cash deficit in the funds since their inception. No interest is being charged and no repayment schedule has been established.

The water utility and wastewater utility are advancing funds to the stormwater utility. The amount advanced is determined by an allocation of 2016 project costs. In addition, the wastewater utility is also advancing funds to cover the remaining cash deficit in the fund since its inception. No interest is being charged and no repayment schedule has been established.

The TIF #9 advance to the water and wastewater utilities reflects the amount each utility is contributing toward the debt service requirements on the oversize portion of the 2013 borrowing. A repayment schedule has been established to mirror the repayment schedule on the TIF #9 borrowing.

The general debt service fund advance to the water utility, wastewater utility and golf course reflects the amount each fund is contributing toward the debt service requirements on the 2014 state trust fund loan (refinanced in 2016), which was used for the pay-off of the WRS prior service liability. A repayment schedule has been established to mirror the repayment schedule on the loan.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	Golf Course	\$ 1,176,522	\$ 1,176,522
General Fund	Environmental TIF #1	199,949	199,949
General Fund	Ambulance	104,300	104,300
General Fund	Shared Ride Transport Grant	93,558	93,558
TIF #9	Water Utility	385,000	365,000
TIF #9	Wastewater Utility	770,000	730,000
General Debt Service	Water Utility	65,778	65,778
General Debt Service	Wastewater Utility	81,320	81,320
General Debt Service	Golf Course	33,248	33,248
Water Utility	Stormwater Utility	479,463	479,463
Wastewater Utility	Stormwater Utility	1,457,339	1,457,339
Total - Fund Financial Statements		4,846,477	
Less: Fund eliminations		(2,334,609)	
Total - Interfund Advances		\$ 2,511,868	

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Advances (cont.)

The principal purpose of this advance is described above.

Years	Water Utility		Wastewater Utility	
	Principal	Interest	Principal	Interest
2017	\$ 20,000	\$ 10,033	\$ 40,000	\$ 20,067
2018	21,667	9,633	43,333	19,267
2019	21,667	9,200	43,333	18,400
2020	21,667	8,767	43,333	17,533
2021	21,667	8,333	43,333	16,667
2022-2026	116,667	34,150	233,333	68,300
2027-2031	133,333	16,450	266,667	32,900
2032	<u>28,332</u>	<u>851</u>	<u>56,668</u>	<u>1,699</u>
Totals	<u>\$ 385,000</u>	<u>\$ 97,417</u>	<u>\$ 770,000</u>	<u>\$ 194,833</u>

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 311,245	Payment in lieu of taxes
Recycling	General Fund	110,000	Grant match
Parking Advisory Board	General Fund	15,000	Per maintenance agreement
Historical Complex	Room Tax	26,000	Yearly contribution per agreement
K-9	General Fund	500	Yearly funds for K-9 operations
General Capital Projects	General Debt Service	17,500	Funding for parking lot replacement
General Fund	HCRI Grant	12,805	Correct cash allocation from a previous year
Ambulance	General Fund	244,709	Operating subsidy
General Debt Service	Wastewater Utility	1,519	Portion of prior service liability refunding
General Debt Service	Water Utility	1,229	Portion of prior service liability refunding
General Debt Service	Golf Course	<u>621</u>	Portion of prior service liability refunding
Total - Fund Financial Statements		741,128	
Less: Fund eliminations		(426,514)	
Transfers of capital assets from business-type activities to governmental activities		<u>2,835,716</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 3,150,330</u>	

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

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 16,067,855	\$ 3,299,300	\$ 2,556,222	\$ 16,810,933	\$ 1,396,599
(Discounts)/Premiums	<u>187,523</u>	<u>69,764</u>	<u>15,358</u>	<u>241,929</u>	<u>-</u>
Sub-totals	<u>16,255,378</u>	<u>3,369,064</u>	<u>2,571,580</u>	<u>17,052,862</u>	<u>1,396,599</u>
Other Liabilities					
Vested compensated absences	900,059	-	261,228	638,831	41,218
Net pension liability	(1,038,914)	3,622,252	1,887,853	695,485	-
Landfill liability	<u>320,000</u>	<u>-</u>	<u>20,000</u>	<u>300,000</u>	<u>17,647</u>
Total Other Liabilities	<u>181,145</u>	<u>3,622,252</u>	<u>2,169,081</u>	<u>1,634,316</u>	<u>58,865</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 16,436,523</u>	<u>\$ 6,991,316</u>	<u>\$ 4,740,661</u>	<u>\$ 18,687,178</u>	<u>\$ 1,455,464</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 580,000	\$ 35,700	\$ 120,000	\$ 495,700	\$ 91,400
Revenue bonds	<u>17,675,895</u>	<u>8,091,492</u>	<u>4,385,600</u>	<u>21,381,787</u>	<u>1,046,894</u>
Sub-totals	<u>18,255,895</u>	<u>8,127,192</u>	<u>4,505,600</u>	<u>21,877,487</u>	<u>1,138,294</u>
Other Liabilities					
Vested compensated absences	207,287	-	907	206,380	15,846
Capital leases	-	10,703	2,069	8,634	2,046
Net pension liability	<u>(170,404)</u>	<u>578,531</u>	<u>298,251</u>	<u>109,876</u>	<u>-</u>
Total Other Liabilities	<u>36,883</u>	<u>589,234</u>	<u>301,227</u>	<u>324,890</u>	<u>17,892</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 18,292,778</u>	<u>\$ 8,716,426</u>	<u>\$ 4,806,827</u>	<u>\$ 22,202,377</u>	<u>\$ 1,156,186</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2016, was \$29,628,355. Total general obligation debt outstanding at year end was \$17,306,633.

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

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 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.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
2010 Taxable G.O. Refunding Bonds	5/26/2010	3/1/2025	2.0-5.2%	\$ 1,285,000	\$ 950,000
2010 G.O. Notes	12/1/2010	9/1/2020	0.6-2.8%	1,945,000	775,000
2012 G.O. Notes	1/26/2012	12/1/2021	2.00%	1,785,000	950,000
2013 G.O. Bonds	1/29/2013	12/1/2032	2.0-3.0%	4,755,000	4,170,000
2013 Taxable G.O. Bonds	6/11/2013	12/1/2029	2.0-3.7%	2,110,000	1,870,000
2013 G.O. Bonds	6/11/2013	3/1/2029	2.0-3.0%	1,835,000	1,635,000
2013 State Trust Fund Loan	7/10/2013	3/15/2033	3.75%	401,500	371,232
2013 State Trust Fund Loan	7/10/2013	3/15/2023	2.75%	50,000	36,086
2013 State Trust Fund Loan	7/10/2013	3/15/2026	3.75%	252,000	201,704
2013 State Trust Fund Loan	11/27/2013	3/15/2026	4.25%	113,500	99,485
2013 State Trust Fund Loan	7/10/2013	3/15/2023	2.75%	280,000	202,082
2013 State Trust Fund Loan	7/26/2013	3/15/2019	2.75%	254,717	132,159
2013 State Trust Fund Loan	7/26/2013	3/15/2026	3.75%	439,091	353,787
2013 State Trust Fund Loan	7/26/2013	3/15/2030	3.75%	474,732	410,098
2014 G.O. Notes	3/13/2014	2/1/2024	0.4-2.6%	1,575,000	1,355,000
2016 G.O. Bonds	4/27/2016	4/1/2036	2.0-3.0%	2,164,300	2,164,300
2016 G.O. Bonds	4/27/2016	3/1/2033	1.75-3.75%	1,135,000	<u>1,135,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 16,810,933</u>

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
2010 G.O. Notes	12/1/2010	9/1/2020	0.6-2.8%	\$ 305,000	\$ 205,000
2013 G.O. Bonds	6/11/2013	3/1/2029	2.0-3.0%	125,000	95,000
2014 G.O. Bonds	3/13/2014	2/1/2024	0.4-2.6%	225,000	160,000
2016 G.O. Bonds	4/27/2016	3/1/2033	1.75-3.75%	35,700	<u>35,700</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 495,700</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2017	\$ 1,396,599	\$ 490,770	\$ 91,400	\$ 10,649
2018	1,472,198	425,134	91,400	8,744
2019	1,382,998	392,410	101,400	7,516
2020	1,402,353	358,397	106,400	5,048
2021	1,312,392	323,290	21,400	2,240
2022-2026	5,449,555	1,128,125	62,700	5,190
2027-2031	3,388,690	426,426	10,500	2,447
2032-2036	<u>1,006,148</u>	<u>67,117</u>	<u>10,500</u>	<u>914</u>
Totals	<u>\$ 16,810,933</u>	<u>\$ 3,611,669</u>	<u>\$ 495,700</u>	<u>\$ 42,748</u>

Revenue Debt

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

The water utility has pledged future water revenues, net of specified operating expenses, to repay revenue bonds issued in 2008, 2013, 2014, and 2016. Proceeds from the bonds provided financing for the construction of a new well and wellhouse, as well as upgrades to existing facilities. The bonds are payable solely from water utility revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require 21% of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,576,931. Principal and interest paid for the current year and total customer net revenues were \$168,941 and \$1,069,029, respectively.

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

The wastewater utility has pledged future wastewater revenues, net of specified operating expenses, to repay revenue bonds issued in 2010 - 2012 and 2016. Proceeds from the bonds provided financing for the construction of a new wastewater treatment plant, lift station and interceptor. The bonds are payable solely from wastewater revenues and are payable through 2056. Annual principal and interest payments on the bonds are expected to require 32% of net revenues. The total principal and interest remaining to be paid on the bonds is \$22,459,462. Principal and interest paid for the current year and total customer net revenues were \$1,116,164 and \$1,735,107, respectively.

Revenue debt payable at December 31, 2016, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>	
<u>Water Utility</u>						
2008 Safe Drinking Water Loan	11/26/2008	5/1/2028	1.42%	\$ 1,097,024	\$ 697,364	
2013 Safe Drinking Water Loan	11/27/2013	5/1/2033	1.155%	975,224	882,299	
2014 Safe Drinking Water Loan	12/23/2014	5/1/2034	1.155%	881,411	813,219	
2016 Safe Drinking Water Loan	5/25/2016	5/1/2036	.99%	1,765,969	<u>1,765,969</u>	(1)
Total Water Utility					<u>4,158,851</u>	

(1) - During 2016 the utility was authorized to issue \$2,138,893 of water system Safe Drinking Water Loan revenue bonds. The original amount reported above has been issued as of December 31, 2016. The repayment schedule is for the amount issued.

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Business-type Activities Revenue Debt (cont.)

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>	
<u>Wastewater Utility</u>						
2010 Clean Water Fund Loan	1/13/2010	5/1/2009	2.54%	\$ 12,633,196	\$ 9,777,715	
2011 Clean Water Fund Loan	9/28/2011	5/1/2031	2.4%	975,332	773,013	
2012 Clean Water Fund Loan	5/23/2012	5/1/2032	3.0%	486,465	410,725	
2016 Sewerage System Mortgage Revenue Bonds	9/26/2016	5/1/2056	2.25%	2,100,000	2,100,000	
2016 Clean Water Fund Loan	5/25/2016	5/1/2036	2.1%	729,833	729,833	(1)
2016 Sewerage System Mortgage Revenue Bonds	5/12/2016	5/1/2053	2.75%	3,431,650	<u>3,431,650</u>	
				Total Wastewater Utility	<u>17,222,936</u>	

(1) - During 2016 the utility was authorized to issue \$1,270,592 of wastewater system Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2016. The repayment schedule is for the amount issued.

Total Business-type Activities - Revenue Debt \$ 21,381,787

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2017	\$ 1,046,894	\$ 469,536
2018	1,070,397	447,513
2019	1,094,306	422,577
2020	1,118,927	398,377
2021	1,144,175	372,921
2022-2026	6,120,369	1,460,478
2027-2031	4,846,061	775,876
2032-2036	1,651,308	491,867
2037-2041	765,000	372,015
2042-2046	870,300	266,850
2047-2051	990,000	147,075
2052-2056	664,050	29,523
Totals	<u>\$ 21,381,787</u>	<u>\$ 5,654,608</u>

Other Debt Information

Estimated payments of compensated absences, net pension liability and landfill liability are not included in the debt service requirement schedules. The portion of these liabilities attributable to governmental activities will be liquidated primarily by the general fund and landfill settlement fund.

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

Current Refunding

On April 27, 2016, the city issued \$1,135,000 in general obligation bonds with a coupon rate of 0.40-2.6% to refund an outstanding state trust fund loan of \$1,136,797 with a coupon rate of 4.50%. The net proceeds along with existing funds of the city were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$1,669,732 from 2017 through 2033. The cash flow requirements on the refunding bonds are \$1,535,191 from 2017 through 2033. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$103,244.

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Current Refunding (cont.)

On September 26, 2016, the wastewater utility issued \$2,100,000 in mortgage revenue bonds to refund \$100,000 of outstanding bond anticipation notes issued in 2015. The intent of this refunding was to bring all of the sewerage bonds into parity. Therefore there was no gain/loss on this refunding.

On May 12, 2016, the wastewater utility issued \$3,431,650 in mortgage revenue bonds to refund \$3,458,128 of outstanding mortgage revenue bonds issued in 2013. This refunding was a planned refinancing of short-term debt to a 40 year bond as required by the U.S. Department of Agriculture. Therefore there was no gain/loss on this refunding.

G. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the city to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 40 years after closure. The city completed final closure of the landfill in 1979. The \$300,000 reported as landfill postclosure care liability at December 31, 2016, represents the total amount needed by the city for postclosure care costs according to state and federal regulations. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The city is required by state and federal laws and regulations to provide proof of financial assurance for the postclosure care costs. At December 31, 2016, the city had restricted fund balance in the landfill settlement fund in the amount of \$182,414. The maintenance and monitoring expenses for long-term care will be budgeted for each year by the city and the amount will be paid from the landfill settlement funds.

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2016, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Construction in progress	\$ 260,207
Land	3,701,019
Other capital assets, net of accumulated depreciation/amortization	23,804,570
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(7,721,865)
Less: Unamortized debt premium	<u>(236,341)</u>
Total Net Investment in Capital Assets	<u>\$ 19,807,590</u>

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

	General Fund	1985 Community Block Grant Special Revenue Fund	General Debt Service Fund	General Capital Projects	Nonmajor Funds	Totals
Fund Balances						
Nonspendable:						
Inventories and prepaid items	\$ 226,356	\$ -	\$ -	\$ -	\$ 28,172	\$ 254,528
Noncurrent advances	1,574,329	-	-	-	-	1,574,329
Cemetery perpetual care	-	-	-	-	14,950	14,950
Restricted for:						
Loan programs	-	234,892	-	-	109,998	344,890
Debt service	-	-	427,054	-	49,270	476,324
Capital projects	-	-	-	1,037,506	-	1,037,506
Parking advisory board operations	-	-	-	-	129,272	129,272
Hazardous materials response	-	-	-	-	25,147	25,147
Landfill clean-up	-	-	-	-	182,414	182,414
Historical complex facilities and programs	-	-	-	-	27,080	27,080
Future dog park	-	-	-	-	12,000	12,000
K-9 program	-	-	-	-	10,990	10,990
DARE	-	-	-	-	4,065	4,065
Tourism	-	-	-	-	36,479	36,479
TIF projects	-	-	-	-	2,484,630	2,484,630
Committed to:						
Tank inspection training and labor costs	-	-	-	-	10,264	10,264
Playground equipment and maintenance	-	-	-	-	37,620	37,620
Boat launch equipment and maintenance	-	-	-	-	46,277	46,277
Fire inspection	-	-	-	-	3,722	3,722
Property acquisitions and improvements	-	-	-	-	568	568
Historic preservation	-	-	-	-	2,332	2,332
Assigned to:						
Recycling	-	-	-	-	8,728	8,728
Unassigned (deficit):	<u>1,169,202</u>	<u>-</u>	<u>-</u>	<u>(218,796)</u>	<u>(362,132)</u>	<u>588,274</u>
Total Fund Balances	<u>\$ 2,969,887</u>	<u>\$ 234,892</u>	<u>\$ 427,054</u>	<u>\$ 818,710</u>	<u>\$ 2,861,846</u>	<u>\$ 7,312,389</u>

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Construction in progress	\$ 29,721
Land	1,657,329
Other capital assets, net of accumulated depreciation	50,792,580
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(21,886,121)</u>
Total Net Investment in Capital Assets	<u>\$ 30,593,509</u>

I. COMPONENT UNITS

RHINELANDER-ONEIDA COUNTY AIRPORT

This report contains the Rhinelanders-Oneida County Airport (airport), which is included as a component unit.

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

At year end, the carrying amount of the airport's deposits was \$52,446 and is part of the city's commingled cash. See Note III. A.

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

I. COMPONENT UNIT (cont.)

RHINELANDER-ONEIDA COUNTY AIRPORT (cont.)

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Construction in progress	\$ 367,918	\$ 785,118	\$ 31,695	\$ 1,121,341	
Land	187,500	-	-	187,500	
Buildings and improvements	4,790,231	-	-	4,790,231	25 - 50
Machinery and equipment	2,869,558	-	105,217	2,764,341	3 - 25
Infrastructure	11,408,466	-	-	11,408,466	10 - 60
Less: Accumulated depreciation	<u>(10,710,421)</u>	<u>(733,425)</u>	<u>101,000</u>	<u>(11,342,846)</u>	
Totals	<u>\$ 8,913,252</u>	<u>\$ 51,693</u>	<u>\$ 35,912</u>	<u>\$ 8,929,033</u>	

d. Employee Retirement System

All eligible airport employees participate in the Wisconsin Retirement System ("WRS"), a cost-sharing, multiple-employer, defined benefit, public employee retirement system, as part of the primary government's plan. See Note IV.A.

e. Due to Primary Government

The total reported as due to primary government reflects the amount the airport is contributing toward the debt service requirements on the city's 2016 G.O. bond which was used to refund the state trust fund loan originally issued for the pay-off of the WRS prior service liability. A repayment schedule has been established to mirror the repayment schedule on the loan.

RHINELANDER DISTRICT LIBRARY

This report contains the Rhinelander District Library (library), which is included as a component unit.

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

a. Basis of Accounting/Measurement Focus

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

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

I. COMPONENT UNIT (cont.)

RHINELANDER DISTRICT LIBRARY (cont.)

b. Deposits and Investments

At year end, the carrying amount of the library's deposits was \$64,148 and is part of the city's commingled cash. See Note III. A.

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 8,183	\$ -	\$ -	\$ 8,183	
Buildings and improvements	1,464,391	-	-	1,464,391	25 - 50
Machinery and equipment	1,770,376	52,696	191,865	1,631,207	3 - 25
Less: Accumulated depreciation	<u>(3,018,520)</u>	<u>(35,040)</u>	<u>191,865</u>	<u>(2,861,695)</u>	
Totals	<u>\$ 224,430</u>	<u>\$ 17,656</u>	<u>\$ -</u>	<u>\$ 242,086</u>	

d. Employee Retirement System

All eligible library employees participate in the Wisconsin Retirement System ("WRS"), a cost-sharing, multiple-employer, defined benefit, public employee retirement system, as part of the primary government's plan. See Note IV.A.

e. Due to Primary Government

The total reported as due to primary government reflects the amount the library is contributing toward the debt service requirements on the city's 2016 G.O. bond which was used to refund the state trust fund loan originally issued for the pay-off of the WRS prior service liability. A repayment schedule has been established to mirror the repayment schedule on the loan.

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - 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 and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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 RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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
2015	2.9	2

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized \$544,899 in contributions from the city.

Contribution rates as of December 31, 2016 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2016, the city (including component units) reported a liability of \$903,241 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the city's proportion was 0.05558475%, which was an increase of 0.00036196% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the city recognized pension expense of \$1,090,096.

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2016, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 152,803	\$ 1,900,856
Changes in assumptions	631,947	-
Net differences between projected and actual earnings on pension plan investments	3,698,129	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,508	6,037
Employer contributions subsequent to the measurement date	528,400	-
Totals	\$ 5,019,787	\$ 1,906,893

\$528,400 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 1,166,442	\$ 461,472
2018	1,166,442	461,472
2019	1,166,471	461,472
2020	971,842	461,472
2021	20,220	61,005

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
 <u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$6,335,352	\$903,241	\$(3,339,334)

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

At December 31, 2016, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The city participates in a public entity risk pool to provide coverage for losses from errors and omission, liability and workers compensation claims. The city is self insured for dental claims, which are accounted for and financed by the city in the internal service fund. Commercial insurance coverage has been purchased for theft and property damage, as well as health insurance.

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC)

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC, and has numerous cities and villages as members.

The CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The city does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC can be obtained directly from CVMIC's offices.

The city pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the city's retained liability. The city's retained liability is limited to \$17,500 per occurrence and an annual aggregate limit of \$70,000.

C. COMMITMENTS AND CONTINGENCIES

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

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

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

CITY OF RHINELANDER

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The city has active construction projects as of December 31, 2016. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The city had \$579,344 in open construction contracts at December 31, 2016.

D. SUBSEQUENT EVENTS

During 2017, the city made additional draws in the amount of \$186,367 on its 2016 safe drinking water loan and \$374,815 on its clean water fund loan.

E. RELATED ORGANIZATIONS

Housing Authority

The city's officials are responsible for appointing the board members of the Rhinelander Housing Authority, but the city's accountability for this organization does not extend beyond making the appointments.

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RHINELANDER

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,750,848	\$ 4,750,848	\$ 4,717,723	\$ (33,125)
Special assessments	20,000	20,000	10,698	(9,302)
Intergovernmental	1,908,531	1,908,531	1,910,175	1,644
Licenses and permits	159,814	159,814	211,521	51,707
Fines, forfeitures and penalties	37,000	37,000	36,792	(208)
Charges for services	188,389	188,389	190,567	2,178
Investment income	25,796	25,796	21,393	(4,403)
Miscellaneous	<u>28,464</u>	<u>28,464</u>	<u>115,398</u>	<u>86,934</u>
Total Revenues	<u>7,118,842</u>	<u>7,118,842</u>	<u>7,214,267</u>	<u>95,425</u>
EXPENDITURES				
Current:				
General government	1,156,410	1,165,410	1,074,513	90,897
Public safety	4,026,966	4,026,966	4,033,833	(6,867)
Public works	1,861,690	1,861,690	1,718,454	143,236
Health and human services	68,882	68,882	69,517	(635)
Culture, recreation and education	225,295	225,295	227,259	(1,964)
Conservation and development	33,499	33,499	24,386	9,113
Capital Outlay	<u>24,600</u>	<u>55,600</u>	<u>23,575</u>	<u>32,025</u>
Debt Service				
Total Expenditures	<u>7,397,342</u>	<u>7,437,342</u>	<u>7,171,537</u>	<u>265,805</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(278,500)</u>	<u>(318,500)</u>	<u>42,730</u>	<u>361,230</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	369,000	369,000	324,050	(44,950)
Transfers out	(125,500)	(125,500)	(370,209)	(244,709)
Property sales	<u>35,000</u>	<u>35,000</u>	<u>38,636</u>	<u>3,636</u>
Total Other Financing Sources (Uses)	<u>278,500</u>	<u>278,500</u>	<u>(7,523)</u>	<u>(286,023)</u>
Net Change in Fund Balance	-	(40,000)	35,207	75,207
FUND BALANCE - Beginning of Year	<u>2,934,680</u>	<u>2,934,680</u>	<u>2,934,680</u>	-
FUND BALANCE - END OF YEAR	<u><u>\$ 2,934,680</u></u>	<u><u>\$ 2,894,680</u></u>	<u><u>\$ 2,969,887</u></u>	<u><u>\$ 75,207</u></u>

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

CITY OF RHINELANDER

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - 1985 COMMUNITY
BLOCK GRANT SPECIAL REVENUE FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ 180	\$ 180	\$ 836	\$ 656
Miscellaneous revenue	26,000	26,000	71,251	45,251
Total Revenues	<u>26,180</u>	<u>26,180</u>	<u>72,087</u>	<u>45,907</u>
EXPENDITURES				
Current				
Conservation and development	16,106	16,106	12,095	4,011
Total Expenditures	<u>16,106</u>	<u>16,106</u>	<u>12,095</u>	<u>4,011</u>
Net Change in Fund Balance	10,074	10,074	59,992	49,918
FUND BALANCE - Beginning of Year	<u>174,900</u>	<u>174,900</u>	<u>174,900</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 184,974</u>	<u>\$ 184,974</u>	<u>\$ 234,892</u>	<u>\$ 49,918</u>

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

CITY OF RHINELANDER

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)
 WISCONSIN RETIREMENT SYSTEM (WRS)
 For the Year Ended December 31, 2016

WRS Fiscal Year End (Measurement Date)	City's Proportion of the Net Pension Asset/Liability	City's Proportionate Share of the Net Pension Asset (Liability)	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/15	0.05558475%	\$ (903,241)	\$ 6,105,118	14.79%	98.20%
12/31/14	0.05522279%	1,356,423	5,876,759	23.08%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
 WISCONSIN RETIREMENT SYSTEM (WRS)
 For the Year Ended December 31, 2016

City Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/16	\$ 528,400	\$ 528,400	\$ -	5,983,218	8.83%
12/31/15	544,900	544,900	-	6,105,118	8.93%

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

CITY OF RHINELANDER

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2016

BUDGETARY INFORMATION

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

The budgeted amounts presented include any amendments made. The city may authorize transfers of budgeted amounts within departments. Transfers between 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. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

CITY OF RHINELANDER

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2016

	Special Revenue			
	Room Tax	Recycling Grant	Parking Advisory Board	Downtown Works
ASSETS				
Cash and investments	\$ 24,344	\$ 8,116	\$ 99,151	\$ 98,395
Receivables (net)				
Taxes	40,453	-	-	-
Accounts	-	1,117	432	-
Loans	-	-	-	101,859
Other	-	-	30,000	-
Due from other governments	-	-	-	-
Inventories and prepaid items	-	-	-	-
Advances to other funds	-	-	-	-
TOTAL ASSETS	<u>\$ 64,797</u>	<u>\$ 9,233</u>	<u>\$ 129,583</u>	<u>\$ 200,254</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 28,318	\$ -	\$ 311	\$ -
Accrued liabilities	-	505	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>28,318</u>	<u>505</u>	<u>311</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	101,859
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,859</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	36,479	-	129,272	98,395
Committed	-	-	-	-
Assigned	-	8,728	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances	<u>36,479</u>	<u>8,728</u>	<u>129,272</u>	<u>98,395</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 64,797</u>	<u>\$ 9,233</u>	<u>\$ 129,583</u>	<u>\$ 200,254</u>

Special Revenue

Hazardous Materials	Shared Ride Transport Grant	Tank Inspections	Landfill Settlement	Playground Equipment	Historical Complex	Dog Park
\$ 25,147	\$ -	\$ 10,264	\$ 182,480	\$ 37,620	\$ 27,483	\$ 12,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	108,681	-	-	-	-	-
-	-	-	74	-	3,182	-
-	-	-	-	-	-	-
<u>\$ 25,147</u>	<u>\$ 108,681</u>	<u>\$ 10,264</u>	<u>\$ 182,554</u>	<u>\$ 37,620</u>	<u>\$ 30,665</u>	<u>\$ 12,000</u>
\$ -	\$ 2,058	\$ -	\$ 140	\$ -	\$ 403	\$ -
-	-	-	-	-	-	-
-	17,628	-	-	-	-	-
-	48,505	-	-	-	-	-
-	93,558	-	-	-	-	-
-	161,749	-	140	-	403	-
-	-	-	-	-	-	-
-	60,177	-	-	-	-	-
-	60,177	-	-	-	-	-
-	-	-	-	-	-	-
25,147	-	-	182,414	-	3,182	-
-	-	10,264	-	37,620	27,080	12,000
-	-	-	-	-	-	-
-	(113,245)	-	-	-	-	-
<u>25,147</u>	<u>(113,245)</u>	<u>10,264</u>	<u>182,414</u>	<u>37,620</u>	<u>30,262</u>	<u>12,000</u>
<u>\$ 25,147</u>	<u>\$ 108,681</u>	<u>\$ 10,264</u>	<u>\$ 182,554</u>	<u>\$ 37,620</u>	<u>\$ 30,665</u>	<u>\$ 12,000</u>

CITY OF RHINELANDER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Special Revenue			
	Boat Launch	HCRI Grant	K-9	Fire Inspection Seminars
ASSETS				
Cash and investments	\$ -	\$ 11,603	\$ 10,990	\$ 3,722
Receivables (net)				
Taxes	-	-	-	-
Accounts	-	-	-	-
Loans	-	-	-	-
Other	-	-	-	-
Due from other governments	235,272	-	-	-
Inventories and prepaid items	-	-	-	-
Advances to other funds	-	-	-	-
	<u>\$ 235,272</u>	<u>\$ 11,603</u>	<u>\$ 10,990</u>	<u>\$ 3,722</u>
TOTAL ASSETS	<u>\$ 235,272</u>	<u>\$ 11,603</u>	<u>\$ 10,990</u>	<u>\$ 3,722</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	188,995	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>188,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	11,603	10,990	-
Committed	46,277	-	-	3,722
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances	<u>46,277</u>	<u>11,603</u>	<u>10,990</u>	<u>3,722</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 235,272</u>	<u>\$ 11,603</u>	<u>\$ 10,990</u>	<u>\$ 3,722</u>

Special Revenue					Debt Service	
Cemetery Perpetual Care	DARE	Historic Preservation	Ambulance	Property Acquisitions & Improvements	Environmental TIF #1	TIF #5
\$ 14,950	\$ 4,065	\$ 2,332	\$ -	\$ 568	\$ -	\$ 49,270
-	-	-	-	-	109,866	15,581
-	-	-	139,615	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	24,990	-	-	-
-	-	-	-	-	-	-
<u>\$ 14,950</u>	<u>\$ 4,065</u>	<u>\$ 2,332</u>	<u>\$ 164,605</u>	<u>\$ 568</u>	<u>\$ 109,866</u>	<u>\$ 64,851</u>
\$ -	\$ -	\$ -	\$ 2,826	\$ -	\$ -	\$ -
-	-	-	5,267	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	104,300	-	199,949	-
-	-	-	<u>112,393</u>	-	<u>199,949</u>	-
-	-	-	-	-	109,866	15,581
-	-	-	52,212	-	-	-
-	-	-	<u>52,212</u>	-	<u>109,866</u>	<u>15,581</u>
14,950	-	-	24,990	-	-	-
-	4,065	-	-	-	-	49,270
-	-	2,332	-	568	-	-
-	-	-	-	-	-	-
-	-	-	(24,990)	-	(199,949)	-
<u>14,950</u>	<u>4,065</u>	<u>2,332</u>	<u>-</u>	<u>568</u>	<u>(199,949)</u>	<u>49,270</u>
<u>\$ 14,950</u>	<u>\$ 4,065</u>	<u>\$ 2,332</u>	<u>\$ 164,605</u>	<u>\$ 568</u>	<u>\$ 109,866</u>	<u>\$ 64,851</u>

CITY OF RHINELANDER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Capital Projects			
	TIF #6	TIF #8	TIF #9	TIF #10
ASSETS				
Cash and investments	\$ -	\$ 31,936	\$ 1,102,507	\$ 195,187
Receivables (net)				
Taxes	93,259	-	630,473	161,712
Accounts	-	-	-	-
Loans	417,957	-	-	-
Other	-	-	-	-
Due from other governments	-	-	-	-
Inventories and prepaid items	-	-	-	-
Advances to other funds	-	-	1,155,000	-
TOTAL ASSETS	<u>\$ 511,216</u>	<u>\$ 31,936</u>	<u>\$ 2,887,980</u>	<u>\$ 356,899</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	23,948	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>23,948</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	93,259	-	630,473	161,712
Unavailable revenues	417,957	-	-	-
Total Deferred Inflows of Resources	<u>511,216</u>	<u>-</u>	<u>630,473</u>	<u>161,712</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	31,936	2,257,507	195,187
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	(23,948)	-	-	-
Total Fund Balances	<u>(23,948)</u>	<u>31,936</u>	<u>2,257,507</u>	<u>195,187</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 511,216</u>	<u>\$ 31,936</u>	<u>\$ 2,887,980</u>	<u>\$ 356,899</u>

Total
Nonmajor
Governmental
Funds

\$ 1,952,130

1,051,344

141,164

519,816

30,000

343,953

28,246

1,155,000

\$ 5,221,653

\$ 34,056

5,772

17,628

261,448

397,807

716,711

1,010,891

632,205

1,643,096

43,122

3,071,345

100,783

8,728

(362,132)

2,861,846

\$ 5,221,653

CITY OF RHINELANDER

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Special Revenue			
	Room Tax	Recycling Grant	Parking Advisory Board	Downtown Works
REVENUES				
Taxes	\$ 216,287	\$ -	\$ -	\$ -
Intergovernmental	-	21,403	-	-
Fines, forfeitures and penalties	-	-	-	-
Charges for services	-	-	3,712	-
Investment income	-	-	-	824
Miscellaneous	2,175	-	45,408	25,237
Total Revenues	<u>218,462</u>	<u>21,403</u>	<u>49,120</u>	<u>26,061</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Public works	-	130,655	31,158	-
Culture, recreation and education	167,844	-	-	-
Conservation and development	-	-	-	47,428
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>167,844</u>	<u>130,655</u>	<u>31,158</u>	<u>47,428</u>
Excess (deficiency) of revenues over expenditures	<u>50,618</u>	<u>(109,252)</u>	<u>17,962</u>	<u>(21,367)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	110,000	15,000	-
Transfers out	(26,000)	-	-	-
Property sales	-	6	-	-
Total Other Financing Sources (Uses)	<u>(26,000)</u>	<u>110,006</u>	<u>15,000</u>	<u>-</u>
Net Change in Fund Balances	24,618	754	32,962	(21,367)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>11,861</u>	<u>7,974</u>	<u>96,310</u>	<u>119,762</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 36,479</u>	<u>\$ 8,728</u>	<u>\$ 129,272</u>	<u>\$ 98,395</u>

Special Revenue

Hazardous Materials	Shared Ride Transport Grant	Tank Inspections	Landfill Settlement	Playground Equipment	Historical Complex	Dog Park
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21,369	342,146	-	-	-	-	-
-	-	-	-	-	-	-
-	-	7,485	-	2,575	-	-
-	-	-	-	-	-	12
10	94	-	-	-	12,972	10,000
<u>21,379</u>	<u>342,240</u>	<u>7,485</u>	<u>-</u>	<u>2,575</u>	<u>12,972</u>	<u>10,012</u>
23,408	-	5,308	-	-	-	-
-	327,452	-	21,677	-	-	-
-	-	-	-	258	36,612	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>23,408</u>	<u>327,452</u>	<u>5,308</u>	<u>21,677</u>	<u>258</u>	<u>36,612</u>	<u>-</u>
<u>(2,029)</u>	<u>14,788</u>	<u>2,177</u>	<u>(21,677)</u>	<u>2,317</u>	<u>(23,640)</u>	<u>10,012</u>
-	-	-	-	-	26,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	<u>26,000</u>	<u>-</u>
(2,029)	14,788	2,177	(21,677)	2,317	2,360	10,012
<u>27,176</u>	<u>(128,033)</u>	<u>8,087</u>	<u>204,091</u>	<u>35,303</u>	<u>27,902</u>	<u>1,988</u>
<u>\$ 25,147</u>	<u>\$ (113,245)</u>	<u>\$ 10,264</u>	<u>\$ 182,414</u>	<u>\$ 37,620</u>	<u>\$ 30,262</u>	<u>\$ 12,000</u>

CITY OF RHINELANDER

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Special Revenue			
	Boat Launch	HCRI Grant	K-9	Fire Inspection Seminars
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	235,272	-	-	-
Fines, forfeitures and penalties	150	-	-	-
Charges for services	5,266	-	-	1,995
Investment income	-	43	-	-
Miscellaneous	-	637	1,218	-
Total Revenues	<u>240,688</u>	<u>680</u>	<u>1,218</u>	<u>1,995</u>
EXPENDITURES				
Current				
Public safety	-	-	-	1,380
Public works	-	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	-	1,410	-	-
Capital Outlay	13,277	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>13,277</u>	<u>1,410</u>	<u>-</u>	<u>1,380</u>
Excess (deficiency) of revenues over expenditures	<u>227,411</u>	<u>(730)</u>	<u>1,218</u>	<u>615</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	500	-
Transfers out	-	(12,805)	-	-
Property sales	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(12,805)</u>	<u>500</u>	<u>-</u>
Net Change in Fund Balances	227,411	(13,535)	1,718	615
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(181,134)</u>	<u>25,138</u>	<u>9,272</u>	<u>3,107</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 46,277</u>	<u>\$ 11,603</u>	<u>\$ 10,990</u>	<u>\$ 3,722</u>

Special Revenue					Debt Service	
Cemetery Perpetual Care	DARE	Historic Preservation	Ambulance	Property Acquisitions & Improvements	Environmental TIF #1	TIF #5
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,977	\$ 15,114
-	-	-	5,927	76,550	-	-
-	-	-	-	-	-	-
-	-	-	446,626	-	-	-
-	-	-	-	-	-	-
765	984	-	103,468	-	2,462	-
<u>765</u>	<u>984</u>	<u>-</u>	<u>556,021</u>	<u>76,550</u>	<u>104,439</u>	<u>15,114</u>
-	1,555	-	591,124	-	-	-
-	-	-	-	2,137	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,085	1,389
-	-	-	-	-	-	-
-	-	-	126,701	-	80,000	-
-	-	-	40,932	-	46,695	-
-	1,555	-	758,757	2,137	127,780	1,389
<u>765</u>	<u>(571)</u>	<u>-</u>	<u>(202,736)</u>	<u>74,413</u>	<u>(23,341)</u>	<u>13,725</u>
-	-	-	244,709	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	244,709	-	-	-
765	(571)	-	41,973	74,413	(23,341)	13,725
<u>14,185</u>	<u>4,636</u>	<u>2,332</u>	<u>(41,973)</u>	<u>(73,845)</u>	<u>(176,608)</u>	<u>35,545</u>
<u>\$ 14,950</u>	<u>\$ 4,065</u>	<u>\$ 2,332</u>	<u>\$ -</u>	<u>\$ 568</u>	<u>\$ (199,949)</u>	<u>\$ 49,270</u>

CITY OF RHINELANDER

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Capital Projects			
	TIF #6	TIF #8	TIF #9	TIF #10
REVENUES				
Taxes	\$ 82,168	\$ -	\$ 588,747	\$ 128,790
Intergovernmental	12,241	13,620	7,722	-
Fines, forfeitures and penalties	-	-	-	-
Charges for services	-	-	-	-
Investment income	23,048	-	31,300	-
Miscellaneous	19,860	-	-	-
Total Revenues	<u>137,317</u>	<u>13,620</u>	<u>627,769</u>	<u>128,790</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	6,118	1,392	2,272	1,951
Capital Outlay	-	-	-	-
Debt Service				
Principal	74,843	25,847	339,615	15,393
Interest and fiscal charges	43,403	6,285	149,155	14,538
Total Expenditures	<u>124,364</u>	<u>33,524</u>	<u>491,042</u>	<u>31,882</u>
Excess (deficiency) of revenues over expenditures	<u>12,953</u>	<u>(19,904)</u>	<u>136,727</u>	<u>96,908</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Property sales	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	12,953	(19,904)	136,727	96,908
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(36,901)</u>	<u>51,840</u>	<u>2,120,780</u>	<u>98,279</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (23,948)</u>	<u>\$ 31,936</u>	<u>\$ 2,257,507</u>	<u>\$ 195,187</u>

Total
Nonmajor
Governmental
Funds

\$ 1,133,083
736,250
150
467,659
55,227
225,290
2,617,659

622,775
513,079
204,714
63,045
13,277

662,399
301,008
2,380,297

237,362

396,209
(38,805)
6
357,410

594,772

2,267,074

\$ 2,861,846

CITY OF RHINELANDER

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS As of December 31, 2016

	Stormwater Utility	Golf Course	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets			
Receivables			
Accounts	\$ 154,003	\$ 14,715	\$ 168,718
Inventories and prepaid items	-	38,023	38,023
Total Current Assets	154,003	52,738	206,741
Noncurrent Assets			
Capital Assets			
Land	35,666	-	35,666
Capital assets being depreciated	5,406,830	3,579,361	8,986,191
Less: Accumulated depreciation	(1,834,483)	(3,127,034)	(4,961,517)
Total Noncurrent Assets	3,608,013	452,327	4,060,340
Total Assets	3,762,016	505,065	4,267,081
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	14,699	110,933	125,632
LIABILITIES			
Current Liabilities			
Accounts payable	78,939	9,729	88,668
Accrued wages	575	3,816	4,391
Accrued interest	-	4,032	4,032
Deposits	-	1,000	1,000
Due to other funds	100,000	-	100,000
Current portion of general obligation debt	5,000	86,400	91,400
Current portion of compensated absences	-	2,282	2,282
Current portion of leases	-	2,046	2,046
Total Current Liabilities	184,514	109,305	293,819
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	30,000	374,300	404,300
Other Liabilities			
Compensated absences	-	51,042	51,042
Net pension liability	2,773	20,074	22,847
Capital leases payable	-	6,588	6,588
Advances from other funds	1,936,802	1,209,770	3,146,572
Total Noncurrent Liabilities	1,969,575	1,661,774	3,631,349
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	-	2,106	2,106
Pension related amounts	5,855	42,379	48,234
Total Deferred Inflows of Resources	5,855	44,485	50,340
NET POSITION			
Net investment in capital assets	3,573,013	(17,007)	3,556,006
Unrestricted (deficit)	(1,956,242)	(1,182,559)	(3,138,801)
TOTAL NET POSITION (DEFICIT)	\$ 1,616,771	\$ (1,199,566)	\$ 417,205

CITY OF RHINELANDER

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2016

	Stormwater Utility	Golf Course	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 427,273	\$ 573,492	\$ 1,000,765
Total Operating Revenues	<u>427,273</u>	<u>573,492</u>	<u>1,000,765</u>
OPERATING EXPENSES			
Operation and maintenance	192,663	577,280	769,943
Depreciation	162,590	60,969	223,559
Total Operating Expenses	<u>355,253</u>	<u>638,249</u>	<u>993,502</u>
Operating Income (Loss)	<u>72,020</u>	<u>(64,757)</u>	<u>7,263</u>
NON-OPERATING EXPENSES			
Interest and fiscal charges	(775)	(10,254)	(11,029)
Contribution of infrastructure to City	(438,887)	-	(438,887)
Total Nonoperating Expenses	<u>(439,662)</u>	<u>(10,254)</u>	<u>(449,916)</u>
Net Loss Before Contributions and Transfers	<u>(367,642)</u>	<u>(75,011)</u>	<u>(442,653)</u>
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	29,047	-	29,047
Transfers out	-	(621)	(621)
Total Contributions and Transfers	<u>29,047</u>	<u>(621)</u>	<u>28,426</u>
Change in Net Position	(338,595)	(75,632)	(414,227)
NET POSITION (DEFICIT) - Beginning of Year	<u>1,955,366</u>	<u>(1,123,934)</u>	<u>831,432</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 1,616,771</u>	<u>\$ (1,199,566)</u>	<u>\$ 417,205</u>

CITY OF RHINELANDER

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2016

	Stormwater Utility	Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 437,892	\$ 556,979	\$ 994,871
Paid to suppliers for goods and services	(141,701)	(341,058)	(482,759)
Paid to employees for services	(61,488)	(239,784)	(301,272)
Net Cash Flows From Operating Activities	<u>234,703</u>	<u>(23,863)</u>	<u>210,840</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Negative cash implicitly financed	184,993	118,335	303,328
Advances repaid to other funds	-	(674)	(674)
Interest on advance	-	(1,503)	(1,503)
Net Cash Flows From Noncapital Financing Activities	<u>184,993</u>	<u>116,158</u>	<u>301,151</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	-	35,700	35,700
Debt retired	(5,000)	(87,069)	(92,069)
Interest and fiscal charges paid	(775)	(8,751)	(9,526)
Acquisition and construction of capital assets	(1,765,518)	(32,175)	(1,797,693)
Capital advances from other funds	1,351,597	-	1,351,597
Net Cash Flows From Capital and Related Financing Activities	<u>(419,696)</u>	<u>(92,295)</u>	<u>(511,991)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	-	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 72,020	\$ (64,757)	\$ 7,263
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	162,590	60,969	223,559
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources			
Customer accounts receivable	(3,846)	(14,715)	(18,561)
Due from other funds	14,465	-	14,465
Inventories and prepaid items	-	(12,031)	(12,031)
Accounts payable	(11,650)	5,473	(6,177)
Accrued wages	364	2,241	2,605
Accrued compensated absences	-	(11,205)	(11,205)
Unearned revenues	-	(1,798)	(1,798)
Pension related deferrals and asset/liability	760	11,960	12,720
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 234,703</u>	<u>\$ (23,863)</u>	<u>\$ 210,840</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets acquired via accounts payable	\$ 78,939	\$ -	
Capital assets transferred to Governmental Activities	\$ 438,887	\$ -	
Capital assets acquired via capital lease	\$ -	\$ 10,703	

CITY OF RHINELANDER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - COMPONENT UNITS For the Year Ended December 31, 2016

	Rhinelander- Oneida County Airport	Rhinelander District Library	Totals
OPERATING REVENUES			
City appropriation	\$ 197,081	\$ 264,330	\$ 461,411
Township appropriations	-	463,240	463,240
County appropriation	-	164,278	164,278
Charges for services	975,188	-	975,188
Fines, donations, and miscellaneous	-	29,573	29,573
Total Operating Revenues	<u>1,172,269</u>	<u>921,421</u>	<u>2,093,690</u>
OPERATING EXPENSES			
Salaries and wages	456,887	505,531	962,418
Fringe benefits	158,188	236,077	394,265
Depreciation	733,425	35,040	768,465
Other expenses	497,129	158,938	656,067
Total Operating Expenses	<u>1,845,629</u>	<u>935,586</u>	<u>2,781,215</u>
OPERATING LOSS	<u>(673,360)</u>	<u>(14,165)</u>	<u>(687,525)</u>
NONOPERATING INCOME (EXPENSES)			
Investment income	884	-	884
Interest and fiscal charges	(3,411)	(4,496)	(7,907)
Loss on disposal of capital assets	(35,912)	-	(35,912)
Total Nonoperating Income (Expenses)	<u>(38,439)</u>	<u>(4,496)</u>	<u>(42,935)</u>
Loss Before Contributions	(711,799)	(18,661)	(730,460)
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	785,118	-	785,118
Transfers out	(1,410)	(1,859)	(3,269)
Total Contributions and Transfers	<u>783,708</u>	<u>(1,859)</u>	<u>781,849</u>
CHANGE IN NET POSITION	71,909	(20,520)	51,389
NET POSITION - Beginning of Year	<u>9,569,501</u>	<u>342,291</u>	<u>9,911,792</u>
NET POSITION - END OF YEAR	<u>\$ 9,641,410</u>	<u>\$ 321,771</u>	<u>\$ 9,963,181</u>

CITY OF RHINELANDER

STATEMENT OF CASH FLOWS COMPONENT UNITS For the Year Ended December 31, 2016

	Rhineland- Oneida County Airport	Rhineland- District Library	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers and other local governments	\$ 881,341	\$ 657,091	\$ 1,538,432
Received from municipality	197,081	264,330	461,411
Paid to suppliers for goods and services	(624,251)	(355,413)	(979,664)
Paid to employees for services	<u>(464,853)</u>	<u>(512,466)</u>	<u>(977,319)</u>
Net Cash Flows From Operating Activities	<u>(10,682)</u>	<u>53,542</u>	<u>42,860</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>884</u>	<u>-</u>	<u>884</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances repaid to primary government	(1,529)	(2,017)	(3,546)
Interest on advance from primary government	<u>(3,411)</u>	<u>(4,496)</u>	<u>(7,907)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(4,940)</u>	<u>(6,513)</u>	<u>(11,453)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>(9,753)</u>	<u>(52,696)</u>	<u>(62,449)</u>
Net Change in Cash and Cash Equivalents	(24,491)	(5,667)	(30,158)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>76,937</u>	<u>69,815</u>	<u>146,752</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 52,446</u>	<u>\$ 64,148</u>	<u>\$ 116,594</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss	\$ (673,360)	\$ (14,165)	\$ (687,525)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities			
Depreciation	733,425	35,040	768,465
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources			
Accounts receivable	(18,763)	-	(18,763)
Taxes receivable	-	(3,116)	(3,116)
Due from other governmental units	(75,084)	1,173	(73,911)
Prepaid items	(9,349)	(7,724)	(17,073)
Accounts payable	(1,137)	(2,207)	(3,344)
Accrued liabilities	7,965	6,935	14,900
Unearned revenue	-	1,943	1,943
Pension related deferrals and asset/liability	<u>25,621</u>	<u>35,663</u>	<u>61,284</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (10,682)</u>	<u>\$ 53,542</u>	<u>\$ 42,860</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets acquired via capital contributions	<u>\$ 785,118</u>	<u>\$ -</u>	
Capital assets acquired via accounts payable	<u>\$ 11,846</u>	<u>\$ -</u>	

CITY OF RHINELANDER

REQUIRED BOND DISCLOSURES For the Year Ended December 31, 2016

INSURANCE COVERAGE

<u>Description</u>	<u>Amount of Coverage</u>	<u>Coverage Dates</u>	<u>Name of Insurer</u>
Auto Liability	\$ 5,000,000	1/1/16 to 1/1/17	Cities & Villages Mutual Insurance Co.
Workers Compensation	100,000	1/1/16 to 1/1/17	Cities & Villages Mutual Insurance Co.
Auto Physical Damage:			
Per Vehicle	1,500,000	1/1/16 to 1/1/17	Cities & Villages Mutual Insurance Co.
Per Occurrence	15,000,000	1/1/16 to 1/1/17	Cities & Villages Mutual Insurance Co.
Employment Practices	1,000,000	1/1/16 to 1/1/17	Cities & Villages Mutual Insurance Co.
Boiler and Machinery	250,000,000	1/1/16 to 1/1/17	Cities & Villages Mutual Insurance Co.
General Liability	5,000,000	1/1/16 to 1/1/17	Cities & Villages Mutual Insurance Co.
Excess Liability	5,000,000	1/1/16 to 1/1/17	Cities & Villages Mutual Insurance Co.
Cyber (paid by CVMIC)	2,000,000	1/1/16 to 1/1/17	Cities & Villages Mutual Insurance Co.
Crime	3,000,000	1/1/16 to 1/1/17	Cities & Villages Mutual Insurance Co.
Volunteer:			
AD&D Each	25,000	1/1/16 to 1/1/17	Cities & Villages Mutual Insurance Co.
AD&D Per Occurrence	250,000	1/1/16 to 1/1/17	Cities & Villages Mutual Insurance Co.
Medical Each	100,000	1/1/16 to 1/1/17	Cities & Villages Mutual Insurance Co.

OTHER INFORMATION

<u>User Classification</u>	<u>Wastewater</u>
Residential	2,947
Commercial	481
Industrial	31
Public Authority	48
Multifamily Residential	34
Volume of Water Used - Gallons (000's)	179,827

CITY OF RHINELANDER

DETAILED SCHEDULE OF OPERATING REVENUES AND EXPENSES - WASTEWATER UTILITY For the Year Ended December 31, 2016

OPERATING REVENUES

Sewer service charges	\$ 2,766,089
Forfeited discounts	42,657
Other	49,965
Total Operating Revenues	<u>2,858,711</u>

OPERATING EXPENSES

Supervision and labor	225,024
Power	129,849
Chemicals	43,572
Operating supplies	51,811
Transportation	13,640
Maintenance	194,980
Billing, collection and accounting	44,626
Meter reading	8,524
Administrative and general salaries	84,917
Office supplies	17,459
Outside services employed	41,069
Insurance	29,763
Employee benefits	193,268
Miscellaneous general	20,190
Total Operation and Maintenance Expenses	<u>1,098,692</u>
Depreciation	1,352,845
Taxes	32,083
Total Operating Expenses	<u>2,483,620</u>

OPERATING INCOME

\$ 375,091