

CITY OF RHINELANDER

Rhineland, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2014

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, 2014, 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.

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
TIF #9 Capital Projects Fund	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 are not reasonably determinable.

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, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note III.I. to the financial statements, the city has changed its method of accounting for certain elements of the Rhinelander District Library, a component unit of the City of Rhinelander, and restated its January 1, 2014 net position. Prior to this change in accounting method, the financial data for the Rhinelander District Library Foundation and library board accounts was included in the city's financial statements. Our opinion on the aggregate discretely presented component units has been modified with respect to this matter.

To the City Council
City of Rhinelander

Other Matters

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule 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 opinion on the basic financial statements is not affected by this missing 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 combining and individual fund and component unit financial statements, as listed in the table of contents are presented for purposes of additional analysis and are 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 will also issue a report 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.



July 24, 2015

CITY OF RHINELANDER

STATEMENT OF NET POSITION As of December 31, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	Rhinelanders- Oneida County Airport	Rhinelanders District Library
ASSETS					
Cash and investments	\$ 4,027,754	\$ 2,617,852	\$ 6,645,606	\$ 9,762	\$ 52,223
Receivables (net)					
Taxes	6,762,921	-	6,762,921	201,000	259,725
Delinquent personal property	18,476	-	18,476	-	-
Accounts	254,617	1,299,981	1,554,598	29,293	-
Special assessments	135,775	-	135,775	-	-
Loans	2,533,868	-	2,533,868	-	-
Other	28,454	27,710	56,164	-	-
Internal balances	2,132,757	(2,132,757)	-	-	-
Due from other governments	281,547	29,412	310,959	365,286	456,734
Due from component unit	177,182	-	177,182	-	-
Inventories and prepaid items	61,965	122,936	184,901	-	-
Restricted cash and investments	-	1,257,530	1,257,530	-	-
Capital Assets					
Construction in progress	404,329	800,039	1,204,368	100,487	-
Land	3,526,019	1,657,329	5,183,348	187,500	8,183
Other capital assets, net of depreciation	20,706,905	47,270,597	67,977,502	8,968,927	273,722
Total Assets	<u>41,052,569</u>	<u>52,950,629</u>	<u>94,003,198</u>	<u>9,862,255</u>	<u>1,050,587</u>
LIABILITIES					
Accounts payable	417,087	280,046	697,133	26,015	10,464
Accrued liabilities and deposits	522,619	98,867	621,486	4,113	4,890
Due to primary government	-	-	-	76,440	100,742
Noncurrent Liabilities					
Due within one year	1,501,961	963,408	2,465,369	-	-
Due in more than one year	17,365,767	17,758,094	35,123,861	-	-
Total Liabilities	<u>19,807,434</u>	<u>19,100,415</u>	<u>38,907,849</u>	<u>106,568</u>	<u>116,096</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenues	<u>6,411,205</u>	<u>6,129</u>	<u>6,417,334</u>	<u>201,000</u>	<u>716,459</u>
NET POSITION					
Net investment in capital assets	16,632,992	31,206,239	45,036,155	9,256,914	281,905
Restricted for					
Cemetery perpetual care	13,135	-	13,135	-	-
Loan programs	2,353,567	-	2,353,567	-	-
Debt service	606,280	542,453	1,148,733	-	-
Parking advisory board operations	46,188	-	46,188	-	-
Hazardous materials response	16,810	-	16,810	-	-
Historical complex facilities and programs	27,455	-	27,455	-	-
Future dog park	1,988	-	1,988	-	-
K-9 program	8,636	-	8,636	-	-
DARE program	5,329	-	5,329	-	-
TIF projects	2,439,235	-	2,439,235	-	-
Landfill clean-up	231,144	-	231,144	-	-
Equipment replacement	-	630,840	630,840	-	-
Unrestricted (deficit)	<u>(7,548,829)</u>	<u>1,464,553</u>	<u>(3,281,200)</u>	<u>297,773</u>	<u>(63,873)</u>
TOTAL NET POSITION	<u>\$ 14,833,930</u>	<u>\$ 33,844,085</u>	<u>\$ 48,678,015</u>	<u>\$ 9,554,687</u>	<u>\$ 218,032</u>

See accompanying notes to financial statements.

CITY OF RHINELANDER

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,228,581	\$ 326,472	\$ -	\$ -
Public safety	4,674,550	794,703	82,149	7,580
Public works	3,360,572	71,570	934,260	125,542
Health and human services	95,409	24,225	-	-
Culture, education and recreation	463,568	16,135	12,126	276,881
Conservation and development	2,290,747	6,687	30,000	-
Interest and fiscal charges	<u>548,656</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>12,662,083</u>	<u>1,239,792</u>	<u>1,058,535</u>	<u>410,003</u>
Business-type Activities				
Water Utility	1,741,416	1,630,026	-	7,884
Wastewater Utility	3,227,723	2,652,696	-	1,193,961
Stormwater Utility	343,033	299,958	-	21,528
Golf Course	<u>733,844</u>	<u>583,280</u>	<u>4,135</u>	<u>-</u>
Total Business-type Activities	<u>6,046,016</u>	<u>5,165,960</u>	<u>4,135</u>	<u>1,223,373</u>
Total Primary Government	<u>\$ 18,708,099</u>	<u>\$ 6,405,752</u>	<u>\$ 1,062,670</u>	<u>\$ 1,633,376</u>
Component Units				
Rhinelanders-Oneida County Airport	\$ 1,819,817	\$ 901,526	\$ -	\$ 719,213
Rhinelanders District Library	<u>922,374</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Component Units	<u>\$ 2,742,191</u>	<u>\$ 901,526</u>	<u>\$ -</u>	<u>\$ 719,213</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 (as restated)

NET POSITION - END OF YEAR

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
\$ (902,109)	\$ -	\$ (902,109)	\$ -	\$ -
(3,790,118)	-	(3,790,118)	-	-
(2,229,200)	-	(2,229,200)	-	-
(71,184)	-	(71,184)	-	-
(158,426)	-	(158,426)	-	-
(2,254,060)	-	(2,254,060)	-	-
<u>(548,656)</u>	<u>-</u>	<u>(548,656)</u>	<u>-</u>	<u>-</u>
<u>(9,953,753)</u>	<u>-</u>	<u>(9,953,753)</u>	<u>-</u>	<u>-</u>
-	(103,506)	(103,506)	-	-
-	618,934	618,934	-	-
-	(21,547)	(21,547)	-	-
-	<u>(146,429)</u>	<u>(146,429)</u>	<u>-</u>	<u>-</u>
-	<u>347,452</u>	<u>347,452</u>	<u>-</u>	<u>-</u>
<u>(9,953,753)</u>	<u>347,452</u>	<u>(9,606,301)</u>	<u>-</u>	<u>-</u>
-	-	-	(199,078)	-
-	-	-	-	<u>(922,374)</u>
-	-	-	<u>(199,078)</u>	<u>(922,374)</u>
4,797,241	-	4,797,241	-	-
866,982	-	866,982	-	-
118,046	-	118,046	-	-
-	-	-	190,000	-
-	-	-	-	250,490
343,930	-	343,930	-	-
1,347,560	-	1,347,560	-	609,952
46,037	3,833	49,870	297	-
<u>124,464</u>	<u>-</u>	<u>124,464</u>	<u>-</u>	<u>30,481</u>
988,888	(988,888)	-	-	-
177,182	-	177,182	-	-
-	-	-	<u>(76,440)</u>	<u>(100,742)</u>
<u>8,810,330</u>	<u>(985,055)</u>	<u>7,825,275</u>	<u>113,857</u>	<u>790,181</u>
(1,143,423)	(637,603)	(1,781,026)	(85,221)	(132,193)
<u>15,977,353</u>	<u>34,481,688</u>	<u>50,459,041</u>	<u>9,639,908</u>	<u>350,225</u>
<u>\$ 14,833,930</u>	<u>\$ 33,844,085</u>	<u>\$ 48,678,015</u>	<u>\$ 9,554,687</u>	<u>\$ 218,032</u>

See accompanying notes to financial statements.

CITY OF RHINELANDER

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2014

	<u>General Fund</u>	1985 Community Block Grant Special Revenue Fund	General Debt Service Fund	General Capital Projects
ASSETS				
Cash and investments	\$ 1,604,877	\$ 145,296	\$ 239,396	\$ 485,738
Receivables				
Taxes	4,904,221	-	911,310	22,636
Delinquent personal property taxes	18,476	-	-	-
Accounts	62,494	-	-	-
Special assessments	-	-	-	135,775
Loans	11,668	2,003,543	-	-
Other	613	-	-	-
Due from other funds	197,936	-	-	-
Due from other governments	5,299	-	-	21,328
Due from component units	-	-	177,182	-
Inventories and prepaid items	41,869	-	-	-
Advances to other funds	<u>972,039</u>	<u>-</u>	<u>182,621</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 7,819,492</u>	<u>\$ 2,148,839</u>	<u>\$ 1,510,509</u>	<u>\$ 665,477</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 301,882	\$ 452	\$ -	\$ 37,563
Accrued liabilities	315,930	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>617,812</u>	<u>452</u>	<u>-</u>	<u>37,563</u>
Deferred Inflows of Resources				
Unearned revenues	4,612,704	-	911,310	-
Unavailable revenues	<u>11,668</u>	<u>2,003,543</u>	<u>-</u>	<u>158,411</u>
Total Deferred Inflows of Resources	<u>4,624,372</u>	<u>2,003,543</u>	<u>911,310</u>	<u>158,411</u>
Fund Balances				
Nonspendable	1,013,908	-	-	-
Restricted	-	144,844	599,199	658,209
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	<u>1,563,400</u>	<u>-</u>	<u>-</u>	<u>(188,706)</u>
Total Fund Balances	<u>2,577,308</u>	<u>144,844</u>	<u>599,199</u>	<u>469,503</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,819,492</u>	<u>\$ 2,148,839</u>	<u>\$ 1,510,509</u>	<u>\$ 665,477</u>

See accompanying notes to financial statements.

TIF #9 Capital Projects Fund	Nonmajor Governmental Funds	Totals
\$ 674,501	\$ 732,119	\$ 3,881,927
623,549	301,205	6,762,921
-	-	18,476
-	192,123	254,617
-	-	135,775
-	518,657	2,533,868
-	27,841	28,454
-	-	197,936
16,925	237,995	281,547
-	-	177,182
-	20,096	61,965
<u>1,275,000</u>	<u>-</u>	<u>2,429,660</u>
<u>\$ 2,589,975</u>	<u>\$ 2,030,036</u>	<u>\$ 16,764,328</u>
\$ 2,449	\$ 74,741	\$ 417,087
-	3,409	319,339
-	730	730
-	332,148	332,148
-	162,691	162,691
<u>2,449</u>	<u>573,719</u>	<u>1,231,995</u>
623,549	263,642	6,411,205
16,925	915,935	3,106,482
<u>640,474</u>	<u>1,179,577</u>	<u>9,517,687</u>
-	33,231	1,047,139
1,947,052	627,970	3,977,274
-	46,360	46,360
-	19,712	19,712
-	(450,533)	924,161
<u>1,947,052</u>	<u>276,740</u>	<u>6,014,646</u>
<u>\$ 2,589,975</u>	<u>\$ 2,030,036</u>	<u>\$ 16,764,328</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, 2014

Total Fund Balances - Governmental Funds	\$	6,014,646
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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.		24,637,253
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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.		3,106,482
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Internal service funds are reported in the statement of net position as governmental activities.		143,907
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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		(17,455,982)
Compensated absences		(904,190)
Accrued interest		(200,630)
Unamortized debt discount (premium)		(200,556)
Landfill liability		<u>(307,000)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>14,833,930</u>
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CITY OF RHINELANDER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	<u>General Fund</u>	1985 Community Block Grant Special Revenue Fund	<u>General Debt Service Fund</u>	<u>General Capital Projects</u>
REVENUES				
Taxes	\$ 4,953,924	\$ -	\$ 866,982	\$ -
Special assessments	6,004	-	-	22,655
Intergovernmental	1,875,926	-	-	25,367
Licenses and permits	210,375	-	-	-
Fines, forfeitures and penalties	43,316	-	-	-
Charges for services	311,492	-	-	-
Investment income	14,546	94	-	5,304
Miscellaneous	103,944	95,250	-	5,489
Total Revenues	<u>7,519,527</u>	<u>95,344</u>	<u>866,982</u>	<u>58,815</u>
EXPENDITURES				
Current				
General government	1,135,999	-	-	24,570
Public safety	3,825,989	-	-	858
Public works	1,771,513	-	-	207,174
Health and human services	74,522	-	-	-
Culture, recreation and education	218,952	-	-	2,000
Conservation and development	23,782	32,204	-	-
Capital Outlay	68,321	-	-	560,112
Debt Service				
Principal	-	-	732,199	552,598
Interest and fiscal charges	-	-	145,676	44,921
Total Expenditures	<u>7,119,078</u>	<u>32,204</u>	<u>877,875</u>	<u>1,392,233</u>
Excess of revenues over expenditures	<u>400,449</u>	<u>63,140</u>	<u>(10,893)</u>	<u>(1,333,418)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	1,149,323	1,488,000
Premium on debt issued	-	-	-	16,999
Transfers in	276,727	-	182,621	229,041
Transfers out	(84,902)	-	(500)	-
Contribution from component units	-	-	177,182	-
Property sales	-	-	-	15,000
Total Other Financing Sources (Uses)	<u>191,825</u>	<u>-</u>	<u>1,508,626</u>	<u>1,749,040</u>
SPECIAL ITEM				
Pay-off of prior service liability	-	-	(1,139,323)	-
Net Change in Fund Balances	592,274	63,140	358,410	415,622
FUND BALANCES - Beginning of Year	<u>1,985,034</u>	<u>81,704</u>	<u>240,789</u>	<u>53,881</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,577,308</u>	<u>\$ 144,844</u>	<u>\$ 599,199</u>	<u>\$ 469,503</u>

See accompanying notes to financial statements.

TIF #9 Capital Projects Fund	Nonmajor Governmental Funds	Totals
\$ -	\$ 305,293	\$ 6,126,199
-	-	28,659
-	515,062	2,416,355
-	4,084	214,459
-	25	43,341
-	413,316	724,808
-	26,035	45,979
-	<u>264,511</u>	<u>469,194</u>
-	<u>1,528,326</u>	<u>10,068,994</u>
-	-	1,160,569
-	568,897	4,395,744
-	543,582	2,522,269
-	4,812	79,334
-	192,158	413,110
1,910,961	379,807	2,346,754
4,840	344,387	977,660
4,804	270,716	1,560,317
<u>185,724</u>	<u>146,799</u>	<u>523,120</u>
<u>2,106,329</u>	<u>2,451,158</u>	<u>13,978,877</u>
<u>(2,106,329)</u>	<u>(922,832)</u>	<u>(3,909,883)</u>
-	87,000	2,724,323
-	-	16,999
-	352,062	1,040,451
-	(85,451)	(170,853)
-	-	177,182
-	<u>2,296</u>	<u>17,296</u>
-	<u>355,907</u>	<u>3,805,398</u>
-	-	(1,139,323)
(2,106,329)	(566,925)	(1,243,808)
<u>4,053,381</u>	<u>843,665</u>	<u>7,258,454</u>
<u>\$ 1,947,052</u>	<u>\$ 276,740</u>	<u>\$ 6,014,646</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, 2014

Net change in fund balances - total governmental funds \$ (1,243,808)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	977,660
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	36,067
Depreciation is reported in the government-wide financial statements	(1,107,350)
Net book value of assets retired	(70,934)
Capital assets transferred from business-type activities	453,378
Contributed capital assets are reported as revenues in the government-wide financial statements	77,584

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. 239,954

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(2,724,323)
Principal repaid	1,560,317

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.

Debt discount (premium)	(16,999)
Amortization	12,537

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(64,635)
Accrued interest on debt	(38,073)
Prior service liability	1,139,323
Landfill liability	(14,000)

Transfer of Ambulance fund from business-type activities to governmental activities (334,088)

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 (26,033)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (1,143,423)

See accompanying notes to financial statements.

CITY OF RHINELANDER

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2014

	Business-type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 653,184	\$ 1,964,668	\$ -	\$ 2,617,852
Receivables				
Accounts	347,704	855,719	96,558	1,299,981
Other receivables	-	-	27,710	27,710
Due from other funds	-	351,813	-	351,813
Due from other governments	7,884	-	21,528	29,412
Inventories and prepaid items	76,010	8,336	38,590	122,936
Restricted cash and investments	70,358	537,922	-	608,280
Total Current Assets	<u>1,155,140</u>	<u>3,718,458</u>	<u>184,386</u>	<u>5,057,984</u>
Noncurrent Assets				
Restricted cash and investments	-	649,250	-	649,250
Capital Assets				
Construction in progress	746,934	37,859	15,246	800,039
Land	34,070	1,587,593	35,666	1,657,329
Capital assets being depreciated	16,775,401	40,724,188	7,660,276	65,159,865
Less: Accumulated depreciation	(4,624,168)	(8,586,628)	(4,678,472)	(17,889,268)
Advances to other funds	-	607,030	-	607,030
Total Noncurrent Assets	<u>12,932,237</u>	<u>35,019,292</u>	<u>3,032,716</u>	<u>50,984,245</u>
Total Assets	<u>14,087,377</u>	<u>38,737,750</u>	<u>3,217,102</u>	<u>56,042,229</u>

See accompanying notes to financial statements.

Governmental
Activities -
Internal
Service Fund

\$ 145,827

-
-
-
-
-
-

145,827

-
-
-
-
-
-

145,827

CITY OF RHINELANDER

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2014

	Business-type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 164,066	\$ 106,533	\$ 9,447	\$ 280,046
Accrued wages	2,732	4,353	1,837	8,922
Accrued interest	490	-	4,032	4,522
Deposits	186	-	1,000	1,186
Due to other funds	-	-	217,601	217,601
Current portion of general obligation debt	25,000	-	80,000	105,000
Current portion of advances	20,000	40,000	-	60,000
Current portion of compensated absences	5,217	12,123	8,087	25,427
Claims payable	-	-	-	-
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	108,455	724,526	-	832,981
Accrued interest	3,755	80,482	-	84,237
Total Current Liabilities	<u>329,901</u>	<u>968,017</u>	<u>322,004</u>	<u>1,619,922</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt	30,000	-	550,000	580,000
Revenue bonds	1,893,641	15,110,104	-	17,003,745
Other Liabilities				
Compensated absences	55,666	64,042	54,641	174,349
Advances from other funds	471,607	892,346	1,450,046	2,813,999
Total Noncurrent Liabilities	<u>2,450,914</u>	<u>16,066,492</u>	<u>2,054,687</u>	<u>20,572,093</u>
Total Liabilities	<u>2,780,815</u>	<u>17,034,509</u>	<u>2,376,691</u>	<u>22,192,015</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	-	-	6,129	6,129
NET POSITION				
Net investment in capital assets	10,875,141	17,928,382	2,402,716	31,206,239
Restricted for				
Debt service	66,603	475,850	-	542,453
Equipment replacement	-	630,840	-	630,840
Unrestricted (deficit)	<u>364,818</u>	<u>2,668,169</u>	<u>(1,568,434)</u>	<u>1,464,553</u>
TOTAL NET POSITION	<u>\$ 11,306,562</u>	<u>\$ 21,703,241</u>	<u>\$ 834,282</u>	<u>\$ 33,844,085</u>

See accompanying notes to financial statements.

Governmental
Activities -
Internal
Service Funds

\$ -
-
-
-
-
-
-
1,920
-
-
1,920
-
-
-
-
1,920
-
-
-
-
143,907
\$ 143,907

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, 2014

	Business-type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals
		\$ 1,630,026	\$ 2,652,696	\$ 883,238
OPERATING REVENUES				
OPERATING EXPENSES				
Operation and maintenance	1,320,192	1,203,475	787,795	3,311,462
Depreciation	370,992	1,294,723	265,361	1,931,076
Taxes	19,726	34,290	-	54,016
Self insurance claims	-	-	-	-
Total Operating Expenses	1,710,910	2,532,488	1,053,156	5,296,554
Operating Income (Loss)	(80,884)	120,208	(169,918)	(130,594)
NONOPERATING REVENUES (EXPENSES)				
Investment income	1,973	1,789	71	3,833
Interest and fiscal charges	(30,506)	(406,050)	(23,021)	(459,577)
Contribution of infrastructure to City	(6,307)	(732,627)	(17,223)	(756,157)
Interest charged to construction	-	13,594	-	13,594
Miscellaneous revenues	-	-	4,135	4,135
Gain (loss) on disposal of capital assets	-	-	(700)	(700)
Total Nonoperating Revenues (Expenses)	(34,840)	(1,123,294)	(36,738)	(1,194,872)
Income (Loss) Before Contributions and Transfers	(115,724)	(1,003,086)	(206,656)	(1,325,466)
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	7,884	1,193,961	21,528	1,223,373
Transfers in	-	-	522,261	522,261
Transfers out	(339,883)	(684,220)	(33,668)	(1,057,771)
Total Contributions and Transfers	(331,999)	509,741	510,121	687,863
Change in Net Position	(447,723)	(493,345)	303,465	(637,603)
NET POSITION - Beginning of Year	11,754,285	22,196,586	530,817	34,481,688
NET POSITION - END OF YEAR	\$ 11,306,562	\$ 21,703,241	\$ 834,282	\$ 33,844,085

See accompanying notes to financial statements.

Governmental
Activities -
Internal
Service Fund

\$ 55,127

-

-

-

81,218

81,218

(26,091)

58

-

-

-

-

-

58

(26,033)

-

-

-

(26,033)

169,940

\$ 143,907

CITY OF RHINELANDER

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 1,714,990	\$ 2,589,861	\$ 820,012	\$ 5,124,863
Paid to suppliers for goods and services	(981,361)	(861,525)	(441,679)	(2,284,565)
Paid to employees for services	(319,550)	(355,686)	(356,005)	(1,031,241)
Net Cash Flows From Operating Activities	<u>414,079</u>	<u>1,372,650</u>	<u>22,328</u>	<u>1,809,057</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>1,973</u>	<u>1,789</u>	<u>71</u>	<u>3,833</u>
Net Cash Flows From Investing Activities	<u>1,973</u>	<u>1,789</u>	<u>71</u>	<u>3,833</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(273,276)	-	-	(273,276)
Negative cash implicitly financed	-	-	25,565	25,565
Interfunds and long-term advances repaid	75,024	30,699	-	105,723
Operating transfers to other funds	-	(222,541)	(118,287)	(340,828)
Donations received	-	-	4,135	4,135
Net Cash Flows From Noncapital Financing Activities	<u>(198,252)</u>	<u>(191,842)</u>	<u>(88,587)</u>	<u>(478,681)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	545,848	828,982	225,000	1,599,830
Debt retired	(76,493)	(679,046)	(238,799)	(994,338)
Interest and fiscal charges paid	(29,901)	(405,325)	(23,021)	(458,247)
Acquisition and construction of capital assets	(1,461,922)	(2,653,609)	(328,751)	(4,444,282)
Contribution received for construction	<u>157,116</u>	<u>1,224,074</u>	<u>313,472</u>	<u>1,694,662</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(865,352)</u>	<u>(1,684,924)</u>	<u>(52,099)</u>	<u>(2,602,375)</u>
Net Change in Cash and Cash Equivalents	(647,552)	(502,327)	(118,287)	(1,268,166)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,371,094</u>	<u>3,654,167</u>	<u>118,287</u>	<u>5,143,548</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 723,542</u>	<u>\$ 3,151,840</u>	<u>\$ -</u>	<u>\$ 3,875,382</u>

See accompanying notes to financial statements.

Governmental
Activities -
Internal
Service Fund

\$ 55,127
(79,805)
-
(24,678)

58
58

-
-
-
-
-
-

-
-
-
-
-
-

(24,620)

170,447

\$ 145,827

See accompanying notes to financial statements.

CITY OF RHINELANDER

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Totals
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (80,884)	\$ 120,208	\$ (169,918)	\$ (130,594)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	370,992	1,294,723	265,361	1,931,076
Depreciation charged to other funds	14,687	(14,687)	-	-
Changes in assets and liabilities				
Customer accounts receivable	70,170	(44,970)	(63,585)	(38,385)
Other accounts receivable	103	(3,178)	-	(3,075)
Inventories and prepaid items	(15,050)	(609)	(16,136)	(31,795)
Accounts payable	75,808	37,592	1,009	114,409
Accrued wages	1,311	1,678	(591)	2,398
Deposits	4	-	(42)	(38)
Accrued compensated absences	(23,062)	(18,107)	6,378	(34,791)
Unearned revenues	-	-	(148)	(148)
Claims payable	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 414,079</u>	<u>\$ 1,372,650</u>	<u>\$ 22,328</u>	<u>\$ 1,809,057</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments - statement of net position	\$ 653,184	\$ 1,964,668	\$ -	\$ 2,617,852
Restricted cash and investments - statement of net position	70,358	1,187,172	-	1,257,530
CASH AND CASH EQUIVALENTS	<u>\$ 723,542</u>	<u>\$ 3,151,840</u>	<u>\$ -</u>	<u>\$ 3,875,382</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets acquired via accounts payable	<u>\$ 47,313</u>	<u>\$ 24,695</u>	<u>\$ -</u>	
Capital assets transferred to Governmental Activities	<u>\$ 6,307</u>	<u>\$ 732,627</u>	<u>\$ 1,571,081</u>	
Accrued interest transferred to Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,616</u>	
Long-term debt and unamortized premium transferred to Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,882,554</u>	
Capital assets transferred to other funds	<u>\$ -</u>	<u>\$ 379,333</u>	<u>\$ -</u>	
Capital assets transferred from other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,333</u>	

See accompanying notes to financial statements.

Governmental
Activities -
Internal
Service Fund

\$ (26,091)

-
-
-
-
-
-
-
-
-

1,413

\$ (24,678)

\$ 145,827

-

\$ 145,827

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

See accompanying notes to financial statements.

CITY OF RHINELANDER

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 3,651,413
Taxes receivable	<u>3,916,390</u>
TOTAL ASSETS	<u>\$ 7,567,803</u>
LIABILITIES	
Due to other governments	\$ 7,520,700
Due to employees	<u>47,103</u>
TOTAL LIABILITIES	<u>\$ 7,567,803</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, 2014

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, 2014

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, 2014. 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.J. 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, 2014. The library does not issue separate financial statements.

Beginning net position of the library component unit has been restated to exclude the library foundation and library board accounts as the information has not been provided for the fiscal year ended December 31, 2014. See Note III.I. for further information.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

CITY OF RHINELANDER

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

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, 2014

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.

Tax Incremental Financing (TIF) District #9 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TIF project plan.

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	Boat Launch
Recycling Grant	HCRI Grant
Parking Advisory Board	K-9
Downtown Works	CDBG/EAP
Hazardous Materials	Fire Inspection Seminars
Shared Ride Transport Grant	Cemetery Perpetual Care
Tank Inspections	Parking
Landfill Settlement	DARE
Playground Equipment	Citizens Academy
Historical Complex	Historic Preservation
Dog Park	Ambulance

CITY OF RHINELANDER

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

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.)

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

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 #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

Ambulance

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 Funds - 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

Employee Benefits

CITY OF RHINELANDER

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

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

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.

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.

CITY OF RHINELANDER

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

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

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

Fund Financial Statements (cont.)

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.

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

D. ASSETS, 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.

CITY OF RHINELANDER

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

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

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

1. Deposits and Investments (cont.)

- 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.

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 quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated 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.

CITY OF RHINELANDER

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

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

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

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 funds.

Property tax calendar - 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale - 2014 delinquent real estate taxes	October 2017

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.

CITY OF RHINELANDER

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

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

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

2. Receivables (cont.)

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.

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$2,000 for general capital assets purchased prior to 2014 and \$10,000 for general capital assets purchased during 2014, and \$20,000 for infrastructure assets purchased prior to 2014 and \$100,000 for infrastructure assets purchased during 2014, 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.

CITY OF RHINELANDER

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

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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. \$13,594 of net 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

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. 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, 2014, are determined on the basis of current salary rates and include salary related payments.

CITY OF RHINELANDER

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

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

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

7. Long-Term Obligations/Conduit Debt

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

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$9.5 million, made up of two issues.

8. 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.

CITY OF RHINELANDER

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

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

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

9. Equity Classifications

Government-Wide Statements

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 16,632,992	\$ 31,206,239	\$ (2,803,076)	\$ 45,036,155
Unrestricted	(7,548,829)	1,464,553	2,803,076	(3,281,200)

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

CITY OF RHINELANDER

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

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

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

9. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The city has adopted a financial policy authorizing the Administrator to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. 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.

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 2014 compared to actual general fund expenditures was 22.0%.

See Note III. H. for further information.

CITY OF RHINELANDER

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

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

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

10. Basis for Existing Rates

Water Utility

Current rates for the water utility were authorized by the Public Service Commission in 2008 with order 5010-WR-108.

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.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the General Fund. A budget has not been formally adopted for other funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. DEFICIT BALANCES

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

As of December 31, 2014, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Room Tax	\$ 1,832	Expenditures in excess of revenues
Share Ride Transport Grant	104,966	Unavailable revenues and expenditures in excess of revenues
Boat Launch	138,458	Unavailable revenues
CDBG/EAP	9,029	Expenditures in excess of revenues
Parking	15,485	Expenditures in excess of revenues
Environmental TIF #1	162,691	Expenditures in excess of revenues
TIF #6	10,472	Unavailable revenues
Golf Course	1,038,473	Expenses in excess of revenues

CITY OF RHINELANDER

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

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

B. DEFICIT BALANCES (cont.)

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.

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.

CITY OF RHINELANDER

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 8,465,128	\$ 8,271,050	Custodial credit
US agencies - explicitly guaranteed	974,390	974,390	Custodial credit, interest rate
US agencies - implicitly guaranteed	978,934	978,934	Custodial credit, credit, concentration of credit, interest rate
Negotiable CD's	1,134,972	1,134,972	Custodial credit, credit, concentration of credit, interest rate
Petty cash	1,125	-	N/A
Total Deposits and Investments	<u>\$ 11,554,549</u>	<u>\$ 11,359,346</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 6,645,606		
Restricted cash and investments	1,257,530		
Per statement of assets and liabilities - agency funds			
Agency Funds	3,651,413		
Total Deposits and Investments	<u>\$ 11,554,549</u>		

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).

CITY OF RHINELANDER

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$1,953,324 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, 2014, the banks had pledged various government securities in the amount of \$7,205,460 to secure the city's deposits.

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.

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, 2014, the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>
US agencies - implicitly guaranteed	AA+	AAA
US agencies - implicitly guaranteed	AA+	N/A

At December 31, 2014, the city also had investments in negotiable CD's, which are not rated.

CITY OF RHINELANDER

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2014, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Banks	US agencies - implicitly guaranteed	19.10%
Federal Farm Credit Bank	US agencies - implicitly guaranteed	12.59%
Bank Baroda New York	Negotiable CD	7.93%
MIZUHO Corp Bank	Negotiable CD	7.93%
People's United Bank	Negotiable CD	7.93%
Discover Bank	Negotiable CD	6.48%
RBS Citizens	Negotiable CD	6.47%

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, 2014, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-3	More than 3
US agencies - explicitly guaranteed	\$ 974,390	\$ -	\$ -	\$ 974,390
US agencies - implicitly guaranteed	978,934	-	-	978,934
Negotiable CDs	<u>1,134,972</u>	<u>1,134,972</u>	-	-
Totals	<u>\$ 3,088,296</u>	<u>\$ 1,134,972</u>	<u>\$ -</u>	<u>\$ 1,953,324</u>

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 \$2.4 million of loans receivable and \$118,056 of special assessments receivable.

CITY OF RHINELANDER

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

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

B. RECEIVABLES (cont.)

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 6,441,205	\$ 22,636
Special assessments not yet due	-	135,775
Accounts receivable	-	150,973
Loans receivable	-	2,533,868
Other receivables	-	27,841
Due from other governments	-	235,389
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 6,441,205</u>	 <u>\$ 3,106,482</u>

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.

CITY OF RHINELANDER

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

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

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2014:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 608,280	\$ 84,237	\$ 524,043
Bond reserve account	18,410	-	18,410
Equipment replacement account	630,840	-	630,840
Total	\$ 1,257,530	\$ 84,237	\$ 1,173,293

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Adjustments*	Additions	Deletions	Ending Balance
Governmental Activities					
Capital assets not being depreciated/amortized					
Construction in progress	\$ 17,670	\$ -	\$ 386,659	\$ -	\$ 404,329
Land	3,526,019	-	-	-	3,526,019
Total Capital Assets Not Being Depreciated/ Amortized	3,543,689	-	386,659	-	3,930,348
Capital assets being depreciated/amortized					
Land improvements	-	370,147	7,600	-	377,747
Buildings and improvements	7,302,639	928,642	45,908	14,433	8,262,756
Machinery and equipment	7,206,568	626,293	626,574	395,109	8,064,326
Intangibles	31,250	-	24,570	-	55,820
Infrastructure	26,893,206	-	453,378	166,380	27,180,204
Total Capital Assets Being Depreciated/Amortized	41,433,663	1,925,082	1,158,030	575,922	43,940,853
Total Capital Assets	44,977,352	1,925,082	1,544,689	575,922	47,871,201

CITY OF RHINELANDER

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

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Adjustments*	Additions	Deletions	Ending Balance
Governmental Activities (cont.)					
Less: Accumulated depreciation/amortization for					
Land improvements	\$ -	\$ (304,686)	\$ (3,226)	\$ -	\$ (307,912)
Buildings and improvements	(6,135,191)	225,668	(101,245)	14,433	(5,996,335)
Machinery and equipment	(4,694,403)	(274,983)	(406,758)	387,845	(4,988,299)
Intangibles	(12,500)	-	(9,502)	-	(22,002)
Infrastructure	<u>(11,435,491)</u>	<u>-</u>	<u>(586,619)</u>	<u>102,710</u>	<u>(11,919,400)</u>
Total Accumulated Depreciation/Amortization	<u>(22,277,585)</u>	<u>(354,001)</u>	<u>(1,107,350)</u>	<u>504,988</u>	<u>(23,233,948)</u>
Net Capital Assets Being Depreciated/Amortized	<u>19,156,078</u>	<u>1,571,081</u>	<u>50,680</u>	<u>70,934</u>	<u>20,706,905</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 22,699,767</u>	<u>\$ 1,571,081</u>	<u>\$ 437,339</u>	<u>\$ 70,934</u>	<u>\$ 24,637,253</u>

* Adjustments are to reclassify certain assets between categories to better correlate with the definition of each category and transfer ambulance capital assets from business-type activities to governmental activities.

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 22,173
Public safety	247,797
Public works	775,907
Health and human services	14,893
Culture, education and recreation	<u>46,580</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,107,350</u>

CITY OF RHINELANDER

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

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	\$ 13,243	\$ 733,691	\$ -	\$ 746,934
Land	34,070	-	-	34,070
Total Capital Assets Not Being Depreciated	47,313	733,691	-	781,004
Capital assets being depreciated				
Property and equipment	16,124,357	747,547	96,503	16,775,401
Total Capital Assets Being Depreciated	16,124,357	747,547	96,503	16,775,401
Total Capital Assets	16,171,670	1,481,238	96,503	17,556,405
Less: Accumulated depreciation for				
Property and equipment	(4,334,992)	(385,679)	96,503	(4,624,168)
Total Accumulated Depreciation	(4,334,992)	(385,679)	96,503	(4,624,168)
Net Capital Assets Being Depreciated	11,789,365	361,868	-	12,151,233
Net Water Capital Assets	\$ 11,836,678	\$ 1,095,559	\$ -	\$ 12,932,237

CITY OF RHINELANDER

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Wastewater</u>				
Capital assets not being depreciated				
Construction in progress	\$ 551,394	\$ 1,830,058	\$ 2,343,593	\$ 37,859
Land	1,565,593	22,000	-	1,587,593
Total Capital Assets Not Being Depreciated	<u>2,116,987</u>	<u>1,852,058</u>	<u>2,343,593</u>	<u>1,625,452</u>
Capital assets being depreciated				
Property and equipment	<u>38,929,302</u>	<u>1,908,580</u>	<u>113,694</u>	<u>40,724,188</u>
Total Capital Assets Being Depreciated	<u>38,929,302</u>	<u>1,908,580</u>	<u>113,694</u>	<u>40,724,188</u>
Total Capital Assets	<u>41,046,289</u>	<u>3,760,638</u>	<u>2,457,287</u>	<u>42,349,640</u>
Less: Accumulated depreciation for				
Property and equipment	<u>(7,420,286)</u>	<u>(1,280,036)</u>	<u>113,694</u>	<u>(8,586,628)</u>
Total Accumulated Depreciation	<u>(7,420,286)</u>	<u>(1,280,036)</u>	<u>113,694</u>	<u>(8,586,628)</u>
Net Capital Assets Being Depreciated	<u>31,509,016</u>	<u>628,544</u>	<u>-</u>	<u>32,137,560</u>
Net Wastewater Capital Assets	<u>\$ 33,626,003</u>	<u>\$ 2,480,602</u>	<u>\$ 2,343,593</u>	<u>\$ 33,763,012</u>

CITY OF RHINELANDER

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
<u>Stormwater</u>					
Capital assets not being depreciated					
Construction in progress	\$ -	\$ -	\$ 15,246	\$ -	\$ 15,246
Land	-	35,666	-	-	35,666
Total Capital Assets Not Being Depreciated	-	35,666	15,246	-	50,912
Capital assets being depreciated					
Property and equipment	3,566,551	(35,666)	616,023	27,993	4,118,915
Total Capital Assets Being Depreciated	3,566,551	(35,666)	616,023	27,993	4,118,915
Total Capital Assets	3,566,551	-	631,269	27,993	4,169,827
Less: Accumulated depreciation for					
Property and equipment	(1,623,741)	-	(136,688)	27,993	(1,732,436)
Total Accumulated Depreciation	(1,623,741)	-	(136,688)	27,993	(1,732,436)
Net Capital Assets Being Depreciated	1,942,810	(35,666)	479,335	-	2,386,479
Net Stormwater Capital Assets	\$1,942,810	\$ -	\$ 494,581	\$ -	\$2,437,391
	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
<u>Ambulance</u>					
Capital assets being depreciated					
Property and equipment	\$1,925,082	\$(1,925,082)	\$ -	\$ -	\$ -
Total Capital Assets Being depreciated	1,925,082	(1,925,082)	-	-	-
Less: Accumulated depreciation for					
Property and equipment	(354,001)	354,001	-	-	-
Total Accumulated Depreciation	(354,001)	354,001	-	-	-
Net Capital Assets Being depreciated	1,571,081	(1,571,081)	-	-	-
Net Capital Assets	\$1,571,081	\$(1,571,081)	\$ -	\$ -	\$ -

CITY OF RHINELANDER

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Golf Course</u>					
Capital assets being depreciated					
Property and equipment	\$ 3,521,792	\$ -	\$ 58,220	\$ 38,651	\$ 3,541,361
Total Capital Assets Being Depreciated	<u>3,521,792</u>	<u>-</u>	<u>58,220</u>	<u>38,651</u>	<u>3,541,361</u>
Less: Accumulated depreciation for					
Property and equipment	<u>(2,850,216)</u>	<u>-</u>	<u>(128,673)</u>	<u>32,853</u>	<u>(2,946,036)</u>
Total Accumulated Depreciation	<u>(2,850,216)</u>	<u>-</u>	<u>(128,673)</u>	<u>32,853</u>	<u>(2,946,036)</u>
Net Capital Assets Being Depreciated	<u>671,576</u>	<u>-</u>	<u>(70,453)</u>	<u>5,798</u>	<u>595,325</u>
Net Capital Assets	<u>\$ 671,576</u>	<u>\$ -</u>	<u>\$ (70,453)</u>	<u>\$ 5,798</u>	<u>\$ 595,325</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$49,648,148</u>	<u>\$(1,571,081)</u>	<u>\$4,000,289</u>	<u>\$2,349,391</u>	<u>\$49,727,965</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 370,992
Wastewater	1,294,723
Stormwater	136,688
Golf course	<u>128,673</u>
Total Business-type Activities Depreciation Expense	<u>\$ 1,931,076</u>

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.

CITY OF RHINELANDER

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

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
Wastewater Utility	Room Tax	\$ 13,101
Wastewater Utility	Share Ride Transport Grant	124,497
General Fund	Boat Launch	128,938
Wastewater Utility	CDBG/EAP	9,029
General Fund	Ambulance	33,277
Wastewater Utility	Parking	14,755
General Fund	TIF #6	8,551
Wastewater Utility	Stormwater Utility	190,431
General Fund	Golf Course	27,170
Total - Fund Financial Statements		549,749
Less: Fund eliminations		(361,197)
Less: Government-wide eliminations		(54,340)
Less: Interfund advances		(2,266,969)
Total Internal Balances - Government-Wide Statement of Net Position		\$ (2,132,757)
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ (2,456,830)
Business-type Activities	Governmental Activities	324,073
Total Government-Wide Financial Statements		\$ (2,132,757)

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, 2014

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. The amount advanced is determined by the cash deficit in the fund since the district's inception. No interest is being charged and no repayment schedule has been established.

The wastewater utility is advancing funds to the environmental TIF #1 and the stormwater utility. The amount advanced is determined by the cash deficit in the funds 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, 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	\$ 972,039	\$ 972,039
Wastewater Utility	Environmental TIF #1	162,691	162,691
Wastewater Utility	Stormwater Utility	444,339	444,339
TIF #9	Water Utility	425,000	405,000
TIF #9	Wastewater Utility	850,000	810,000
General Debt Service	Water Utility	66,607	-
General Debt Service	Wastewater Utility	82,346	-
General Debt Service	Golf Course	33,668	-
Total - Fund Financial Statements		3,036,690	
Less: Fund eliminations		(444,339)	
Less: Government-wide eliminations		(325,382)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ 2,266,969	

CITY OF RHINELANDER

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

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

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

Advances (cont.)

Years	Water Utility		Wastewater Utility	
	Principal	Interest	Principal	Interest
2015	\$ 20,000	\$ 10,833	\$ 40,000	\$ 21,667
2016	20,000	10,433	40,000	20,867
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
2020-2024	111,667	39,350	223,333	78,700
2025-2029	126,667	24,150	253,333	48,300
2030-2032	<u>83,332</u>	<u>5,051</u>	<u>166,668</u>	<u>10,099</u>
Totals	<u>\$ 425,000</u>	<u>\$ 118,683</u>	<u>\$ 850,000</u>	<u>\$ 237,367</u>

CITY OF RHINELANDER

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

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Water Utility	\$ 273,276	Payment in lieu of taxes
General Fund	Parking	3,451	Payment in lieu of taxes
Recycling	General Fund	83,735	Grant match
Parking Advisory Board	Parking	15,000	Per maintenance agreement
Parking Advisory Board	TIF #5	20,000	Contribution to Lindy Cleaners project
Downtown Works	TIF #5	15,000	Fund downtown loan program
Historical Complex	Room Tax	26,000	Annual contribution per agreement
K-9	General Fund	400	Supplies
General Capital Projects	General Debt Service	500	Consolidate borrowing proceeds
General Capital Projects	TIF #5	6,000	Contribution to trails project
Ambulance (enterprise)	N/A	142,928	Transfer from enterprise to special revenue fund (full accrual basis)
Ambulance (governmental)	N/A	191,160	Transfer from enterprise to special revenue fund (modified accrual basis)
Citizens Academy	General Fund	767	Close out fund
Stormwater Utility	Wastewater Utility	379,333	Transfer capital asset
General Capital Projects	Wastewater Utility	222,541	Reimburse 2013 street costs
General Debt Service	Wastewater Utility	82,346	Portion of prior service liability
General Debt Service	Water Utility	66,607	Portion of prior service liability
General Debt Service	Golf Course	<u>33,668</u>	Portion of prior service liability
Total - Fund Financial Statements		1,562,712	
Less: Fund eliminations		(550,186)	
Less: Government-wide eliminations		(285,856)	
Less: Elimination of modified accrual ambulance transfer		(191,160)	
Add: Transfers of capital assets from business-type activities to governmental activities		<u>453,378</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 988,888</u></u>	

CITY OF RHINELANDER

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

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

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

Transfers (cont.)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 1,131,816
Business-type Activities	Governmental Activities	<u>(142,928)</u>
Total Government-wide Financial Statements		<u>\$ 988,888</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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities						
Bonds and Notes Payable						
General obligation debt	\$ 14,437,259	\$ 1,854,717	\$ 2,724,323	\$ 1,560,317	\$ 17,455,982	\$ 1,388,127
(Discounts)/Premiums	<u>168,257</u>	<u>27,837</u>	<u>16,999</u>	<u>12,537</u>	<u>200,556</u>	<u>-</u>
Sub-totals	<u>14,605,516</u>	<u>1,882,554</u>	<u>2,741,322</u>	<u>1,572,854</u>	<u>17,656,538</u>	<u>1,388,127</u>
Other Liabilities						
Vested compensated absences	839,555	-	64,635	-	904,190	97,676
Landfill liability	293,000	-	14,000	-	307,000	16,158
Prior service liability	<u>1,139,323</u>	<u>-</u>	<u>-</u>	<u>1,139,323</u>	<u>-</u>	<u>-</u>
Total Other Liabilities	<u>2,271,878</u>	<u>-</u>	<u>78,635</u>	<u>1,139,323</u>	<u>1,211,190</u>	<u>113,834</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 16,877,394</u>	<u>\$ 1,882,554</u>	<u>\$ 2,819,957</u>	<u>\$ 2,712,177</u>	<u>\$ 18,867,728</u>	<u>\$ 1,501,961</u>

CITY OF RHINELANDER

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

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities						
Bonds and Notes Payable						
General obligation debt	\$ 2,564,717	\$ (1,854,717)	\$ 225,000	\$ 250,000	\$ 685,000	\$ 105,000
Revenue bonds	17,192,435	-	1,374,830	730,539	17,836,726	832,981
(Discounts)/Premiums	27,837	(27,837)	-	-	-	-
Sub-totals	<u>19,784,989</u>	<u>(1,882,554)</u>	<u>1,599,830</u>	<u>980,539</u>	<u>18,521,726</u>	<u>937,981</u>
Other Liabilities						
Vested compensated absences	234,567	-	-	34,791	199,776	25,427
Capital leases	<u>13,799</u>	<u>-</u>	<u>-</u>	<u>13,799</u>	<u>-</u>	<u>-</u>
Total Other Liabilities	<u>248,366</u>	<u>-</u>	<u>-</u>	<u>48,590</u>	<u>199,776</u>	<u>25,427</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 20,033,355</u>	<u>\$ (1,882,554)</u>	<u>\$ 1,599,830</u>	<u>\$ 1,029,129</u>	<u>\$ 18,721,502</u>	<u>\$ 963,408</u>

* Adjustments are to transfer ambulance debt from business-type activities to governmental activities.

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, 2014, was \$28,654,735. Total general obligation debt outstanding at year end was \$18,140,982.

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.

CITY OF RHINELANDER

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
2005 State Trust Fund Loan	9/27/2005	3/15/2015	4.25%	\$ 284,849	\$ 37,875
2006 State Trust Fund Loan	7/25/2006	3/15/2016	4.25%	59,549	13,765
2007 G.O. Notes	9/10/2007	11/1/2016	4.0-4.25%	1,575,000	600,000
2010 Taxable G.O. Refunding Bonds	5/26/2010	3/1/2025	2.0-5.2%	1,285,000	1,110,000
2010 G.O. Notes	12/1/2010	9/1/2020	0.6-2.8%	1,945,000	955,000
2012 G.O. Notes	1/26/2012	12/1/2021	2.00%	1,785,000	1,320,000
2013 G.O. Bonds	1/29/2013	12/01/2032	2.0-3.0%	4,755,000	4,660,000
2013 Taxable G.O. Bonds	6/11/2013	12/01/2029	2.0-3.7%	2,110,000	2,110,000
2013 G.O. Bonds	6/11/2013	3/01/2029	2.0-3.0%	1,835,000	1,800,000
2013 State Trust Fund Loan	7/10/2013	3/15/2033	3.75%	401,500	401,500
2013 State Trust Fund Loan	7/10/2013	3/15/2023	2.75%	50,000	45,196
2013 State Trust Fund Loan	7/10/2013	3/15/2026	3.75%	252,000	233,859
2013 State Trust Fund Loan	11/27/2013	3/15/2026	4.25%	113,500	113,500
2013 State Trust Fund Loan	7/10/2013	3/15/2023	2.75%	280,000	253,100
2013 State Trust Fund Loan	7/26/2013	3/15/2019	2.75%	254,717	214,458
2013 State Trust Fund Loan	7/26/2013	3/15/2026	3.75%	439,091	410,186
2013 State Trust Fund Loan	7/26/2013	3/15/2030	3.75%	474,732	453,220
2014 State Trust Fund Loan	1/24/2014	3/15/2033	4.50%	1,149,323	1,149,323
2014 G.O. Notes	3/13/2014	2/1/2024	0.4-2.6%	1,575,000	<u>1,575,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 17,455,982</u>

CITY OF RHINELANDER

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

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, 2014
2007 G.O. Notes	9/10/2007	11/1/2016	4.0-4.25%	\$ 900,000	\$ 100,000
2010 G.O. Notes	12/1/2010	9/1/2020	0.6-2.8%	305,000	245,000
2013 G.O. Bonds	6/11/2013	3/01/2029	2.0-3.0%	125,000	115,000
2014 G.O. Bonds	3/13/2014	2/1/2024	0.4-2.6%	225,000	<u>225,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 685,000</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
2015	\$ 1,388,127	\$ 513,925	\$ 105,000	\$ 16,243
2016	1,442,425	459,373	120,000	11,700
2017	1,354,299	419,884	90,000	9,390
2018	1,398,398	389,050	90,000	7,890
2019	1,292,898	357,257	100,000	6,690
2020-2024	5,524,667	1,307,254	180,000	7,480
2025-2029	4,005,336	575,625	-	-
2030-2033	<u>1,049,832</u>	<u>90,444</u>	-	-
Totals	<u>\$ 17,455,982</u>	<u>\$ 4,112,812</u>	<u>\$ 685,000</u>	<u>\$ 59,393</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 and 2014. 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 2034. Annual principal and interest payments on the bonds are expected to require 38% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,221,765. Principal and interest paid for the current year and total customer net revenues were \$71,632 and \$292,081, respectively.

CITY OF RHINELANDER

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

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 - 2013. 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 2053. Annual principal and interest payments on the bonds are expected to require 37% of net revenues. The total principal and interest remaining to be paid on the bonds is \$20,675,100. Principal and interest paid for the current year and total customer net revenues were \$1,084,371 and \$1,416,720, respectively.

Revenue debt payable at December 31, 2014, 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, 2014</u>	
<u>Water Utility</u>						
2008 Safe Drinking Water Loan	11/26/2008	5/1/2028	1.42%	\$ 1,097,024	\$ 802,553	
2013 Safe Drinking Water Loan	11/27/2013	5/1/2033	1.155%	975,224	975,224	
2014 Safe Drinking Water Loan	12/23/2014	5/1/2034	1.155%	224,319	<u>224,319</u>	(1)
				Total Water Utility	<u>2,002,096</u>	

(1) - During 2014 the utility was authorized to issue \$918,688 of water system Safe Drinking Water Loan revenue bonds. The original amount reported above has been issued as of December 31, 2014. The repayment schedule is for the amount issued.

CITY OF RHINELANDER

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

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, 2014</u>
<u>Wastewater Utility</u>					
2010 Clean Water Fund Loan	1/13/2010	5/1/2009	2.54%	\$ 12,633,196	\$ 11,018,835
2011 Clean Water Fund Loan	9/28/2011	5/1/2031	2.4%	975,332	856,830
2012 Clean Water Fund Loan	5/23/2012	5/1/2032	3.0%	486,465	449,714
2013 Taxable Mortgage Revenue Bond	9/18/2013	9/18/2053	2.75%	3,559,000	<u>3,509,251</u>
			Total Wastewater Utility		<u>15,834,630</u>
					<u>\$ 17,836,726</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 832,981	\$ 425,064
2016	852,646	405,955
2017	873,325	384,739
2018	894,252	363,879
2019	915,697	341,531
2020-2024	4,918,731	1,366,813
2025-2029	5,477,127	737,774
2030-2034	903,086	343,822
2035-2039	466,138	329,743
2040-2044	534,277	202,083
2045-2049	612,635	123,725
2050-2053	<u>555,831</u>	<u>35,011</u>
Totals	<u>\$ 17,836,726</u>	<u>\$ 5,060,139</u>

CITY OF RHINELANDER

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of compensated absences 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 March 13, 2014, the city issued \$555,000 in general obligation notes with coupon rates of 0.4-2.6% to refund \$657,000 of outstanding notes with an average coupon rate of 2.00%. 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 \$674,028 in 2015. The cash flow requirements on the refunding bonds are \$618,832 from 2015 through 2024. The current refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$3,346. The loss is a result of extending the term of the debt service.

On March 13, 2014, the city issued \$165,000 in general obligation notes with coupon rates of 0.4-1.5% to partially refund \$245,000 of outstanding notes with an average coupon rate of 4.00%. The net proceeds were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$269,113 from 2015 through 2017. The cash flow requirements on the refunding notes are \$266,509 from 2015 through 2018. 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 \$3,493.

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 \$307,000 reported as landfill postclosure care liability at December 31, 2014, represents the total amount needed by the city for post closure care costs according to state and federal regulations. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

CITY OF RHINELANDER

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

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

G. CLOSURE AND POSTCLOSURE CARE COST (cont.)

The city is required by state and federal laws and regulations to provide proof of financial assurance for the postclosure care costs. The city is in compliance with these requirements, and, at December 31, 2014, the city had restricted fund balance in the landfill settlement fund in the amount of \$231,144. 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, 2014, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Construction in progress	\$ 404,329
Land	3,526,019
Other capital assets, net of accumulated depreciation	20,706,905
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(7,809,726)
Plus: Unamortized debt premium	<u>(194,535)</u>
Total Net Investment in Capital Assets	<u>\$ 16,632,992</u>

CITY OF RHINELANDER

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

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, 2014, include the following:

	<u>General Fund</u>	<u>1985 CDBG</u>	<u>General Debt Service</u>	<u>General Capital Projects</u>	<u>TIF #9</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Fund Balances							
Nonspendable:							
Inventories and prepaid items	\$ 41,869	\$ -	\$ -	\$ -	\$ -	\$ 20,096	\$ 61,965
Noncurrent advance	972,039	-	-	-	-	-	972,039
Cemetery perpetual care	-	-	-	-	-	13,135	13,135
Restricted for:							
Loan programs	-	144,844	-	-	-	162,157	307,001
Debt service	-	-	599,199	-	-	24,443	623,642
Capital projects	-	-	-	658,209	-	-	658,209
Parking advisory board operations	-	-	-	-	-	46,188	46,188
Hazardous materials response	-	-	-	-	-	16,810	16,810
Landfill clean-up	-	-	-	-	-	231,144	231,144
Historical complex facilities and programs	-	-	-	-	-	27,455	27,455
Future dog park	-	-	-	-	-	1,988	1,988
K-9 program	-	-	-	-	-	8,636	8,636
TIF projects	-	-	-	-	1,947,052	103,820	2,050,872
DARE	-	-	-	-	-	5,329	5,329
Committed to:							
Tank inspection training and labor costs	-	-	-	-	-	5,688	5,688
Playground equipment and maintenance	-	-	-	-	-	34,840	34,840
Fire inspection	-	-	-	-	-	3,175	3,175
Historic preservation	-	-	-	-	-	2,657	2,657
Assigned to:							
Recycling	-	-	-	-	-	19,712	19,712
Unassigned (deficit):	<u>1,563,400</u>	<u>-</u>	<u>-</u>	<u>(188,706)</u>	<u>-</u>	<u>(450,533)</u>	<u>924,161</u>
Total Fund Balances	<u><u>\$ 2,577,308</u></u>	<u><u>\$ 144,844</u></u>	<u><u>\$ 599,199</u></u>	<u><u>\$ 469,503</u></u>	<u><u>\$ 1,947,052</u></u>	<u><u>\$ 276,740</u></u>	<u><u>\$ 6,014,646</u></u>

CITY OF RHINELANDER

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

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	\$ 800,039
Land	1,657,329
Other capital assets, net of accumulated depreciation	47,270,597
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(18,521,726)</u>
Total Net Investment in Capital Assets	<u>\$ 31,206,239</u>

I. RESTATEMENT OF NET POSITION

Net position has been restated for a change in accounting method, excluding the Rhinelanders District Library Foundation and library board accounts from the Rhinelanders District Library component unit.

Rhinelanders District Library Net Position - December 31, 2013 (as reported)	\$ 747,596
Less: Rhinelanders District Library Foundation accounts	(269,297)
Rhinelanders District Library board accounts	<u>(128,074)</u>
Net Position - December 31, 2013 (as restated)	<u>\$ 350,225</u>

J. 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 \$9,762 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, 2014

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

J. COMPONENT UNITS (cont.)

RHINELANDER-ONEIDA COUNTY AIRPORT (cont.)

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Construction in progress	\$ 31,695	\$ 68,792	\$ -	\$ 100,487	
Land	165,000	22,500	-	187,500	
Buildings and improvements	4,755,231	35,000	-	4,790,231	25 - 50
Machinery and equipment	2,502,501	592,921	6,798	3,088,624	3 - 25
Infrastructure	11,408,466	-	-	11,408,466	10 - 60
Less: Accumulated depreciation	<u>(9,543,293)</u>	<u>(781,697)</u>	<u>6,596</u>	<u>(10,318,394)</u>	
Totals	<u>\$ 9,319,600</u>	<u>\$ (62,484)</u>	<u>\$ 202</u>	<u>\$ 9,256,914</u>	

d. Employee Retirement System

All eligible airport employees participate in the Wisconsin Retirement System. As the fiscal agent for the airport, the city includes contributions for airport employees. See Note IV. A. for further information.

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 2014 state trust fund loan, 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.

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, 2014

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

J. COMPONENT UNITS (cont.)

LIBRARY COMPONENT UNIT (cont.)

b. Deposits and Investments

At year end, the carrying amount of the library's deposits was \$52,223 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)
Construction in progress	\$ 46,238	\$ -	\$ 46,238	\$ -	
Land	8,183	-	-	8,183	
Buildings and improvements	1,464,391	-	-	1,464,391	25 - 50
Machinery and equipment	2,035,013	66,301	191,865	1,909,449	3 - 25
Less: Accumulated depreciation	<u>(3,198,209)</u>	<u>(89,791)</u>	<u>187,882</u>	<u>(3,100,118)</u>	
Totals	<u><u>\$ 355,616</u></u>	<u><u>\$ (23,490)</u></u>	<u><u>\$ 50,221</u></u>	<u><u>\$ 281,905</u></u>	

d. Employee Retirement System

All eligible library employees participate in the Wisconsin Retirement System. As the fiscal agent for the library, the city includes contributions for library employees. See Note IV.A for further information.

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 2014 state trust fund loan, 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.

CITY OF RHINELANDER

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

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible city employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 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. All employees initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 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.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, and Executives and Elected Officials. Required contributions for protective employees are the same 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.

Contribution rates for December 31, 2014 were:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for city employees covered by the WRS for the year ended December 31, 2014 was \$5,876,759; the employer's total payroll was \$6,147,927. The total required contribution for the year ended December 31, 2014 was \$961,234 or 16.4% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended 2013 and 2012 were \$1,029,839 and \$917,029, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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.

CITY OF RHINELANDER

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2014 there was no pension related debt for the city.

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 called 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.

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 \$15,000 per occurrence and an annual aggregate limit of \$70,000.

CITY OF RHINELANDER

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

NOTE IV - OTHER INFORMATION (cont.)

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.

The city has active construction projects as of December 31, 2014. 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 \$1.2 million in open construction contracts at December 31, 2014.

D. SUBSEQUENT EVENTS

In 2015, the city made additional draws totaling \$593,053 on its 2014 Safe Drinking Water 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.

CITY OF RHINELANDER

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

NOTE IV - OTHER INFORMATION (cont.)

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

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

- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*

- > Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 4,895,796	\$ 4,895,796	\$ 4,953,924	\$ 58,128
Special assessments	17,000	20,000	6,004	(13,996)
Intergovernmental	1,812,780	1,830,780	1,875,926	45,146
Licenses and permits	119,030	144,030	210,375	66,345
Fines, forfeitures and penalties	53,700	53,700	43,316	(10,384)
Charges for services	306,571	306,571	311,492	4,921
Investment income	14,000	14,000	14,546	546
Miscellaneous	<u>21,300</u>	<u>21,300</u>	<u>103,944</u>	<u>82,644</u>
Total Revenues	<u>7,240,177</u>	<u>7,286,177</u>	<u>7,519,527</u>	<u>233,350</u>
EXPENDITURES				
Current:				
General government	1,103,501	1,108,098	1,135,999	(27,901)
Public safety	3,827,913	3,849,639	3,825,989	23,650
Public works	1,907,778	1,910,778	1,771,513	139,265
Health and human services	59,700	59,700	74,522	(14,822)
Culture, recreation and education	212,142	212,142	218,952	(6,810)
Conservation and development	34,000	34,000	23,782	10,218
Capital Outlay	<u>109,695</u>	<u>139,695</u>	<u>68,321</u>	<u>71,374</u>
Total Expenditures	<u>7,254,729</u>	<u>7,314,052</u>	<u>7,119,078</u>	<u>194,974</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,552)</u>	<u>(27,875)</u>	<u>400,449</u>	<u>428,324</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	252,757	252,757	276,727	23,970
Transfers out	<u>(83,735)</u>	<u>(83,735)</u>	<u>(84,902)</u>	<u>(1,167)</u>
Total Other Financing Sources (Uses)	<u>169,022</u>	<u>169,022</u>	<u>191,825</u>	<u>22,803</u>
Net Change in Fund Balance	154,470	141,147	592,274	451,127
FUND BALANCE - Beginning of Year	<u>1,985,034</u>	<u>1,985,034</u>	<u>1,985,034</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,139,504</u>	<u>\$ 2,126,181</u>	<u>\$ 2,577,308</u>	<u>\$ 451,127</u>

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

CITY OF RHINELANDER

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2014

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.

SUPPLEMENTARY INFORMATION

CITY OF RHINELANDER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2014

	Special Revenue			
	Room Tax	Recycling Grant	Parking Advisory Board	Downtown Works
ASSETS				
Cash and investments	\$ -	\$ 25,427	\$ 64,776	\$ 135,928
Receivables				
Taxes	37,563	-	-	-
Accounts	-	-	-	-
Loans	-	-	-	61,910
Other	-	-	27,841	-
Due from other governments	-	-	-	-
Inventories and prepaid items	-	-	-	-
	-	-	-	-
TOTAL ASSETS	\$ 37,563	\$ 25,427	\$ 92,617	\$ 197,838
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 26,294	\$ 5,692	\$ 18,588	\$ -
Accrued liabilities	-	23	-	-
Deposits	-	-	-	-
Due to other funds	13,101	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	39,395	5,715	18,588	-
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	27,841	61,910
Total Deferred Inflows of Resources	-	-	27,841	61,910
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	46,188	135,928
Committed	-	-	-	-
Assigned	-	19,712	-	-
Unassigned (deficit)	(1,832)	-	-	-
Total Fund Balances	(1,832)	19,712	46,188	135,928
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 37,563	\$ 25,427	\$ 92,617	\$ 197,838

Special Revenue

Hazardous Materials	Shared Ride Transport Grant	Tank Inspections	Landfill Settlement	Playground Equipment	Historical Complex	Dog Park
\$ 16,923	\$ -	\$ 5,762	\$ 231,144	\$ 34,840	\$ 27,615	\$ 1,988
-	-	-	-	-	-	-
-	47,536	-	-	-	-	-
-	-	-	-	-	-	-
-	61,723	-	-	-	-	-
-	-	-	-	-	3,845	-
<u>\$ 16,923</u>	<u>\$ 109,259</u>	<u>\$ 5,762</u>	<u>\$ 231,144</u>	<u>\$ 34,840</u>	<u>\$ 31,460</u>	<u>\$ 1,988</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160	\$ -
113	-	74	-	-	-	-
-	-	-	-	-	-	-
-	124,497	-	-	-	-	-
-	-	-	-	-	-	-
<u>113</u>	<u>124,497</u>	<u>74</u>	<u>-</u>	<u>-</u>	<u>160</u>	<u>-</u>
-	-	-	-	-	-	-
-	89,728	-	-	-	-	-
-	89,728	-	-	-	-	-
-	-	-	-	-	-	-
16,810	-	-	231,144	-	3,845	-
-	-	-	-	-	27,455	1,988
-	-	5,688	-	34,840	-	-
-	-	-	-	-	-	-
-	(104,966)	-	-	-	-	-
<u>16,810</u>	<u>(104,966)</u>	<u>5,688</u>	<u>231,144</u>	<u>34,840</u>	<u>31,300</u>	<u>1,988</u>
<u>\$ 16,923</u>	<u>\$ 109,259</u>	<u>\$ 5,762</u>	<u>\$ 231,144</u>	<u>\$ 34,840</u>	<u>\$ 31,460</u>	<u>\$ 1,988</u>

CITY OF RHINELANDER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2014

	Special Revenue			
	Boat Launch	HCRI Grant	K-9	CDBG/EAP
ASSETS				
Cash and investments	\$ -	\$ 26,229	\$ 8,636	\$ -
Receivables				
Taxes	-	-	-	-
Accounts	-	-	-	-
Loans	-	-	-	-
Other	-	-	-	-
Due from other governments	161,272	-	-	-
Inventories and prepaid items	-	-	-	-
	-	-	-	-
TOTAL ASSETS	\$ 161,272	\$ 26,229	\$ 8,636	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 9,520	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits	-	-	-	-
Due to other funds	128,938	-	-	9,029
Advances from other funds	-	-	-	-
Total Liabilities	138,458	-	-	9,029
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	161,272	-	-	-
Total Deferred Inflows of Resources	161,272	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	26,229	8,636	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	(138,458)	-	-	(9,029)
Total Fund Balances	(138,458)	26,229	8,636	(9,029)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 161,272	\$ 26,229	\$ 8,636	\$ -

Special Revenue

Fire Inspection Seminars	Cemetery Perpetual Care	Parking	DARE	Citizens Academy	Historic Preservation	Ambulance
\$ 3,175	\$ 13,135	\$ -	\$ 5,329	\$ -	\$ 2,657	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	144,587
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	16,251
<u>\$ 3,175</u>	<u>\$ 13,135</u>	<u>\$ -</u>	<u>\$ 5,329</u>	<u>\$ -</u>	<u>\$ 2,657</u>	<u>\$ 160,838</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,274
-	-	-	-	-	-	3,199
-	-	730	-	-	-	-
-	-	14,755	-	-	-	33,277
-	-	-	-	-	-	-
-	-	<u>15,485</u>	-	-	-	<u>48,750</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	103,437
-	-	-	-	-	-	<u>103,437</u>
-	13,135	-	-	-	-	16,251
-	-	-	5,329	-	-	-
3,175	-	-	-	-	2,657	-
-	-	-	-	-	-	-
-	-	(15,485)	-	-	-	(7,600)
<u>3,175</u>	<u>13,135</u>	<u>(15,485)</u>	<u>5,329</u>	<u>-</u>	<u>2,657</u>	<u>8,651</u>
<u>\$ 3,175</u>	<u>\$ 13,135</u>	<u>\$ -</u>	<u>\$ 5,329</u>	<u>\$ -</u>	<u>\$ 2,657</u>	<u>\$ 160,838</u>

CITY OF RHINELANDER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2014

	Debt Service		Capital Projects	
	Environmental TIF #1	TIF #5	TIF #6	TIF #8
ASSETS				
Cash and investments	\$ -	\$ 24,735	\$ -	\$ 73,191
Receivables				
Taxes	109,674	15,273	39,698	-
Accounts	-	-	-	-
Loans	-	-	456,747	-
Other	-	-	-	-
Due from other governments	-	15,000	-	-
Inventories and prepaid items	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 109,674</u>	<u>\$ 55,008</u>	<u>\$ 496,445</u>	<u>\$ 73,191</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 292	\$ 1,921	\$ -
Accrued liabilities	-	-	-	-
Deposits	-	-	-	-
Due to other funds	-	-	8,551	-
Advances from other funds	162,691	-	-	-
Total Liabilities	<u>162,691</u>	<u>292</u>	<u>10,472</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	109,674	15,273	39,698	-
Unavailable revenues	-	15,000	456,747	-
Total Deferred Inflows of Resources	<u>109,674</u>	<u>30,273</u>	<u>496,445</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	24,443	-	73,191
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	(162,691)	-	(10,472)	-
Total Fund Balances	<u>(162,691)</u>	<u>24,443</u>	<u>(10,472)</u>	<u>73,191</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 109,674</u>	<u>\$ 55,008</u>	<u>\$ 496,445</u>	<u>\$ 73,191</u>



<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
<u>TIF #10</u>		
\$ 30,629	\$	732,119
98,997		301,205
-		192,123
-		518,657
-		27,841
-		237,995
-		20,096
<u>129,626</u>	<u>\$</u>	<u>2,030,036</u>

\$ -	\$	74,741
-		3,409
-		730
-		332,148
-		162,691
<u>-</u>	<u>\$</u>	<u>573,719</u>

98,997		263,642
-		915,935
<u>98,997</u>		<u>1,179,577</u>

-		33,231
30,629		627,970
-		46,360
-		19,712
-		(450,533)
<u>30,629</u>		<u>276,740</u>

<u>\$ 129,626</u>	<u>\$</u>	<u>2,030,036</u>
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CITY OF RHINELANDER

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Special Revenue			
	Room Tax	Recycling Grant	Parking Advisory Board	Downtown Works
REVENUES				
Taxes	\$ 187,247	\$ -	\$ -	\$ -
Intergovernmental	-	22,624	-	-
Licenses and permits	-	-	4,084	-
Fines, forfeitures and penalties	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	1,104
Miscellaneous	2,000	-	49,346	32,556
Total Revenues	<u>189,247</u>	<u>22,624</u>	<u>53,430</u>	<u>33,660</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Public works	-	151,199	55,113	-
Health and human services	-	-	-	-
Culture, recreation and education	146,409	-	-	-
Conservation and development	-	-	-	90
Capital Outlay	-	-	36,314	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>146,409</u>	<u>151,199</u>	<u>91,427</u>	<u>90</u>
Excess (deficiency) of revenues over expenditures	<u>42,838</u>	<u>(128,575)</u>	<u>(37,997)</u>	<u>33,570</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Transfers in	-	83,735	35,000	15,000
Transfers out	(26,000)	-	-	-
Property sales	-	2,296	-	-
Total Other Financing Sources (Uses)	<u>(26,000)</u>	<u>86,031</u>	<u>35,000</u>	<u>15,000</u>
Net Change in Fund Balances	16,838	(42,544)	(2,997)	48,570
FUND BALANCES (DEFICIT) -				
Beginning of Year	<u>(18,670)</u>	<u>62,256</u>	<u>49,185</u>	<u>87,358</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (1,832)</u>	<u>\$ 19,712</u>	<u>\$ 46,188</u>	<u>\$ 135,928</u>

Special Revenue

Hazardous Materials	Shared Ride Transport Grant	Tank Inspections	Landfill Settlement	Playground Equipment	Historical Complex	Dog Park
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16,688	321,708	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,971	-	3,070	-	-
-	-	-	-	-	-	-
7,971	-	-	-	1,400	10,979	5
<u>24,659</u>	<u>321,708</u>	<u>3,971</u>	<u>-</u>	<u>4,470</u>	<u>10,979</u>	<u>5</u>
10,407	-	2,271	-	-	-	-
-	336,048	-	350	-	-	-
-	-	-	-	6,954	36,588	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>10,407</u>	<u>336,048</u>	<u>2,271</u>	<u>350</u>	<u>6,954</u>	<u>36,588</u>	<u>-</u>
<u>14,252</u>	<u>(14,340)</u>	<u>1,700</u>	<u>(350)</u>	<u>(2,484)</u>	<u>(25,609)</u>	<u>5</u>
-	-	-	-	-	-	-
-	-	-	-	-	26,000	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,000</u>	<u>-</u>
14,252	(14,340)	1,700	(350)	(2,484)	391	5
<u>2,558</u>	<u>(90,626)</u>	<u>3,988</u>	<u>231,494</u>	<u>37,324</u>	<u>30,909</u>	<u>1,983</u>
<u>\$ 16,810</u>	<u>\$ (104,966)</u>	<u>\$ 5,688</u>	<u>\$ 231,144</u>	<u>\$ 34,840</u>	<u>\$ 31,300</u>	<u>\$ 1,988</u>

CITY OF RHINELANDER

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Special Revenue			
	Boat Launch	HCRI Grant	K-9	CDBG/EAP
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	115,609	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeitures and penalties	25	-	-	-
Charges for services	4,904	-	-	-
Investment income	-	8	-	-
Miscellaneous	-	873	5,960	-
Total Revenues	120,538	881	5,960	-
EXPENDITURES				
Current				
Public safety	-	-	97	-
Public works	-	-	-	-
Health and human services	-	-	-	-
Culture, recreation and education	1,407	-	-	-
Conservation and development	-	1,103	-	-
Capital Outlay	308,073	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	309,480	1,103	97	-
Excess (deficiency) of revenues over expenditures	(188,942)	(222)	5,863	-
OTHER FINANCING SOURCES (USES)				
Debt issued	87,000	-	-	-
Transfers in	-	-	400	-
Transfers out	-	-	-	-
Property sales	-	-	-	-
Total Other Financing Sources (Uses)	87,000	-	400	-
Net Change in Fund Balances	(101,942)	(222)	6,263	-
FUND BALANCES (DEFICIT) -				
Beginning of Year	(36,516)	26,451	2,373	(9,029)
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (138,458)	\$ 26,229	\$ 8,636	\$ (9,029)

Special Revenue

Fire Inspection Seminars	Cemetery Perpetual Care	Parking	DARE	Citizens Academy	Historic Preservation	Ambulance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	7,580
-	-	-	-	-	-	-
3,800	-	-	-	-	2,395	395,176
-	-	-	-	-	-	-
<u>-</u>	<u>1,030</u>	<u>-</u>	<u>3,005</u>	<u>100</u>	<u>3,025</u>	<u>120,907</u>
<u>3,800</u>	<u>1,030</u>	<u>-</u>	<u>3,005</u>	<u>100</u>	<u>5,420</u>	<u>523,663</u>
1,086	-	-	98	100	-	554,838
-	-	872	-	-	-	-
-	4,812	-	-	-	-	-
-	-	-	-	-	800	-
-	-	-	-	-	-	-
-	-	-	-	-	-	100,259
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,075</u>
<u>1,086</u>	<u>4,812</u>	<u>872</u>	<u>98</u>	<u>100</u>	<u>800</u>	<u>706,172</u>
<u>2,714</u>	<u>(3,782)</u>	<u>(872)</u>	<u>2,907</u>	<u>-</u>	<u>4,620</u>	<u>(182,509)</u>
-	-	-	-	-	-	-
-	-	-	-	767	-	191,160
-	-	(18,451)	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(18,451)</u>	<u>-</u>	<u>767</u>	<u>-</u>	<u>191,160</u>
2,714	(3,782)	(19,323)	2,907	767	4,620	8,651
<u>461</u>	<u>16,917</u>	<u>3,838</u>	<u>2,422</u>	<u>(767)</u>	<u>(1,963)</u>	<u>-</u>
<u>\$ 3,175</u>	<u>\$ 13,135</u>	<u>\$ (15,485)</u>	<u>\$ 5,329</u>	<u>\$ -</u>	<u>\$ 2,657</u>	<u>\$ 8,651</u>

CITY OF RHINELANDER

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Debt Service		Capital Projects	
	Environmental TIF #1	TIF #5	TIF #6	TIF #8
REVENUES				
Taxes	\$ 102,185	\$ 15,861	\$ -	\$ -
Intergovernmental	-	-	14,684	16,169
Licenses and permits	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	24,923	-
Miscellaneous	7,369	-	17,985	-
Total Revenues	<u>109,554</u>	<u>15,861</u>	<u>57,592</u>	<u>16,169</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Health and human services	-	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	1,050	20,730	4,071	1,356
Capital Outlay	-	-	-	-
Debt Service				
Principal	75,000	-	68,557	26,900
Interest and fiscal charges	52,060	-	28,201	5,233
Total Expenditures	<u>128,110</u>	<u>20,730</u>	<u>100,829</u>	<u>33,489</u>
Excess (deficiency) of revenues over expenditures	<u>(18,556)</u>	<u>(4,869)</u>	<u>(43,237)</u>	<u>(17,320)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(41,000)	-	-
Property sales	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(41,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(18,556)	(45,869)	(43,237)	(17,320)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(144,135)</u>	<u>70,312</u>	<u>32,765</u>	<u>90,511</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (162,691)</u>	<u>\$ 24,443</u>	<u>\$ (10,472)</u>	<u>\$ 73,191</u>

<u>Capital Projects</u>		Total Nonmajor Governmental Funds
TIF #10		
\$ -	\$	305,293
-		515,062
-		4,084
-		25
-		413,316
-		26,035
-		<u>264,511</u>
-		<u>1,528,326</u>

-	568,897
-	543,582
-	4,812
-	192,158
351,407	379,807
-	344,387
-	270,716
<u>10,230</u>	<u>146,799</u>
<u>361,637</u>	<u>2,451,158</u>

<u>(361,637)</u>	<u>(922,832)</u>
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-	87,000
-	352,062
-	(85,451)
-	<u>2,296</u>
-	<u>355,907</u>

(361,637)	(566,925)
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<u>392,266</u>	<u>843,665</u>
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<u>\$ 30,629</u>	<u>\$ 276,740</u>
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CITY OF RHINELANDER

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS As of December 31, 2014

	Stormwater Utility	Golf Course	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets			
Receivables			
Accounts	\$ 96,558	\$ -	\$ 96,558
Other receivables	-	27,710	27,710
Due from other governments	21,528	-	21,528
Inventories and prepaid items	-	38,590	38,590
Total Current Assets	118,086	66,300	184,386
Noncurrent Assets			
Capital Assets			
Construction in progress	15,246	-	15,246
Land	35,666	-	35,666
Capital assets being depreciated	4,118,915	3,541,361	7,660,276
Less: Accumulated depreciation	(1,732,436)	(2,946,036)	(4,678,472)
Total Noncurrent Assets	2,437,391	595,325	3,032,716
Total Assets	2,555,477	661,625	3,217,102
LIABILITIES			
Current Liabilities			
Accounts payable	2,664	6,783	9,447
Accrued wages	288	1,549	1,837
Accrued interest	-	4,032	4,032
Deposits	-	1,000	1,000
Due to other funds	190,431	27,170	217,601
Current portion of general obligation debt	5,000	75,000	80,000
Current portion of compensated absences	-	8,087	8,087
Total Current Liabilities	198,383	123,621	322,004
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	40,000	510,000	550,000
Other Liabilities			
Compensated absences	-	54,641	54,641
Advances from other funds	444,339	1,005,707	1,450,046
Total Noncurrent Liabilities	484,339	1,570,348	2,054,687
Total Liabilities	682,722	1,693,969	2,376,691
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	-	6,129	6,129
NET POSITION			
Net investment in capital assets	2,392,391	10,325	2,402,716
Unrestricted (deficit)	(519,636)	(1,048,798)	(1,568,434)
TOTAL NET POSITION	\$ 1,872,755	\$ (1,038,473)	\$ 834,282

CITY OF RHINELANDER

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2014

	Stormwater Utility	Golf Course	Ambulance	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 299,958	\$ 583,280	\$ -	\$ 883,238
Total Operating Revenues	<u>299,958</u>	<u>583,280</u>	<u>-</u>	<u>883,238</u>
OPERATING EXPENSES				
Operation and maintenance	205,142	582,653	-	787,795
Depreciation	136,688	128,673	-	265,361
Total Operating Expenses	<u>341,830</u>	<u>711,326</u>	<u>-</u>	<u>1,053,156</u>
Operating Loss	<u>(41,872)</u>	<u>(128,046)</u>	<u>-</u>	<u>(169,918)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	71	-	71
Interest and fiscal charges	(1,203)	(21,818)	-	(23,021)
Contribution of infrastructure to City	(17,223)	-	-	(17,223)
Miscellaneous revenues	-	4,135	-	4,135
Gain (loss) on disposal of capital assets	-	(700)	-	(700)
Total Nonoperating Revenues (Expenses)	<u>(18,426)</u>	<u>(18,312)</u>	<u>-</u>	<u>(36,738)</u>
Net Loss Before Contributions and Transfers	<u>(60,298)</u>	<u>(146,358)</u>	<u>-</u>	<u>(206,656)</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	21,528	-	-	21,528
Transfers in	379,333	-	142,928	522,261
Transfers out	-	(33,668)	-	(33,668)
Total Contributions and Transfers	<u>400,861</u>	<u>(33,668)</u>	<u>142,928</u>	<u>510,121</u>
Change in Net Position	340,563	(180,026)	142,928	303,465
NET POSITION (DEFICIT) - Beginning of Year	<u>1,532,192</u>	<u>(858,447)</u>	<u>(142,928)</u>	<u>530,817</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 1,872,755</u>	<u>\$ (1,038,473)</u>	<u>\$ -</u>	<u>\$ 834,282</u>

CITY OF RHINELANDER

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2014

	Stormwater Utility	Golf Course	Ambulance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 264,083	\$ 555,929	\$ -	\$ 820,012
Paid to suppliers for goods and services	(106,530)	(335,149)	-	(441,679)
Paid to employees for services	(101,472)	(254,533)	-	(356,005)
Net Cash Flows From Operating Activities	<u>56,081</u>	<u>(33,753)</u>	<u>-</u>	<u>22,328</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	-	71	-	71
Net Cash Flows From Investing Activities	<u>-</u>	<u>71</u>	<u>-</u>	<u>71</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Negative cash implicitly financed	(87,721)	113,286	-	25,565
Operating transfers to other funds	-	-	(118,287)	(118,287)
Donations received	-	4,135	-	4,135
Net Cash Flows From Noncapital Financing Activities	<u>(87,721)</u>	<u>117,421</u>	<u>(118,287)</u>	<u>(88,587)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	-	225,000	-	225,000
Debt retired	(5,000)	(233,799)	-	(238,799)
Interest and fiscal charges paid	(1,203)	(21,818)	-	(23,021)
Acquisition and construction of capital assets	(275,629)	(53,122)	-	(328,751)
Contribution received for construction	313,472	-	-	313,472
Net Cash Flows From Capital and Related Financing Activities	<u>31,640</u>	<u>(83,739)</u>	<u>-</u>	<u>(52,099)</u>
Net Change in Cash and Cash Equivalents	-	-	(118,287)	(118,287)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>	<u>-</u>	<u>118,287</u>	<u>118,287</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

	Stormwater Utility	Golf Course	Ambulance	Totals
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating loss	\$ (41,872)	\$ (128,046)	\$ -	\$ (169,918)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities				
Depreciation	136,688	128,673	-	265,361
Changes in assets and liabilities				
Customer accounts receivable	(35,875)	(27,710)	-	(63,585)
Inventories and prepaid items	-	(16,136)	-	(16,136)
Accounts payable	(1,762)	2,771	-	1,009
Accrued wages	(1,098)	507	-	(591)
Deposits	-	(42)	-	(42)
Accrued compensated absences	-	6,378	-	6,378
Unearned revenues	-	(148)	-	(148)
	<u>-</u>	<u>(148)</u>	<u>-</u>	<u>(148)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 56,081</u>	<u>\$ (33,753)</u>	<u>\$ -</u>	<u>\$ 22,328</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets transferred to Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,571,081</u>	
Accrued interest transferred to Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,616</u>	
Long-term debt and unamortized premium transferred to Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,882,554</u>	
Capital assets transferred from other funds	<u>\$ 379,333</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF RHINELANDER

COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2014

	<u>Tax Collection</u>	<u>Employee Benefits</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 3,604,310	\$ 47,103	\$ 3,651,413
Taxes receivable	<u>3,916,390</u>	<u>-</u>	<u>3,916,390</u>
TOTAL ASSETS	<u>\$ 7,520,700</u>	<u>\$ 47,103</u>	<u>\$ 7,567,803</u>
LIABILITIES			
Due to other governments	\$ 7,520,700	\$ -	\$ 7,520,700
Due to employees	<u>-</u>	<u>47,103</u>	<u>47,103</u>
TOTAL LIABILITIES	<u>\$ 7,520,700</u>	<u>\$ 47,103</u>	<u>\$ 7,567,803</u>

CITY OF RHINELANDER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - COMPONENT UNITS For the Year Ended December 31, 2014

	Rhineland- Oneida County Airport	Rhineland- District Library	Totals
OPERATING REVENUES			
City appropriation	\$ 190,000	\$ 250,490	\$ 440,490
Township appropriations	-	445,674	445,674
County appropriation	-	164,278	164,278
Charges for services	901,526	-	901,526
Fines, donations, and miscellaneous	-	30,481	30,481
Total Operating Revenues	<u>1,091,526</u>	<u>890,923</u>	<u>1,982,449</u>
OPERATING EXPENSES			
Salaries and wages	402,501	484,047	886,548
Fringe benefits	153,995	195,952	349,947
Depreciation	781,697	89,791	871,488
Other expenses	<u>481,422</u>	<u>148,601</u>	<u>630,023</u>
Total Operating Expenses	<u>1,819,615</u>	<u>918,391</u>	<u>2,738,006</u>
OPERATING LOSS	(728,089)	(27,468)	(755,557)
NONOPERATING INCOME (EXPENSES)			
Investment income	297	-	297
Loss on disposal of capital assets	<u>(202)</u>	<u>(3,983)</u>	<u>(4,185)</u>
Total Nonoperating Income (Expenses)	<u>95</u>	<u>(3,983)</u>	<u>(3,888)</u>
Loss Before Contributions and Transfers	(727,994)	(31,451)	(759,445)
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	719,213	-	719,213
Transfers out	<u>(76,440)</u>	<u>(100,742)</u>	<u>(177,182)</u>
Total Contributions and Transfers	<u>642,773</u>	<u>(100,742)</u>	<u>542,031</u>
CHANGE IN NET POSITION	(85,221)	(132,193)	(217,414)
NET POSITION - Beginning of Year (as restated)	<u>9,639,908</u>	<u>350,225</u>	<u>9,990,133</u>
NET POSITION - END OF YEAR	<u>\$ 9,554,687</u>	<u>\$ 218,032</u>	<u>\$ 9,772,719</u>

CITY OF RHINELANDER

STATEMENT OF CASH FLOWS COMPONENT UNITS For the Year Ended December 31, 2014

	Rhinelanders- Oneida County Airport	Rhinelanders District Library	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers and other local governments	\$ 850,185	\$ 640,433	\$ 1,490,618
Received from municipality	190,000	250,490	440,490
Paid to suppliers for goods and services	(623,105)	(298,514)	(921,619)
Paid to employees for services	<u>(402,501)</u>	<u>(484,047)</u>	<u>(886,548)</u>
Net Cash Flows From Operating Activities	<u>14,579</u>	<u>108,362</u>	<u>122,941</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>297</u>	-	<u>297</u>
Net Cash Flows From Investing Activities	<u>297</u>	-	<u>297</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Negative cash implicitly financed	<u>(5,114)</u>	-	<u>(5,114)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(5,114)</u>	-	<u>(5,114)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	<u>(68,321)</u>	<u>(68,321)</u>
Net Cash Flows From Capital and Related Financing Activities	-	<u>(68,321)</u>	<u>(68,321)</u>
Net Change in Cash and Cash Equivalents	9,762	40,041	49,803
CASH AND CASH EQUIVALENTS - Beginning of Year	-	<u>12,182</u>	<u>12,182</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 9,762</u>	<u>\$ 52,223</u>	<u>\$ 61,985</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss	\$ (728,089)	\$ (27,468)	\$ (755,557)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities			
Depreciation	781,697	89,791	871,488
Prior year construction in progress expensed	-	46,238	46,238
Changes in assets and liabilities			
Accounts receivable	(945)	-	(945)
Taxes receivable	(11,000)	(9,235)	(20,235)
Due from other governmental units	(50,396)	-	(50,396)
Accounts payable	10,679	(2,002)	8,677
Accrued liabilities	1,633	1,803	3,436
Unearned revenue	<u>11,000</u>	<u>9,235</u>	<u>20,235</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 14,579</u>	<u>\$ 108,362</u>	<u>\$ 122,941</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets acquired via capital contributions	<u>\$ 719,213</u>	-	

CITY OF RHINELANDER

REQUIRED BOND DISCLOSURES For the Year Ended December 31, 2014

INSURANCE COVERAGE

<u>Description</u>	<u>Amount of Coverage</u>	<u>Coverage Dates</u>	<u>Name of Insurer</u>
Auto Liability	\$ 1,000,000	1/1/14 to 1/1/15	Cities & Villages Mutual Insurance Co.
Workers Compensation	100,000	1/1/14 to 1/1/15	Cities & Villages Mutual Insurance Co.
Auto Physical Damage	1,000,000	1/1/14 to 1/1/15	Cities & Villages Mutual Insurance Co.
Employment Practices	1,000,000	1/1/14 to 1/1/15	Cities & Villages Mutual Insurance Co.
Boiler and Machinery	100,000,000	1/1/14 to 1/1/15	Cities & Villages Mutual Insurance Co.
General Liability	5,000,000	1/1/14 to 1/1/15	Cities & Villages Mutual Insurance Co.

OTHER INFORMATION

<u>User Classification</u>	<u>Wastewater</u>
Residential	2,730
Commercial	543
Industrial	33
Public Authority	57
Multifamily Residential	23
Volume of Water Used - Gallons (000's)	194,075

CITY OF RHINELANDER

DETAILED SCHEDULE OF OPERATING REVENUES AND EXPENSES - WASTEWATER UTILITY For the Year Ended December 31, 2014

OPERATING REVENUES

Sewer service charges	\$ 2,559,587
Forfeited discounts	44,752
Other	48,357
Total Operating Revenues	<u>2,652,696</u>

OPERATING EXPENSES

Supervision and labor	236,309
Power	143,176
Chemicals	49,366
Operating supplies	53,656
Transportation	16,411
Maintenance	165,458
Billing, collection and accounting	64,236
Meter reading	8,869
Administrative and general salaries	119,377
Office supplies	39,221
Outside services employed	30,640
Insurance	30,812
Employee benefits	151,063
Miscellaneous general	94,881
Total Operation and Maintenance Expenses	<u>1,203,475</u>
Depreciation	1,294,723
Taxes	34,290
Total Operating Expenses	<u>2,532,488</u>

OPERATING INCOME \$ 120,208