

**CITY OF WASHBURN, WISCONSIN
WASHBURN, WISCONSIN**

**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY FINANCIAL INFORMATION**

YEAR ENDED DECEMBER 31, 2015

CITY OF WASHBURN, WISCONSIN

FINANCIAL STATEMENTS
Year Ended December 31, 2015

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CITY OF WASHBURN, WISCONSIN

FINANCIAL STATEMENTS
Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To The City Council
City of Washburn, Wisconsin

Report on the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Washburn, Wisconsin as of December 31, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, except that the city has elected not to provide the required Management Discussion and Analysis.

Emphasis of Matter

As described in Note 9, the City has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the year ended December 31, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Washburn, Wisconsin's basic financial statements. The combining and individual non major fund financial statements are presented for purposes of additional analysis and are not required part of the basic financial statements.

The combining and individual non major fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2016 on our consideration of the City of Washburn, Wisconsin'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 Washburn, Wisconsin's internal control over financial reporting and compliance.

Martland, Smigler & Van Vliet S.C.

June 10, 2016

Government-Wide Financial Statements

CITY OF WASHBURN, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Investments	\$ 3,503,731	\$ 153,823	\$ 3,657,554
Taxes Receivable	38,194	-	38,194
Accounts Receivable	218,026	278,539	496,565
Other Receivable	88,924	239,084	328,008
Due From Other Funds	295,987	-	295,987
Inventory	-	13,237	13,237
Restricted Cash and Investments	-	700,653	700,653
Land	197,665	5,125	202,790
Fixed Assets, Net	5,146,897	17,781,547	22,928,444
Net Pension Asset	144,651	29,627	174,278
	<u>9,634,075</u>	<u>19,201,635</u>	<u>28,835,710</u>
Deferred Outflows of Resources:			
Pension Related	76,658	15,390	92,048
	<u>76,658</u>	<u>15,390</u>	<u>92,048</u>
Liabilities:			
Accounts Payable	222,992	17,501	240,493
Other Accrued Expenses	13,251	61,641	74,892
Due to Other Funds	-	295,987	295,987
Unearned Revenue	32,768	-	32,768
Long Term Debt			
Due Within One Year	461,836	6,426	468,262
Due in More Than One Year	3,721,133	45,822	3,766,955
Revenue Bonds Payable			
Due Within One Year	-	165,165	165,165
Due in More Than One Year	-	7,696,733	7,696,733
	<u>4,451,980</u>	<u>8,289,275</u>	<u>12,741,255</u>
Deferred Inflows of Resources			
Property Taxes Levied for Next Fiscal Year	648,116	-	648,116
	<u>648,116</u>	<u>-</u>	<u>648,116</u>
Net Position (Deficit):			
Invested in Capital Assets	5,344,562	9,761,539	15,106,101
Restricted	-	700,653	700,653
Unrestricted (Deficit)	(733,925)	465,558	(268,367)
	<u>(733,925)</u>	<u>465,558</u>	<u>(268,367)</u>
Total Net Position	<u>\$ 4,610,637</u>	<u>\$ 10,927,750</u>	<u>\$ 15,538,387</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
STATEMENT OF ACTIVITIES
DECEMBER 31, 2015

	Program Revenues			Net (Expense), Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 379,382	\$ 116	\$ -	\$ (379,266)	\$ -	\$ (379,266)
Public Safety	761,871	313,600	12,371	(435,900)	-	(435,900)
Public Works	2,042,124	1,317,436	159,794	(564,894)	-	(564,894)
Health and Human Services	29,460	11,030	-	(18,430)	-	(18,430)
Culture, Recreation and Education	605,534	229,634	124,477	(251,423)	-	(251,423)
Conservation and Development	61,847	2,000	-	(59,847)	-	(59,847)
Subsidies	17,850	-	-	(17,850)	-	(17,850)
Debt Service	126,748	-	-	(126,748)	-	(126,748)
Nondepartmental and General	60,155	-	-	(60,155)	-	(60,155)
Loss on Disposal of Asset	2,375	-	-	(2,375)	-	(2,375)
Total Governmental Activities	<u>4,087,346</u>	<u>1,873,816</u>	<u>296,642</u>	<u>(1,916,888)</u>	<u>-</u>	<u>(1,916,888)</u>
Business-Type Activities						
Water Utility	509,190	467,721	-	-	(41,469)	(41,469)
Sewer Utility	672,501	539,045	-	-	(133,456)	(133,456)
Storm Water Utility	125,394	115,317	-	-	(10,077)	(10,077)
Total Business-Type Activities	<u>1,307,085</u>	<u>1,122,083</u>	<u>-</u>	<u>-</u>	<u>(185,002)</u>	<u>(185,002)</u>
Total Activities	<u>\$ 5,394,431</u>	<u>\$ 2,995,899</u>	<u>\$ 296,642</u>	<u>\$ (1,916,888)</u>	<u>\$ (185,002)</u>	<u>\$ (2,101,890)</u>
General Revenues:						
Taxes:						
Property Taxes				1,061,312	-	1,061,312
Room Taxes				33,858	-	33,858
Other Taxes				14,958	-	14,958
Grants and Contributions not Restricted to a Specific Program				646,437	-	646,437
Unrestricted Investment Earnings				5,192	7,014	12,206
Licenses and Permits				41,878	-	41,878
Other Income				19,393	-	19,393
Contributed Capital				41,928	35,179	77,107
Total General Revenues				<u>1,864,956</u>	<u>42,193</u>	<u>1,907,149</u>
Change in Net Position				(51,932)	(142,809)	(194,741)
Net Position - Beginning				4,422,867	11,021,463	15,444,330
GASB 68 Prior Period Adjustment				<u>239,702</u>	<u>49,096</u>	<u>288,798</u>
Net Position - Ending				<u>\$ 4,610,637</u>	<u>\$ 10,927,750</u>	<u>\$ 15,538,387</u>

The accompanying notes to the financial statements
are an integral part of these statements.

Fund Financial Statements

CITY OF WASHBURN, WISCONSIN
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Marina Operating Fund	Debt Service Fund	TIF District Fund	Capital Projects	Other Governmental Funds	Total
<u>ASSETS</u>							
Cash and Investments	\$ 1,750,396	\$ 154,729	\$ 162,868	\$ 331,179	\$ 481,819	\$ 622,740	\$ 3,503,731
Taxes Receivable	38,194	-	-	-	-	-	38,194
Accounts Receivable	164,503	-	-	-	-	53,523	218,026
Due From Other Funds	425,897	-	-	-	-	195,752	621,649
Long-Term Receivables	-	-	-	-	-	88,924	88,924
TOTAL ASSETS	<u>\$ 2,378,990</u>	<u>\$ 154,729</u>	<u>\$ 162,868</u>	<u>\$ 331,179</u>	<u>\$ 481,819</u>	<u>\$ 960,939</u>	<u>\$ 4,470,524</u>
<u>LIABILITIES AND FUND BALANCE</u>							
<u>LIABILITIES</u>							
Accounts Payable	\$ 75,076	\$ -	\$ -	\$ 3,762	\$ 140,034	\$ 4,120	\$ 222,992
Wages and Fringe Benefits Payable	13,251	-	-	-	-	-	13,251
Due to Other Funds	-	195,752	-	129,910	-	-	325,662
Unearned Revenue	32,768	-	-	-	-	-	32,768
TOTAL LIABILITIES	<u>121,095</u>	<u>195,752</u>	<u>-</u>	<u>133,672</u>	<u>140,034</u>	<u>4,120</u>	<u>594,673</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Property Taxes Levied for Next Fiscal Year	648,116	-	-	-	-	-	648,116
<u>FUND BALANCE (DEFICIT)</u>							
Non-Spendable	425,702	-	-	-	-	284,676	710,378
Restricted	-	-	162,868	-	-	-	162,868
Committed	-	-	-	-	341,785	-	341,785
Assigned	345,027	-	-	197,507	-	672,143	1,214,677
Unassigned (Deficit)	839,050	(41,023)	-	-	-	-	798,027
TOTAL FUND BALANCE (DEFICIT)	<u>1,609,779</u>	<u>(41,023)</u>	<u>162,868</u>	<u>197,507</u>	<u>341,785</u>	<u>956,819</u>	<u>3,227,735</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,378,990</u>	<u>\$ 154,729</u>	<u>\$ 162,868</u>	<u>\$ 331,179</u>	<u>\$ 481,819</u>	<u>\$ 960,939</u>	<u>\$ 4,470,524</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
RECONCILIATION OF FUND BALANCE TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2015

Total Fund Balance per Governmental Funds Balance Sheet	\$ 3,227,735
Fixed Assets, Net, Governmental Activities	5,146,897
Land, Governmental Activities	197,665
GASB 68 Pension Adjustment	221,309
Long Term General Obligation Debt	<u>(4,182,969)</u>
Governmental Activities Net Position	<u>\$ 4,610,637</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Marina Operating Fund	Debt Service Fund	TIF District Fund	Capital Projects	Other Governmental Funds	2015
REVENUES							
Taxes	\$ 648,384	\$ -	\$ 222,153	\$ 179,792	\$ 59,799	\$ -	\$ 1,110,128
Intergovernmental Revenues	856,869	-	-	594	27,155	58,461	943,079
Licenses and Permits	41,878	-	-	-	-	-	41,878
Fines, Forfeitures and Penalties	5,719	-	-	-	-	-	5,719
Public Charges for Services	497,454	919,768	-	-	-	147,816	1,565,038
Intergovernmental Charges for Services	192,409	-	-	-	-	-	192,409
Miscellaneous	12,955	12	43	160	612	122,453	136,235
Total Revenues	2,255,668	919,780	222,196	180,546	87,566	328,730	3,994,486
EXPENDITURES							
General Government	347,633	-	-	-	-	-	347,633
Public Safety	683,194	-	-	-	-	-	683,194
Public Works	591,365	932,170	-	-	-	24,089	1,547,624
Health and Human Services	28,947	-	-	-	-	-	28,947
Culture, Recreation and Education	369,132	-	-	-	-	-	369,132
Conservation and Development	12,809	-	-	-	-	48,894	61,703
Capital Outlay	45,130	-	-	75,740	713,512	256,198	1,090,580
Debt Service	4,700	-	263,336	127,023	-	60,051	455,110
Nondepartmental and General	36,404	-	-	10,286	-	13,465	60,155
Total Expenditures	2,119,314	932,170	263,336	213,049	713,512	402,697	4,644,078
REVENUES OVER (UNDER) EXPENDITURES	136,354	(12,390)	(41,140)	(32,503)	(625,946)	(73,967)	(649,592)
OTHER FINANCING SOURCES (USES)							
Proceeds from Long-Term Debt	-	-	-	365,000	353,731	-	718,731
Transfers In	1,562	-	-	-	-	32,799	34,361
Transfers (Out)	-	-	-	-	-	(34,361)	(34,361)
Total Other Financing Sources (Uses)	1,562	-	-	365,000	353,731	(1,562)	718,731
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	137,916	(12,390)	(41,140)	332,497	(272,215)	(75,529)	69,139
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	1,471,863	(28,633)	204,008	(134,990)	614,000	1,032,348	3,158,596
FUND BALANCE (DEFICIT), END OF YEAR	\$ 1,609,779	\$ (41,023)	\$ 162,868	\$ 197,507	\$ 341,785	\$ 956,819	\$ 3,227,735

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2015

Revenues and Sources Over expenditures and other uses reported in the Governmental Funds Statements	\$	69,139
Revenues reported in the Governmental Funds Statement not included in the Statement of Activities:		
Long Term Debt Incurred		(718,731)
Sale of Asset		(1,000)
Expenditures on the Statement of Activities not included in the Governmental Funds Statement:		
Depreciation		(303,375)
Loss on Disposition of Assets		(2,375)
GASB 68 Pension Expense		(18,393)
Expenditures reported in the Governmental Funds Statement not included in the Statement of Activities:		
Fixed asset additions		543,126
Long-term debt repayment		370,290
Decrease in Vacation and Sick Leave Liability		9,387
Change in net position reported on the Statement of Activities	\$	(51,932)

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL . GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES			
Taxes	\$ 649,598	\$ 648,384	\$ (1,214)
Intergovernmental Revenue	855,452	856,869	1,417
Licenses and Permits	33,870	41,878	8,008
Fines, Forfeitures and Penalties	8,500	5,719	(2,781)
Public Charges for Services	461,400	497,454	36,054
Intergovernmental Charges for Services	186,045	192,409	6,364
Miscellaneous	6,800	12,955	6,155
	<u>2,201,665</u>	<u>2,255,668</u>	<u>54,003</u>
TOTAL REVENUES			
EXPENDITURES			
General Government	382,601	347,633	34,968
Public Safety	726,374	683,194	43,180
Public Works	648,499	591,365	57,134
Health and Human Services	44,974	28,947	16,027
Culture, Recreation and Education	371,914	369,132	2,782
Conservation and Development	30,103	12,809	17,294
Capital Outlay	17,600	45,130	(27,530)
Debt Service	1,900	4,700	(2,800)
Nondepartmental and General	31,500	36,404	(4,904)
	<u>2,255,465</u>	<u>2,119,314</u>	<u>136,151</u>
TOTAL EXPENDITURES			
REVENUES OVER (UNDER) EXPENDITURES	<u>(53,800)</u>	<u>136,354</u>	<u>190,154</u>
OTHER FINANCING SOURCES			
Operating Transfers In	53,800	1,562	(52,238)
REVENUES AND OTHER SOURCES OVER EXPENDITURES			
	-	137,916	137,916
FUND BALANCE, BEGINNING OF YEAR	<u>1,471,863</u>	<u>1,471,863</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,471,863</u>	<u>\$ 1,609,779</u>	<u>\$ 137,916</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL . MARINA OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Public Charges for Services	\$ -	\$ 919,768	\$ -
Miscellaneous	-	12	-
	<u>-</u>	<u>919,780</u>	<u>-</u>
TOTAL REVENUES	<u>-</u>	<u>919,780</u>	<u>-</u>
EXPENDITURES			
Public Works	-	932,170	-
	<u>-</u>	<u>932,170</u>	<u>-</u>
REVENUES OVER EXPENDITURES	-	(12,390)	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>(28,633)</u>	<u>-</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ (41,023)</u>	<u>\$ -</u>
	(1)		

(1) No formal budget adopted.

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL . DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 222,153	\$ 222,153	\$ -
Miscellaneous	<u> -</u>	<u> 43</u>	<u> 43</u>
TOTAL REVENUES	<u>222,153</u>	<u>222,196</u>	<u>43</u>
EXPENDITURES			
Debt Service	<u>222,153</u>	<u>263,336</u>	<u>(41,183)</u>
REVENUES (UNDER) EXPENDITURES	<u> -</u>	<u>(41,140)</u>	<u>(41,140)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>204,008</u>	<u>204,008</u>	<u> -</u>
FUND BALANCE, END OF YEAR	<u>\$ 204,008</u>	<u>\$ 162,868</u>	<u>\$ (41,140)</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL . TIF DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original and Final Budget	Actual	Variance - Positive (Negative)
REVENUES			
Taxes	\$ 179,792	\$ 179,792	\$ -
Intergovernmental Revenue	334,769	594	(334,175)
Miscellaneous	150	160	10
	<u>514,711</u>	<u>180,546</u>	<u>(334,165)</u>
TOTAL REVENUES			
EXPENDITURES			
Capital Outlay	766,175	75,740	690,435
Debt Service	201,356	127,023	74,333
Nondepartmental and General	6,000	10,286	(4,286)
	<u>973,531</u>	<u>213,049</u>	<u>760,482</u>
TOTAL EXPENDITURES			
REVENUES (UNDER) EXPENDITURES	<u>(458,820)</u>	<u>(32,503)</u>	<u>426,317</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Long-Term Debt	365,000	365,000	-
Operating Transfers In	103,156	-	(103,156)
Operating Transfers (Out)	(46,000)	-	46,000
	<u>422,156</u>	<u>365,000</u>	<u>(57,156)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(36,664)	332,497	369,161
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(134,990)</u>	<u>(134,990)</u>	<u>-</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (171,654)</u>	<u>\$ 197,507</u>	<u>\$ 369,161</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL . CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original and Final Budget	Actual	Variance - Positive (Negative)
REVENUES			
Taxes	\$ 59,799	\$ 59,799	\$ -
Intergovernmental Revenue	353,405	27,155	(326,250)
Miscellaneous	<u>-</u>	<u>612</u>	<u>612</u>
TOTAL REVENUES	<u>413,204</u>	<u>87,566</u>	<u>(325,638)</u>
EXPENDITURES			
Capital Outlay	<u>930,250</u>	<u>713,512</u>	<u>216,738</u>
REVENUES (UNDER) EXPENDITURES	<u>(517,046)</u>	<u>(625,946)</u>	<u>(108,900)</u>
OTHER FINANCING SOURCES			
Proceeds from Long-Term Debt	-	353,731	353,731
Operating Transfers In	<u>182,500</u>	<u>-</u>	<u>(182,500)</u>
TOTAL OTHER FINANCING SOURCES	<u>182,500</u>	<u>353,731</u>	<u>171,231</u>
REVENUES AND OTHER SOURCES (UNDER) EXPENDITURES	(334,546)	(272,215)	62,331
FUND BALANCE, BEGINNING OF YEAR	<u>614,000</u>	<u>614,000</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 279,454</u>	<u>\$ 341,785</u>	<u>\$ 62,331</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Business Type Activities			Total
	Water Utility	Sewer Utility	Storm Water Utility	
Assets				
Current Assets				
Cash and Investments	\$ 169,225	\$ (116,454)	\$ 101,052	\$ 153,823
Accounts Receivable	119,568	132,850	26,121	278,539
Other Receivable	125,241	110,702	3,141	239,084
Inventory	12,544	693	-	13,237
Due from Other Funds	132,441	-	-	132,441
Total Current Assets	<u>559,019</u>	<u>127,791</u>	<u>130,314</u>	<u>817,124</u>
Restricted Cash and Investment	<u>293,081</u>	<u>407,572</u>	<u>-</u>	<u>700,653</u>
Capital Assets				
Fixed Assets (Net of Accumulated Depreciation)	<u>7,672,059</u>	<u>8,285,616</u>	<u>1,828,997</u>	<u>17,786,672</u>
Other Assets				
Net Pension Asset	<u>12,374</u>	<u>15,336</u>	<u>1,917</u>	<u>29,627</u>
Total Assets	<u>\$8,536,533</u>	<u>\$8,836,315</u>	<u>\$1,961,228</u>	<u>\$ 19,334,076</u>
Deferred Outflows of Resources				
Pension Related	<u>\$ 6,535</u>	<u>\$ 7,842</u>	<u>\$ 1,013</u>	<u>\$ 15,390</u>
Liabilities				
Current Liabilities				
Accounts Payable	\$ 8,134	\$ 7,474	\$ 1,893	\$ 17,501
Other Accrued Expenses	25,682	35,959	-	61,641
Due to Other Funds	-	317,441	110,987	428,428
General Obligation Bonds and Notes Payable				
Due Within One Year	2,184	4,242	-	6,426
Revenue Bonds and Notes Payable				
Due Within One Year	<u>62,930</u>	<u>102,235</u>	<u>-</u>	<u>165,165</u>
Total Current Liabilities	<u>98,930</u>	<u>467,351</u>	<u>112,880</u>	<u>679,161</u>
Noncurrent Liabilities				
General Obligation Bonds and Notes Payable				
Due in More Than One Year	16,133	29,689	-	45,822
Revenue Bonds and Notes Payable				
Due in More Than One Year	<u>3,411,049</u>	<u>4,285,684</u>	<u>-</u>	<u>7,696,733</u>
Total Noncurrent Liabilities	<u>3,427,182</u>	<u>4,315,373</u>	<u>-</u>	<u>7,742,555</u>
Total Liabilities	<u>3,526,112</u>	<u>4,782,724</u>	<u>112,880</u>	<u>8,421,716</u>
Net Position				
Invested in Capital Assets	4,179,763	3,863,766	1,718,010	9,761,539
Unrestricted				
Designated	293,081	407,572	-	700,653
Undesignated (Deficit)	<u>544,112</u>	<u>(209,905)</u>	<u>131,351</u>	<u>465,558</u>
Total Net Position	<u>\$5,016,956</u>	<u>\$4,061,433</u>	<u>\$1,849,361</u>	<u>\$ 10,927,750</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business Type Activities			Total
	Water Utility	Sewer Utility	Storm Water Utility	
OPERATING REVENUE				
User Fees	\$ 455,955	\$ 512,551	\$ 111,712	\$ 1,080,218
Forfeited Discounts	2,766	8,505	1,877	13,148
Other Revenue	9,000	17,989	1,728	28,717
TOTAL OPERATING REVENUE	467,721	539,045	115,317	1,122,083
OPERATING EXPENSES				
Operating Salaries	51,788	72,948	7,232	131,968
Utilities	17,066	38,523	-	55,589
Supplies	8,034	17,407	-	25,441
Transportation	1,530	2,020	-	3,550
Administrative Salaries	21,775	21,760	11,186	54,721
Office Supplies	1,608	2,705	396	4,709
Outside Services	8,478	42,877	-	51,355
Insurance	8,000	8,000	900	16,900
Employee Benefits	26,578	34,032	6,233	66,843
Depreciation	171,562	214,987	36,228	422,777
Taxes	5,734	6,898	1,338	13,970
Repairs	33,232	5,411	1,408	40,051
Regulatory Commission	131	4,222	-	4,353
Other	3,896	5,130	-	9,026
TOTAL OPERATING EXPENSES	359,412	476,920	64,921	901,253
OPERATING INCOME	108,309	62,125	50,396	220,830
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	3,275	3,455	284	7,014
Interest Charges/Debt Service	(149,778)	(195,581)	(60,473)	(405,832)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(146,503)	(192,126)	(60,189)	(398,818)
(LOSS) BEFORE CAPITAL CONTRIBUTIONS	(38,194)	(130,001)	(9,793)	(177,988)
Capital Contributions	32,700	10,470	-	43,170
Amortization of Contributions	-	(7,991)	-	(7,991)
CHANGE IN NET POSITION	(5,494)	(127,522)	(9,793)	(142,809)
NET POSITION, BEGINNING OF YEAR	5,001,945	4,163,541	1,855,977	11,021,463
GASB 68 PRIOR PERIOD ADJUSTMENT	20,505	25,414	3,177	49,096
NET POSITION, END OF YEAR	\$ 5,016,956	\$4,061,433	\$1,849,361	\$10,927,750

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
STATEMENT OF CASH FLOWS . PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Water Utility	Sewer Utility	Storm Water Utility	Total
Operating Activities				
Receipts from Customers and Users	\$ 462,274	\$ 532,978	\$ 110,789	\$ 1,106,041
Payments to Suppliers	(67,563)	(129,959)	(1,804)	(199,326)
Payments to Employees	(113,801)	(135,406)	(24,749)	(273,956)
Net Cash Provided by Operating Activities	<u>280,910</u>	<u>267,613</u>	<u>84,236</u>	<u>632,759</u>
Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(44,259)	(29,154)	-	(73,413)
Net Long Term Debt Retired	(62,785)	(102,327)	-	(165,112)
Interest Paid/Debt Service	(150,225)	(196,322)	(70,473)	(417,020)
Capital Contributions/Amortization	32,700	2,480	-	35,180
Change in Restricted Assets	(15,829)	(13,684)	-	(29,513)
Net Cash (Used) by Capital and Related Financing Activities	<u>(240,398)</u>	<u>(339,007)</u>	<u>(70,473)</u>	<u>(649,878)</u>
Investing Activities				
Interest Received	<u>3,275</u>	<u>3,455</u>	<u>284</u>	<u>7,014</u>
Net Increase (Decrease) in Cash	43,787	(67,939)	14,047	(10,105)
Cash at Beginning of Year	<u>125,438</u>	<u>(48,515)</u>	<u>87,005</u>	<u>163,928</u>
Cash at End of Year	<u>\$ 169,225</u>	<u>\$ (116,454)</u>	<u>\$ 101,052</u>	<u>\$ 153,823</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 108,309	\$ 62,125	\$ 50,396	\$ 220,830
Depreciation and Amortization	171,562	214,987	36,228	422,777
(Increase) Decrease in				
Customer Receivables	(5,447)	(6,067)	(4,528)	(16,042)
Inventories	1,902	4	-	1,906
Deferred Outflows of Resources	1,596	2,236	247	4,079
Increase (Decrease) in				
Accounts Payable and Accrued Expenses	<u>2,988</u>	<u>(5,672)</u>	<u>1,893</u>	<u>(791)</u>
Net Cash Provided by Operating Activities	<u>\$ 280,910</u>	<u>\$ 267,613</u>	<u>\$ 84,236</u>	<u>\$ 632,759</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Washburn was incorporated March 24, 1904, under the provisions of the State of Wisconsin Statutes. The City operates under a Council-Mayor form of government and provides the following services: public safety, highway and streets, sanitation, health and social services, cultural and recreational, education, public improvements, planning and zoning, and general administrative services.

A. The Reporting Entity

The reporting entity for the City is based upon criteria set forth by the Government Accounting Standards Board. All functions of the City for which it exercises oversight responsibility are included. The oversight responsibility includes but is not limited to, financial interdependency between the City and any other governmental entity; control by the City over selection of the entity's governing authority or designation of management; the ability of the City to significantly influence operations of the entity; and whether the City is responsible for the accountability for fiscal matters. Based on the foregoing criteria, the financial statements of no other organizations are included in the accompanying financial statements.

A summary of the City's significant accounting policies, which conform to generally accepted accounting principles for local governmental units, in the preparation of the accompanying financial statements follows.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or activity. *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 activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing or related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF WASHBURN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenues, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Marina Operating Fund** accounts for the revenues and expenditures of the operations of the City owned marina.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long term debt principal, interest and related cost.

The **TIF District Special Revenue Fund** The TIF District Special Revenue Fund accounts for improvements to specific locations of The City. The debt generated by these improvements will be paid by future property tax revenues from within those locations.

The **Capital Projects Fund** is used to account for the financial resources to be used for the acquisition of capital assets, but excludes the acquisition of assets financed by the Enterprise Funds.

Additionally, the City reports the following fund types:

The **Enterprise Funds** account for activities for which a fee is charged to external users for goods or services related to the Washburn Water, Sewer and Storm Water Utilities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 for services 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.

CITY OF WASHBURN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contribution. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 City's business type activities are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Budgets

The City adopts an annual budget for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. The amounts shown in the financial statements represent the original budget plus any amendments as approved by the City Council.

E. Investments

Investments are state at cost or amortized cost, which approximates market.

F. Cash and Equivalents

For purposes of the statement of cash flows, the City considers cash equivalents to include cash and investments having an original maturity of three months or less.

G. Inventories

Inventories held by the Water and Sewer Utilities are priced at the lower of cost (first in, first out) or market.

H. Property Taxes

The aggregate amount of property taxes to be levied for City purposes is determined according to provision of Chapter 120 of the Wisconsin Statutes. Property taxes attach an enforceable lien as of January 1.

Property taxes are recognized as City revenue in the fiscal year they are levied.

I. Accounts Receivable

Accounts receivable in the governmental funds are recorded as gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material

J. Restrictions, Reservations and Designations

In the government-wide and proprietary fund statements, the City reports restricted net position when constraints placed on net asset use are either external imposed by creditors (such as through general obligation bond covenants) or other governments, or established through constitutional provisions or enabling legislation (such as for certain property taxes).

CITY OF WASHBURN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Federal and State Aids

Federal and State aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenues.

L. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined for financial statement purposes as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Land Improvements	20-50
Equipment	3-20
Vehicles	3-20

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Deferred Inflows of Resources

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

CITY OF WASHBURN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

O. Fund Equity

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the city council - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the city's intent to be used for specific purposes, but are neither restricted nor committed. The City council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the city's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned in order as needed.

NOTE 2 - CASH AND INVESTMENTS

The City is required to invest its funds in accordance with Wisconsin Statutes 66.04(2) and 67.11(2).

The Debt Service Fund and Capital Projects Fund account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the Special Revenue Fund uses separate and distinct accounts.

Deposits: Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

At year-end, the carrying amount of the City's deposits was \$4,358,207 and the bank balance was \$4,370,397. Of the bank balance, \$250,000 was covered by federal depository insurance, \$400,000 was covered by the State of Wisconsin Public Deposit Guaranty Fund, and the remaining balance was covered by securities held by Bremer Bank in the City's name.

CITY OF WASHBURN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 3 - DUE FROM/TO OTHER FUNDS

Individual fund interfund receivable and payable balances on December 31, 2015, are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 425,897	\$ -
Special Revenue Funds		
TIF District	-	129,910
Harbor Commission	195,752	-
Marina Operating	-	195,752
Enterprise Fund		
Water Utility	132,441	-
Sewer Utility	-	317,441
Storm Water Utility	-	110,987
	<u> </u>	<u> </u>
Total	<u>\$ 754,090</u>	<u>\$ 754,090</u>

Interfund Transfers In (Out) were also recorded in 2015 as follows:

	Transfers In	Transfer Out	Purpose
General Fund	\$ 1,562	\$ -	Close Fund
PD Crime Prevention	-	1,562	Close Fund
Bayfield Street Improvement	8,592	-	Close Fund
Community Development	-	8,592	Close Fund
Park Outlay	24,207	-	Close Fund
Civic Center	-	21,380	Close Fund
Skateboard Park	-	2,827	Close Fund
	<u> </u>	<u> </u>	
Total	<u>\$ 34,361</u>	<u>\$ 34,361</u>	

NOTE 4 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following functions had an excess of actual expenditures over budget for the year ended December 31, 2015:

Individual Fund	Excess Expenditures
General Fund	
Capital Outlay	\$ 27,530
Debt Service	2,800
Nondepartmental and General	4,904
Debt Service Fund	
Debt Service	41,183
TIF District Fund	
Nondepartmental and General	4,286

CITY OF WASHBURN, WISCONSIN
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2015

NOTE 5 - FUND BALANCES

Portions of retained earnings are designated for specific purposes and are not available for current purposes as follows:

Water Utility	\$ 293,081
Sewer Utility	407,572

Amounts for specific purposes by fund and fund balance classification for the year ended December 31, 2015 are as follows:

<u>Classification Fund</u>	<u>Purpose</u>	<u>Amount</u>
Non-Spendable		
General Fund	Due from Other Funds	\$ 425,702
Harbor Commission	Due from Other Funds	195,752
Economic Development	Long-Term Receivables	88,924
Restricted		
Debt Service	Debt Retirement	162,868
Committed		
Capital Improvements	Capital Projects	341,785
Assigned		
General Fund	Cemetery Care	39,043
	Police Counteract Funds	2,236
	Refuse Savings	60,522
	Tax Levy Reduction	243,226
Housing Grant	Development	24,284
TIF Districts	Improvements	197,507
Harbor Commission	Harbor Activity	345,427
Economic Development	Development	123,640
Bayfield Street	Bayfield Street Improvements	57,925
Library Board	Library	7,195
Park Outlay	Park Improvements	103,265
Defibrillator Campaign	Ambulance Expenditures	10,407
Unassigned (Deficit)		
General Fund		839,050
Marina Operating Fund	Marina Operations	<u>(41,023)</u>
TOTAL FUND BALANCE		<u><u>\$3,227,735</u></u>

CITY OF WASHBURN, WISCONSIN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 6 - FIXED ASSETS

The following table summarizes the capital asset activity of the primary government for the year ended December 31, 2015:

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 170,385	\$ 27,280	\$ -	\$ 197,665
Capital assets, being depreciated:				
Buildings and improvements	2,319,387	-	-	2,319,387
Machinery and equipment	3,183,274	515,846	7,500	3,691,620
Property in the open	3,789,672	-	-	3,789,672
Total capital assets being depreciated	9,292,333	515,846	7,500	9,800,679
Less accumulated depreciation	4,354,532	303,375	4,125	4,653,782
Total capital assets being depreciated, net	4,937,801	212,471	3,375	5,146,897
Governmental activities capital assets, net	<u>\$ 5,108,186</u>	<u>\$ 239,751</u>	<u>\$ 3,375</u>	<u>\$ 5,344,562</u>

Depreciation expense was charged to the functions in the Statement of Activities as follows:

Function	Amount
General Government	\$ 5,679
Public Safety	71,525
Public Works	201,105
Health and Human Services	445
Culture, Recreation and Education	24,621
Total Depreciation Expense	<u>\$ 303,375</u>

CITY OF WASHBURN, WISCONSIN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 6 . FIXED ASSETS - CONTINUED

Business-type activities . Water, Sewer and Storm Water Utilities:

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
Capital assets, not being depreciated:				
Land	\$ 5,125	\$ -	\$ -	\$ 5,125
Capital assets, being depreciated:				
Construction in progress	2,322	-	-	2,322
Buildings	2,826,641	-	-	2,826,641
Equipment	19,624,254	73,412	650	19,697,016
Total capital assets	22,453,217	73,412	650	22,525,979
Less accumulated depreciation	4,322,305	422,777	650	4,744,432
Total capital assets being depreciated, net	<u>\$ 18,130,912</u>	<u>\$ (349,365)</u>	<u>\$ -</u>	<u>\$ 17,781,547</u>
Total Capital Assets	<u>\$ 18,136,037</u>	<u>\$ (349,365)</u>	<u>\$ -</u>	<u>\$ 17,786,672</u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of long-term debt of the City of Washburn, Wisconsin, for the year ended December 31, 2015:

	Balance 01/01/15	Additions	Reductions	Balance 12/31/15	Due Within One Year
General Obligation					
Debt Payable	\$ 3,789,656	\$ 718,731	\$ 376,814	\$ 4,131,573	\$ 458,262
Accrued Vacation and Sick Leave Liability	113,031	-	9,387	103,644	10,000
Sub-total	3,902,687	718,731	386,201	4,235,217	468,262
Revenue Bond Payable	8,020,486	-	158,588	7,861,898	165,165
Total Long-Term Debt	<u>\$ 11,923,173</u>	<u>\$ 718,731</u>	<u>\$ 544,789</u>	<u>\$ 12,097,115</u>	<u>\$ 633,427</u>

Total interest paid during the year aggregated \$488,755.

CITY OF WASHBURN, WISCONSIN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7 - LONG-TERM DEBT - CONTINUED

General obligation long-term debt payable at December 31, 2015 is comprised of the following:

General Obligation	2015	2014	Due Within One Year
\$250,000 general obligation note for marina upgrade, interest at 5.22%, matures 7/1/2019	\$ 63,292	\$ 79,957	\$ 16,665
\$646,000 general obligation note payable to Bremer Bank, variable interest rate from 3.0 to 4.25%, matures 6/1/2015	371,854	403,516	33,309
\$350,000 general obligation note payable to Bremer Bank, for marina operations, interest at 5.75%, matures 9/4/2012	160,352	189,677	31,193
\$840,000 general obligation bonds for the city garage, variable interest rate from 2.0 to 4.75%, matures 5/1/2030	640,000	670,000	30,000
\$1,575,000 general obligation refunding bonds, Series 2011 A, variable interest rate from 1.00% to 3.20%, maturing 12/1/2022. (4.59% of this obligation is being serviced, principal and interest, by the Water and Sewer Enterprise funds.)	1,055,000	1,190,000	140,000
\$465,000 general obligation promissory note for 2011 for reconstruction of marina bulkhead wall, interest at 5.25%, maturing November 21, 2021.	253,568	296,128	44,780
\$150,000 general obligation note for marina improvements, interest at 4.97%, maturing December 18, 2021.	117,970	134,378	17,317
\$160,000 general obligation State Trust Fund Loan for land purchase, interest at 3.5%, maturing March 15, 2023.	160,000	160,000	16,306
\$166,000 general obligation State Trust Fund Loan to refinance 2010 promissory note for capital improvements, interest at 3.5%, maturing March 15, 2023	166,000	166,000	16,917
\$500,000 general obligation note payable 500,000 to Bremer Bank for capital improvements, interest at 3.25%, maturing November 10, 2024	456,967	500,000	44,410
\$353,731 general obligation capital lease payable for street department equipment, interest at 2.9%, maturing February 28, 2025	321,570	-	31,732
\$365,000 general obligation State Trust fund Loan for Marina Boat Ramp Project, interest at 3.5%, maturing March 15, 2024	<u>365,000</u>	<u>-</u>	<u>35,633</u>
Total General Obligation Long-Term Debt	<u>\$ 4,131,573</u>	<u>\$ 3,789,656</u>	<u>\$ 458,262</u>

CITY OF WASHBURN, WISCONSIN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7 - LONG-TERM DEBT - CONTINUED

Revenue Bonds	2015	2014	Due Within One Year
\$2,691,000 sewer revenue bonds; interest at 4.5%, matures 11/1/2036	\$ 1,960,300	\$ 2,015,800	\$ 58,000
\$3,829,410 Rural Services 2005 Water Revenue Bonds, interest at 4.25%, matures 5/12/2045	3,343,721	3,399,753	58,438
\$175,175 Rural Services 2005 Special Assessment Water B Bonds, interest at 4.25%, matures 5/12/2044	130,258	134,750	4,492
\$2,658,510 Rural Services 2005 Sewer Revenue Bonds, interest at 4.25%, matures 5/12/2045	2,321,325	2,360,224	40,570
\$142,947 Rural Services 2005 Special Assessment Sewer B Bonds, interest at 4.25%, matures 5/12/2044	<u>106,294</u>	<u>109,959</u>	<u>3,665</u>
Total Revenue Bonds Long-Term Debt	<u>\$ 7,861,898</u>	<u>\$ 8,020,486</u>	<u>\$ 165,165</u>

The City has the following legal borrowing capacity available:

5% Debt Ceiling of \$117,317,200*	\$5,865,860
12/31/15 General Obligation Debt	<u>4,131,573</u>

Excess Available for Borrowing	<u>\$1,734,287</u>
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*2015 Equalized Valuation

The annual requirements to amortize all debt outstanding as of December 31, 2015, including interest payments of \$6,403,443 are as follows:

Year Ending December 31	<u>General Obligation</u>		<u>Revenue Bonds</u>		<u>Total</u>		<u>Total Due</u>
	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 458,262	\$ 157,373	\$ 165,165	\$ 337,990	\$ 623,427	\$ 495,363	\$ 1,118,790
2017	482,767	138,243	172,018	330,781	654,785	469,024	1,123,809
2018	500,057	120,547	179,253	323,272	679,310	443,819	1,123,129
2019	519,538	101,685	186,679	315,447	706,217	417,132	1,123,349
2020	509,451	82,134	194,503	307,297	703,954	389,431	1,093,385
2021-2025	1,406,498	180,581	1,102,055	1,401,734	2,508,553	1,582,315	4,090,868
2026-2030	255,000	34,119	1,355,232	1,139,905	1,610,232	1,174,024	2,784,256
2031-2035	-	-	1,668,864	817,633	1,668,864	817,633	2,486,497
2036-2040	-	-	1,431,581	461,193	1,431,581	461,193	1,892,774
2041-2045	-	-	1,406,548	153,509	1,406,548	153,509	1,560,057
	<u>\$ 4,131,573</u>	<u>\$ 814,682</u>	<u>\$ 7,861,898</u>	<u>\$ 5,588,761</u>	<u>\$11,993,471</u>	<u>\$ 6,403,443</u>	<u>\$ 18,396,914</u>

CITY OF WASHBURN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2015

NOTE 8 . PRIOR PERIOD ADJUSTMENT

The government-wide and proprietary net positions for December 31, 2015 were restated below to adjust the beginning balances of the City to add the beginning net position liability in order to be in accordance with GASB 68. The opening net asset were restated as follows:

	Governmental Activities	Water Utility Fund	Sewer Utility Fund	Storm Water Utility Fund
Deferred Outflows, Inflows and Net Pension Asset	\$ 239,702	\$ 20,505	\$ 25,414	\$ 3,177

NOTE 9 . EMPLOYER PENSION PLAN

General Information about the Pension Plan

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

CITY OF WASHBURN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 9 . EMPLOYER PENSION PLAN - CONTINUED

amount below the original, guaranteed amount (the ~~floor~~) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

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

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

During the reporting period, the WRS recognized \$58,370 in contributions from the employer

Contribution rates as of December 31, 2015 are:

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

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

At December 31, 2015, the City of Washburn, Wisconsin reported a liability (asset) of (\$174,278) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City of Washburn, Wisconsin's proportion of the net pension liability (asset) was based on the City of Washburn, Wisconsin's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the City of Washburn, Wisconsin's proportion was .00709520%, which was an increase of .00020295% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2015, the City of Washburn, Wisconsin recognized pension expense of \$80,842.

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

CITY OF WASHBURN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 9 . EMPLOYER PENSION PLAN - CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$20,307	\$0
Changes in assumptions	0	0
Net differences between projected and actual earnings on pension plan investments	67,833	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,908	0
Employer contributions subsequent to the measurement date	0	0
Total	\$92,048	\$0

No amounts reported as deferred outflows related to pension resulting from the WRS Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflow of Resources	Deferred Inflows of Resources
2016	\$22,472	\$0
2017	22,472	0
2018	22,472	0
2019	22,472	0
2020	2,160	0
Total	92,048	0

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

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

CITY OF WASHBURN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 9 . EMPLOYER PENSION PLAN - CONTINUED

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

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

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

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

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

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

CITY OF WASHBURN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 9 . EMPLOYER PENSION PLAN - CONTINUED

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
City of Washburn, Wisconsin's proportionate share of the net pension liability (asset)	\$491,667	(\$174,278)	(\$700,214)

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

Payables to the pension plan

At December 31, 2015, the City of Washburn, Wisconsin has recorded \$10,306 as a payable to the Wisconsin Retirement System. This amount represents the December 2015 expense payable by January 31, 2016.

NOTE 10 - RURAL SERVICES RESERVE FUND

In accordance with the various revenue bond ordinances, the City is required to deposit on a quarterly or semi-annual basis into reserve accounts until a specified amount is reached. Amounts on deposit in these funds shall be used only to pay principal and interest due on the obligations issued when amounts in the City's standard redemption funds are insufficient. The issues and amounts are as follows:

\$2,691,000 Sewer Revenue bonds - \$3,067 deposited monthly until the amount of \$142,680 is reached. At year end the City had accumulated \$150,013 in this account.

\$3,829,410 Water Revenue bonds - \$9,997 deposited semi-annually until the amount of \$199,932 is reached. At year end the City had accumulated \$210,793 in this account.

\$2,658,510 Sewer Revenue bonds - \$6,940 deposited semi-annually until the amount of \$138,800 is reached. At year end the City had accumulated \$146,334 in this account.

NOTE 11 . SUBSEQUENT EVENTS

The date through which events occurring after December 31, 2015 have been evaluated for possible adjustments to the financial statements or disclosure is June 10, 2016, which is the date on which the financial statements were available to be issued.

Required Supplemental Financial Information

CITY OF BAYFIELD, WISCONSIN
 SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED DECEMBER 31, 2015

**SCHEDULE OF CITY OF WASHBURN, WISCONSIN'S PROPORTIONATE SHARE OF THE NET
 PENSION LIABILITY (ASSET)**
 Wisconsin Retirement System
 Last 10 Fiscal Years*

2014	
City of Washburn, Wisconsin's proportion of the net pension liability (asset)	.0070952%
City of Washburn, Wisconsin's proportionate share of the net pension liability (asset)	(\$174,278)
City of Washburn, Wisconsin's covered-employee payroll	\$856,178
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

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

SCHEDULE OF CITY OF WASHBURN, WISCONSIN CONTRIBUTIONS
 Wisconsin Retirement System
 Last 10 Fiscal Years*

	2014	2015
Contractually required contributions	\$67,294	\$58,370
Contributions in relation to the contractually required contributions	\$67,294	\$58,370
Contribution deficiency (excess)	\$0	\$0
City of Washburn, Wisconsin's covered-employee payroll	\$856,178	\$857,520
Contributions as a percentage of covered-employee payroll	7.86%	6.8%

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

CITY OF WASHBURN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

Other Supplemental Financial Information

CITY OF WASHBURN, WISCONSIN
GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2015 AND 2014

	2015	2014
<u>ASSETS</u>		
Cash and Investments, at Cost	\$ 1,750,396	\$ 1,799,199
Taxes Receivable	38,194	44,197
Accounts Receivable	164,503	162,530
Due from Other Funds	425,897	455,897
 TOTAL ASSETS	 \$ 2,378,990	 \$ 2,461,823
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 75,076	\$ 83,058
Wages and Fringe Benefits Payable	13,251	11,181
Deferred Revenue	32,768	34,752
 TOTAL LIABILITIES	 121,095	 128,991
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Property Taxes Levied for Next Fiscal Year	648,116	860,969
 <u>FUND BALANCE</u>		
Non-Spendable	425,702	305,792
Assigned	345,027	116,439
Unassigned	839,049	1,049,632
 TOTAL FUND BALANCE	 1,609,778	 1,471,863
 TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCE	 \$ 2,378,989	 \$ 2,461,823

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL . GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2014

	2015			2014 Actual
	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)	
REVENUES				
Taxes	\$ 649,598	\$ 648,384	\$ (1,214)	\$ 563,791
Intergovernmental Revenue	855,452	856,869	1,417	866,275
Licenses and Permits	33,870	41,878	8,008	43,555
Fines, Forfeitures and Penalties	8,500	5,719	(2,781)	7,238
Public Charges for Services	461,400	497,454	36,054	465,979
Intergovernmental Charges for Services	186,045	192,409	6,364	189,303
Miscellaneous	6,800	12,955	6,155	28,740
TOTAL REVENUES	<u>2,201,665</u>	<u>2,255,668</u>	<u>54,003</u>	<u>2,164,881</u>
EXPENDITURES				
General Government	382,601	347,633	34,968	366,258
Public Safety	726,374	683,194	43,180	670,052
Public Works	648,499	591,365	57,134	592,848
Health and Human Services	44,974	28,947	16,027	26,707
Culture, Recreation and Education	371,914	369,132	2,782	339,880
Conservation and Development	30,103	12,809	17,294	23,106
Capital Outlay	17,600	45,130	(27,530)	16,300
Debt Service	1,900	4,700	(2,800)	1,900
Nondepartmental and General	31,500	36,404	(4,904)	62,199
TOTAL EXPENDITURES	<u>2,255,465</u>	<u>2,119,314</u>	<u>136,151</u>	<u>2,099,250</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(53,800)</u>	<u>136,354</u>	<u>190,154</u>	<u>65,631</u>
OTHER FINANCING SOURCES				
Operating Transfers In	53,800	1,562	(52,238)	-
REVENUES AND OTHER SOURCES				
EXPENDITURES	-	137,916	137,916	65,631
FUND BALANCE, BEGINNING OF YEAR	<u>1,471,863</u>	<u>1,471,863</u>	<u>-</u>	<u>1,406,232</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,471,863</u>	<u>\$ 1,609,779</u>	<u>\$ 137,916</u>	<u>\$ 1,471,863</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
GENERAL FUND
SCHEDULE OF REVENUES . BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE ACUTAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2014
2015

	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)	2014 Actual
Taxes				
General Property Tax	\$ 599,568	\$ 599,568	\$ -	\$ 516,764
Managed Forest Land	-	50	50	997
Room Tax	35,000	33,858	(1,142)	30,374
Tax from Housing Authority	15,000	14,905	(95)	15,619
Interest and Penalties on Taxes	30	3	(27)	37
	<u>649,598</u>	<u>648,384</u>	<u>(1,214)</u>	<u>563,791</u>
Total Taxes				
Intergovernmental Revenues				
State				
Shared Revenue	628,019	621,731	(6,288)	624,673
Expenditure Restraint	18,529	18,529	-	19,432
Fire Dues	4,400	4,637	237	5,157
Law Enforcement	1,200	800	(400)	1,280
Police Department	-	605	605	400
Recycling Grant	15,285	15,324	39	15,324
Highway	132,024	131,769	(255)	124,918
Municipal Services	314	313	(1)	278
Medical Transportation Reimbursement	-	6,028	6,028	3,400
Business Computer Credit	627	628	1	668
Public Safety Grant	-	-	-	4,000
Library	-	1,496	1,496	6,654
Managed Forest Land	-	5	5	-
County				
Library	54,123	54,125	2	50,308
Library-Cross County	931	879	(52)	2,733
City of Bayfield				
Urban Forestry Grant	-	-	-	7,050
	<u>855,452</u>	<u>856,869</u>	<u>1,417</u>	<u>866,275</u>
Total Intergovernmental Revenues				
Licenses and Permits				
Liquor Licenses	5,000	4,680	(320)	5,140
Operators' Licenses	2,000	2,205	205	2,450
Cigarette Licenses	250	200	(50)	250
Cable Franchise Fee	18,500	23,505	5,005	22,601
Sundry Licenses and Permits	520	510	(10)	600
Building Permits	5,000	5,164	164	4,534
Zoning Permits	2,500	5,514	3,014	2,422
Vacating Fees	-	-	-	5,458
Lease Agreement	100	100	-	100
	<u>33,870</u>	<u>41,878</u>	<u>8,008</u>	<u>43,555</u>
Total Licenses and Permits				

(continued)

CITY OF WASHBURN, WISCONSIN
GENERAL FUND
SCHEDULE OF REVENUES . BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2014

	2015			2014 Actual
	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)	
Fines, Forfeitures and Penalties				
Court Penalties and Costs	\$ 7,000	\$ 5,104	\$ (1,896)	\$ 5,918
Parking Violations	500	615	115	1,320
Municipal Ordinance Violations	1,000	-	(1,000)	-
Total Fines, Forfeitures and Penalties	<u>8,500</u>	<u>5,719</u>	<u>(2,781)</u>	<u>7,238</u>
Public Charges for Services				
Copy Service	200	201	1	306
Ambulance	100,000	115,471	15,471	107,740
Solid Waste Disposal - Customer	152,000	152,742	742	148,944
Solid Waste Disposal - Bags	3,000	2,250	(750)	3,008
City Wide Cleanup	2,000	2,918	918	3,186
Cemetery	7,500	11,030	3,530	9,438
Dog License Fees	800	348	(452)	426
Park Fees	189,700	203,454	13,754	184,724
Boat Launch Fees	5,000	4,295	(705)	4,319
Recreation Program Proceeds	1,200	2,067	867	1,314
Material Sales/Labor	-	2,678	2,678	2,574
Total Public Charges for Services	<u>461,400</u>	<u>497,454</u>	<u>36,054</u>	<u>465,979</u>
Intergovernmental Charges for Services				
Fire Contracts	44,503	50,727	6,224	49,747
Ambulance	85,904	85,904	-	83,402
Township Share - Debt Payments	55,438	55,438	-	55,814
Landfill	200	340	140	340
Total Intergovernmental Charges for Services	<u>186,045</u>	<u>192,409</u>	<u>6,364</u>	<u>189,303</u>

CITY OF WASHBURN, WISCONSIN
GENERAL FUND
SCHEDULE OF REVENUES . BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2014

	2015			2014 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Miscellaneous				
Interest on Investments	\$ 500	\$ 338	\$ (162)	\$ 329
Interest on Late Payments	-	490	490	285
Rent	-	100	100	250
Property Sales	-	-	-	1
Sale of City Equipment	1,000	1,175	175	10,537
Insurance Recoveries/Adjustments	2,000	4,773	2,773	13,025
Donations	1,000	2,021	1,021	1,500
Garnishment	-	3	3	6
Police Department Recoveries	300	341	41	-
Other	2,000	3,714	1,714	2,807
	-	-	-	-
Total Miscellaneous	<u>6,800</u>	<u>12,955</u>	<u>6,155</u>	<u>28,740</u>
Total Revenues	<u>\$ 2,201,665</u>	<u>\$ 2,255,668</u>	<u>\$ 54,003</u>	<u>\$ 2,164,881</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
GENERAL FUND
SCHEDULE OF EXPENDITURES . BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2014

	2015		Variance Favorable (Unfavorable)	2014 Actual
	Original and Final Budget	Actual		
General Government				
Council	\$ 15,444	\$ 11,841	3,603	\$ 10,776
Mayor	11,216	7,855	3,361	10,740
Publication Fees	10,000	11,003	(1,003)	9,248
Attorney	18,000	18,105	(105)	18,213
Legal Contingency	15,000	6,775	8,225	14,567
Municipal Code	2,500	1,370	1,130	1,776
Administrator	83,363	78,115	5,248	73,084
Clerk	102,803	93,206	9,597	96,596
Administrative Assistant	9,680	9,183	497	8,863
Elections	10,900	3,043	7,857	6,767
Office Department	27,650	20,871	6,779	17,485
Computer Consulting	5,000	3,034	1,966	2,703
Audit/Accounting	13,500	13,500	-	13,100
Assessment of Property	12,800	12,861	(61)	12,659
City Hall	21,450	23,253	(1,803)	21,708
Custodian	8,006	15,576	(7,570)	21,209
Property and Liability Insurance	2,500	8,640	(6,140)	4,907
Illegal Tax Chargeback	500	977	(477)	-
USDA Special Assess City Property	1,189	1,189	-	1,189
Fringe Benefits	8,500	5,905	2,595	19,346
Flex Benefit Administrative Fees	2,600	1,331	1,269	1,322
	<u>382,601</u>	<u>347,633</u>	<u>34,968</u>	<u>366,258</u>
Total General Government				
Public Safety				
Police Department	452,157	438,685	13,472	430,080
Fire Department	70,693	75,312	(4,619)	61,896
Ambulance	203,524	169,197	34,327	178,076
	<u>726,374</u>	<u>683,194</u>	<u>43,180</u>	<u>670,052</u>
Total Public Safety				

(Continued)

CITY OF WASHBURN, WISCONSIN
GENERAL FUND
SCHEDULE OF EXPENDITURES . BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2014

	2015		Variance - Favorable (Unfavorable)	2014 Actual
	Original and Final Budget	Actual		
Public Works				
Street Department	\$ 148,292	\$ 125,649	\$ 22,643	\$ 116,755
Garage and Machine Shed	30,705	26,199	4,506	36,751
Weeds, Leaves and Brush	9,175	7,868	1,307	7,246
Tree Control	5,300	4,770	530	8,767
Grass Cutting	14,595	12,984	1,611	9,017
Repair of Streets and Alleys	16,000	18,559	(2,559)	17,840
Repair of Streets and Alleys - Labor	33,837	67,296	(33,459)	57,474
Snow and Ice Removal	30,862	25,620	5,242	34,832
Blacktop	13,000	8,837	4,163	9,682
Street Signs and Markings	14,295	12,031	2,264	4,160
Street Machinery	108,943	63,205	45,738	80,549
Drug and Alcohol Testing	600	639	(39)	425
Street Lighting	42,100	42,065	35	42,087
Traffic Control	1,300	1,215	85	-
Engineering Services	2,000	5,585	(3,585)	-
Curb and Gutter	2,500	-	2,500	-
Docks and Harbors	400	203	197	312
Landfill	3,000	1,478	1,522	1,478
Solid Waste Contractor	154,000	152,432	1,568	151,396
City Commercial Costs - Solid Waste	16,595	14,722	1,873	13,389
Solid Waste - Bags	1,000	8	992	688
	<u>648,499</u>	<u>591,365</u>	<u>57,134</u>	<u>592,848</u>
Total Public Works				
Health and Human Services				
Housing Authority	1,507	1,292	215	1,830
Cemetery	43,467	27,655	15,812	24,877
	<u>44,974</u>	<u>28,947</u>	<u>16,027</u>	<u>26,707</u>
Total Health and Human Services				

(Continued)

CITY OF WASHBURN, WISCONSIN
GENERAL FUND
SCHEDULE OF EXPENDITURES . BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2014

	2015		Variance - Favorable (Unfavorable)	2014 Actual
	Original and Final Budget	Actual		
Culture, Recreation and Education				
Library	\$ 163,173	\$ 164,110	\$ (937)	\$ 171,408
Parks	189,063	191,747	(2,684)	159,951
Recreation Department	9,678	5,959	3,719	6,101
Celebrations	5,000	2,316	2,684	2,420
Homecoming	5,000	5,000	-	-
Total Culture, Recreation and Education	371,914	369,132	2,782	339,880
Conservation and Development				
Urban Forestry Initiative	5,000	301	4,699	7,190
Public Access Television	600	10	590	130
Planning Commission	1,615	2,966	(1,351)	2,207
Comprehensive Plan	10,000	5,227	4,773	10,708
Property Condemnation	10,000	3,419	6,581	2,641
Historic Preservation	1,200	442	758	104
Zoning Board of Appeal	1,038	-	1,038	-
Zoning Administrator	650	218	432	126
Building Inspector	-	226	(226)	-
Total Conservation and Development	30,103	12,809	17,294	23,106
Capital Outlay				
BART	13,700	13,950	(250)	12,500
Senior Van	3,900	3,900	-	3,800
Purchase of Property	-	27,280	(27,280)	-
Total Capital Outlay	17,600	45,130	(27,530)	16,300
Debt Service				
Paying Agent Charges	1,900	4,700	(2,800)	1,900
Nondepartmental and General				
Room Tax to Chamber	31,500	30,472	1,028	27,332
Unclassified	-	85	(85)	93
Ambulance Receivable Writeoff	-	5,172	(5,172)	34,774
Bank Charges	-	675	(675)	-
Total Nondepartmental and General	31,500	36,404	(4,904)	62,199
Total Expenditures	\$2,255,465	\$ 2,119,314	\$ 136,151	\$ 2,099,250

The accompanying notes to the financial statements
are an integral part of these statements

CITY OF WASHBURN, WISCONSIN
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014

	Housing Grant	TIF District	Harbor Commission	Marina Operating	Economic Develop- ment	Community Develop- ment	Bayfield Street Improvement
ASSETS							
Cash and Investments, at Cost	\$ 24,284	\$ 331,179	\$ 345,427	\$ 154,729	\$ 123,640	\$ -	\$ 57,925
Receivables	-	-	-	-	-	-	-
Due From Other Funds	-	-	195,752	-	-	-	-
Long-Term Receivables	-	-	-	-	88,924	-	-
TOTAL ASSETS	<u>\$ 24,284</u>	<u>\$ 331,179</u>	<u>\$ 541,179</u>	<u>\$ 154,729</u>	<u>\$ 212,564</u>	<u>\$ -</u>	<u>\$ 57,925</u>
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts Payable	\$ -	\$ 3,762	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	129,910	-	195,752	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>133,672</u>	<u>-</u>	<u>195,752</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Non-Spendable	-	-	195,752	-	88,924	-	-
Assigned	24,284	197,507	345,427	-	123,640	-	57,925
Unassigned (Deficits)	-	-	-	(41,023)	-	-	-
Total Fund Balances (Deficits)	<u>24,284</u>	<u>197,507</u>	<u>541,179</u>	<u>(41,023)</u>	<u>212,564</u>	<u>-</u>	<u>57,925</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 24,284</u>	<u>\$ 331,179</u>	<u>\$ 541,179</u>	<u>\$ 154,729</u>	<u>\$ 212,564</u>	<u>\$ -</u>	<u>\$ 57,925</u>

Library Board	Park Outlay	Defibril-lator Campaign	Civic Center	PD Crime Prevention	Skate-board Park	Totals	
						2015	2014
\$ 7,195	\$ 53,862	\$ 10,407	\$ -	\$ -	\$ -	\$ 1,108,648	\$ 901,602
-	53,523	-	-	-	-	53,523	8,266
-	-	-	-	-	-	195,752	195,752
-	-	-	-	-	-	88,924	110,642
<u>\$ 7,195</u>	<u>\$ 107,385</u>	<u>\$ 10,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,446,847</u>	<u>\$ 1,216,262</u>
\$ -	\$ 4,120	\$ -	\$ -	\$ -	\$ -	\$ 7,882	\$ 1,875
-	-	-	-	-	-	325,662	345,662
-	4,120	-	-	-	-	333,544	347,537
-	-	-	-	-	-	284,676	306,394
7,195	103,265	10,407	-	-	-	869,650	725,954
-	-	-	-	-	-	(41,023)	(163,623)
<u>7,195</u>	<u>103,265</u>	<u>10,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,113,303</u>	<u>868,725</u>
<u>\$ 7,195</u>	<u>\$ 107,385</u>	<u>\$ 10,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,446,847</u>	<u>\$ 1,216,262</u>

The accompanying notes to the financial statements are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2014

	Housing Grant	TIF District	Harbor Commission	Marina Operating	Economic Develop- ment	Community Develop- ment	Bayfield Street Improvement
REVENUES							
Taxes	\$ -	\$ 179,792	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	594	-	-	-	-	-
Public Charges for Services	-	-	128,088	919,768	-	-	-
Miscellaneous	105	160	108,964	12	3,146	1	2,026
TOTAL REVENUES	105	180,546	237,052	919,780	3,146	1	2,026
EXPENDITURES							
Public Works	-	-	24,089	932,170	-	-	-
Conservation and Development	48,894	-	-	-	-	-	-
Capital Outlay	-	75,740	86,050	-	-	-	-
Debt Service	-	127,023	60,051	-	-	-	-
Nondepartmental and General	-	10,286	540	-	9	-	5,000
TOTAL EXPENDITURES	48,894	213,049	170,730	932,170	9	-	5,000
REVENUES OVER (UNDER) EXPENDITURES	(48,789)	(32,503)	66,322	(12,390)	3,137	1	(2,974)
OTHER FINANCING SOURCES (USES)							
Proceeds From Long-Term Debt	-	365,000	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-	8,592
Operating Transfers (Out)	-	-	-	-	-	(8,592)	-
Total Other Financing Sources (Uses)	-	365,000	-	-	-	(8,592)	8,592
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(48,789)	332,497	66,322	(12,390)	3,137	(8,591)	5,618
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	73,073	(134,990)	474,857	(28,633)	209,427	8,591	52,307
FUND BALANCES (DEFICITS), END OF YEAR	\$ 24,284	\$ 197,507	\$ 541,179	\$ (41,023)	\$ 212,564	\$ -	\$ 57,925

Library Board	Park Outlay	Defibrilator Campaign	Civic Center	PD Crime Prevention	Skateboard Park	Totals	
						2015	2014
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,792	\$ 194,308
-	53,523	4,938	-	-	-	59,055	398,499
-	19,728	-	-	-	-	1,067,584	1,057,898
<u>5,371</u>	<u>2,826</u>	<u>2</u>	<u>11</u>	<u>1</u>	<u>-</u>	<u>122,625</u>	<u>203,514</u>
<u>5,371</u>	<u>76,077</u>	<u>4,940</u>	<u>11</u>	<u>1</u>	<u>-</u>	<u>1,429,056</u>	<u>1,854,219</u>
-	-	-	-	-	-	956,259	1,004,101
-	-	-	-	-	-	48,894	7,472
2,290	163,274	4,584	-	-	-	331,938	822,550
-	-	-	-	-	-	187,074	389,143
<u>7,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,751</u>	<u>2,289</u>
<u>10,206</u>	<u>163,274</u>	<u>4,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,547,916</u>	<u>2,225,555</u>
<u>(4,835)</u>	<u>(87,197)</u>	<u>356</u>	<u>11</u>	<u>1</u>	<u>-</u>	<u>(118,860)</u>	<u>(371,336)</u>
-	-	-	-	-	-	365,000	326,000
-	24,207	-	-	-	-	32,799	-
-	-	-	(21,380)	(1,562)	(2,827)	(34,361)	-
<u>-</u>	<u>24,207</u>	<u>-</u>	<u>(21,380)</u>	<u>(1,562)</u>	<u>(2,827)</u>	<u>363,438</u>	<u>326,000</u>
(4,835)	(62,990)	356	(21,369)	(1,561)	(2,827)	244,578	(45,336)
<u>12,030</u>	<u>166,255</u>	<u>10,051</u>	<u>21,369</u>	<u>1,561</u>	<u>2,827</u>	<u>868,725</u>	<u>914,061</u>
<u>\$ 7,195</u>	<u>\$ 103,265</u>	<u>\$ 10,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,113,303</u>	<u>\$ 868,725</u>

The accompanying notes to the financial statements are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
 CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2015 AND 2014

	2015	2014
<u>ASSETS</u>		
Cash and Investments, at Cost	\$ 481,819	\$ 566,405
Accounts Receivable	-	75,000
 TOTAL ASSETS	 \$ 481,819	 \$ 641,405
 LIABILITIES AND FUND BALANCE		
<u>LIABILITIES</u>		
Accounts Payable	\$ 140,034	\$ 27,405
 <u>FUND BALANCE</u>		
Committed	341,785	614,000
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 481,819	 \$ 641,405

The accompanying notes to the financial statements
 are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
 CAPITAL PROJECTS FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
REVENUES		
Taxes	\$ 59,799	\$ 99,600
Intergovernmental	27,155	1,891
Miscellaneous	<u>612</u>	<u>134,164</u>
TOTAL REVENUES	<u>87,566</u>	<u>235,655</u>
EXPENDITURES		
Capital Projects	<u>713,512</u>	<u>315,155</u>
REVENUES (UNDER) EXPENDITURES	(625,946)	(79,500)
OTHER FINANCING SOURCES		
Proceeds From Long-Term Debt	353,731	500,000
Operating Transfers (Out)	<u>-</u>	<u>(52,928)</u>
Total Other Financing Sources (Uses)	<u>353,731</u>	<u>447,072</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(272,215)	367,572
FUND BALANCE AT BEGINNING OF YEAR	<u>614,000</u>	<u>246,428</u>
FUND BLANCE AT END OF YEAR	<u>\$ 341,785</u>	<u>\$ 614,000</u>

The accompanying notes to the financial statements
 are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
WASHBURN WATER UTILITY
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Investments, at Cost	\$ 169,225	\$ 125,438
Taxes Receivable	125,241	121,658
Receivables	119,568	117,704
Due From Other Funds	132,441	132,441
Inventory, at Cost	12,544	14,446
Restricted Cash and Investments	293,081	277,252
Fixed Assets (Net of Accumulated Depreciation)	7,672,059	7,799,362
Net Pension Asset	12,374	-
	8,536,533	8,588,301
Deferred Outflows of Resources		
Pension Related	\$ 6,535	\$ -
	6,535	-
LIABILITIES		
Accounts Payable	\$ 8,134	\$ 5,358
Wages and Fringe Benefits Payable	2,393	2,181
Accrued Interest	23,289	23,736
General Obligation Bonds and Notes Payable	18,317	20,578
Revenue Bonds and Notes Payable	3,473,979	3,534,503
	3,526,112	3,586,356
NET POSITION		
Contributed Capital	5,471,439	5,438,739
Retained Earnings (Deficit)	(454,483)	(436,794)
	5,016,956	5,001,945
	\$ 5,016,956	\$ 5,001,945

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
WASHBURN WATER UTILITY
COMPARATIVE STATEMENT OF INCOME
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
OPERATING INCOME		
Operating Revenues	\$ 467,721	\$ 460,748
OPERATING EXPENSE		
Operating and Maintenance Expense	182,116	145,263
Depreciation Expense	171,562	171,028
Taxes	5,734	5,796
Total Operating Expense	359,412	322,087
Utility Operating Income	108,309	138,661
OTHER INCOME (EXPENSE)		
Interest Income	3,275	6,638
Other Interest Charges	(149,778)	(152,316)
Total Other Income (Expense)	(146,503)	(145,678)
NET (LOSS)	(38,194)	(7,017)
NET POSITION (DEFICIT), BEGINNING OF YEAR	(436,794)	(429,777)
GASB 68 PRIOR PERIOD ADJUSTMENT	20,505	-
NET POSITION (DEFICIT), END OF YEAR	\$ (454,483)	\$ (436,794)

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
WASHBURN WATER UTILITY
COMPARATIVE STATEMENT OF CASH FLOWS
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Operating Activities		
Receipts from Customers and Users	\$ 462,274	\$ 475,370
Payments to Suppliers	(67,563)	(40,219)
Payments to Employees	<u>(113,801)</u>	<u>(107,725)</u>
Net Cash Provided by Operating Activities	<u>280,910</u>	<u>327,426</u>
Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(44,259)	(56,813)
Net Long Term Debt Retired	(62,785)	(60,475)
Interest Paid/Debt Service	(150,225)	(152,753)
Capital Contributions	32,700	54,964
Change in Restricted Assets	(15,829)	(26,256)
Advance to Municipality	<u>-</u>	<u>(132,441)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(240,398)</u>	<u>(373,774)</u>
Investing Activities		
Interest Received	<u>3,275</u>	<u>6,638</u>
Net Increase (Decrease) in Cash	43,787	(39,710)
Cash at Beginning of Year	<u>125,438</u>	<u>165,148</u>
Cash at End of Year	<u>\$ 169,225</u>	<u>\$ 125,438</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 108,309	\$ 138,661
Depreciation and Amortization	171,562	171,028
(Increase) Decrease in		
Customer Receivables	(5,447)	14,622
Inventories	1,902	(438)
Prepayments	-	524
Deferred Outflows of Resources	1,596	-
Increase in		
Accounts Payable and Accrued Expenses	<u>2,988</u>	<u>3,029</u>
Net Cash Provided by Operating Activities	<u>\$ 280,910</u>	<u>\$ 327,426</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
WASHBURN SEWER UTILITY
COMPARATIVE STATEMENT OF CASH FLOWS
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Investments, at Cost	\$ (116,454)	\$ (48,515)
Taxes Receivable	110,702	111,471
Receivables	132,850	126,014
Inventory, at Cost	693	697
Restricted Cash and Investments	407,572	393,888
Fixed Assets (Net of Accumulated Depreciation)	8,285,616	8,471,450
Net Pension Asset	15,336	-
	<u>8,836,315</u>	<u>9,055,005</u>
Deferred Outflows of Resources		
Pension Related	\$ 7,842	\$ -
	<u>\$ 7,842</u>	<u>\$ -</u>
LIABILITIES		
Accounts Payable	\$ 7,474	\$ 15,144
Wages and Fringe Benefits Payable	4,314	2,316
Accrued Interest Payable	31,645	32,386
Due to Other Funds	317,441	317,441
General Obligation Bonds and Notes Payable	33,931	38,194
Revenue Bonds and Notes Payable	4,387,919	4,485,983
	<u>4,782,724</u>	<u>4,891,464</u>
NET POSITION		
Contributed Capital	5,825,915	5,823,436
Retained Earnings (Deficit)	(1,764,482)	(1,659,895)
	<u>\$ 4,061,433</u>	<u>\$ 4,163,541</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
WASHBURN SEWER UTILITY
COMPARATIVE STATEMENT OF INCOME
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
OPERATING INCOME		
Operating Revenues	\$ 539,045	\$ 509,814
OPERATING EXPENSE		
Operating and Maintenance Expense	255,035	237,709
Depreciation Expense	214,987	214,471
Taxes	6,898	5,673
Total Operating Expense	476,920	457,853
Utility Operating Income	62,125	51,961
OTHER INCOME (EXPENSE)		
Interest Income	3,455	6,094
Other Interest Charges	(195,581)	(199,826)
Total Other Income (Expense)	(192,126)	(193,732)
NET (LOSS)	(130,001)	(141,771)
NET POSITION (DEFICIT), BEGINNING OF YEAR	(1,659,895)	(1,518,124)
GASB 68 PRIOR PERIOD ADJUSTMENT	25,414	-
NET POSITION (DEFICIT), END OF YEAR	\$ (1,764,482)	\$ (1,659,895)

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
WASHBURN SEWER UTILITY
COMPARATIVE STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Operating Activities		
Receipts from Customers and Users	\$ 532,978	\$ 522,573
Payments to Suppliers	(129,959)	(137,576)
Payments to Employees	<u>(135,406)</u>	<u>(102,066)</u>
Net Cash Provided by Operating Activities	<u>267,613</u>	<u>282,931</u>
Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(29,154)	(120,666)
Net Long Term Debt Retired	(102,327)	(98,330)
Interest Paid/Debt Service	(196,322)	(200,540)
Capital Contributions/Amortization	2,480	74,959
Change in Restricted Assets	(13,684)	(19,255)
Advance from Other Funds	<u>-</u>	<u>81,743</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(339,007)</u>	<u>(282,089)</u>
Investing Activities		
Interest Received	<u>3,455</u>	<u>6,094</u>
Net Increase (Decrease) in Cash	(67,939)	6,936
Cash at Beginning of Year	<u>(48,515)</u>	<u>(55,451)</u>
Cash at End of Year	<u>\$ (116,454)</u>	<u>\$ (48,515)</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income	\$ 62,125	\$ 51,961
Depreciation and Amortization	214,987	214,471
(Increase) Decrease in		
Customer Receivables	(6,067)	12,759
Inventories	4	169
Deferred Outflows of Resources	2,236	-
Increase (Decrease) in		
Accounts Payable and Accrued Expenses	<u>(5,672)</u>	<u>3,571</u>
Net Cash Provided by Operating Activities	<u>\$ 267,613</u>	<u>\$ 282,931</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
WASHBURN STORM WATER UTILITY
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Investments, at Cost	\$ 101,052	\$ 87,005
Taxes Receivable	3,141	2,381
Receivables	26,121	22,353
Fixed Assets (Net of Accumulated Depreciation)	1,828,997	1,865,225
Net Pension Asset	1,917	-
Total Assets	1,961,228	1,976,964
Deferred Outflows of Resources		
Pension Related	\$ 1,013	\$ -
LIABILITIES		
Accounts Payable	\$ 1,893	\$ -
Due to Other Funds	110,987	120,987
Total Liabilities	112,880	120,987
NET POSITION		
Contributed Capital	2,228,320	2,228,320
Retained Earnings (Deficit)	(378,959)	(372,343)
Total Net Position	\$ 1,849,361	\$ 1,855,977

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
WASHBURN STORM WATER UTILITY
COMPARATIVE STATEMENT OF INCOME
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
OPERATING INCOME		
Operating Revenues	\$ 115,317	\$ 113,589
OPERATING EXPENSE		
Operating and Maintenance Expense	28,693	37,095
Depreciation Expense	<u>36,228</u>	<u>36,228</u>
Total Operating Expense	<u>64,921</u>	<u>73,323</u>
Utility Operating Income	<u>50,396</u>	<u>40,266</u>
OTHER INCOME (EXPENSE)		
Interest Income	284	116
Debt Service	<u>(60,473)</u>	<u>(60,779)</u>
TOTAL OTHER INCOME (EXPENSE)	<u>(60,189)</u>	<u>(60,663)</u>
NET (LOSS)	(9,793)	(20,397)
NET POSITION (DEFICIT), BEGINNING OF YEAR	(372,343)	(351,946)
GASB 68 PRIOR PERIOD ADJUSTMENT	<u>3,177</u>	<u>-</u>
NET POSITION (DEFICIT), END OF YEAR	<u>\$ (378,959)</u>	<u>\$ (372,343)</u>

The accompanying notes to the financial statements
are an integral part of these statements.

CITY OF WASHBURN, WISCONSIN
WASHBURN STORM WATER UTILITY
COMPARATIVE STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Operating Activities		
Receipts from Customers and Users	\$ 110,789	\$ 113,397
Payments to Suppliers	(1,804)	(11,124)
Payments to Employees	<u>(24,749)</u>	<u>(29,123)</u>
Net Cash Provided by Operating Activities	<u>84,236</u>	<u>73,150</u>
Capital and Related Financing Activities		
Interest Paid/Debt Service	<u>(70,473)</u>	<u>(70,765)</u>
Investing Activities		
Interest Received	<u>284</u>	<u>116</u>
Net Increase in Cash	14,047	2,501
Cash at Beginning of Year	<u>87,005</u>	<u>84,504</u>
Cash at End of Year	<u>\$ 101,052</u>	<u>\$ 87,005</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 50,396	\$ 40,266
Depreciation and Amortization	36,228	36,228
(Increase) in Receivables	(4,528)	(192)
Decrease in Deferred Outflows of Resources	247	-
Increase (Decrease) in Accounts Payable	<u>1,893</u>	<u>(3,152)</u>
Net Cash Provided by Operating Activities	<u>\$ 84,236</u>	<u>\$ 73,150</u>

The accompanying notes to the financial statements
are an integral part of these statements.

Maitland, Singler & Van Vlack, S.C.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council
City of Washburn, Wisconsin

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Washburn, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Washburn, Wisconsin's basic financial statements and have issued our report thereon dated June 10, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Washburn's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Washburn, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Washburn, Wisconsin's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, and management's response, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in the internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and management's response to be material weaknesses. 2015-01 and 2015-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Washburn, Wisconsin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Washburn, Wisconsin's Response to Findings

The City of Washburn, Wisconsin's response to the findings identified in our audit is described in the accompanying schedule of findings and management's response. The City of Washburn, Wisconsin's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mattlund, Snigler + Van Vlack S.C.

June 10, 2016

City of Washburn

Schedule of Findings

Year Ended December 31, 2015

Section 1 – Financial Statement Findings

2015-01 Financial Accounting and Reporting

Condition . The City's internal control over financial reporting does not end at the general ledger, but extends to the financial statements and notes. As part of our professional services for the year ended December 31, 2015, we were requested to draft the financial statements and accompanying notes to the financial statements. This circumstance is not unusual in an organization of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. Because the City relies on Maitland, Singler & Van Vlack, S.C. to provide the necessary understanding of current accounting and disclosure principles in the preparation of the financial statements, a material weakness exists in the City's internal controls.

Criteria . *Government Auditing Standards* consider the inability to report financial data reliably in accordance with accounting principles generally accepted in the United States (GAAP) to be an internal control weakness.

Effect . As a result of not having an individual trained in the preparation of GAAP basis financial statements, the City has an internal control problem.

Recommendation . We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

2015-02 Segregation of Duties

Condition . The size of the office staff precludes a proper segregation of function to ensure adequate internal control. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. This is not unusual in city's this size, but the Council should continue to be aware of this condition and to realize the concentration of duties and responsibilities in a limited number of individuals is not desirable for an effective system of internal control. Under those conditions, the most effective controls lie in the Council's knowledge of matters relating to the district's operations; however, a significant deficiency exists in the City's internal controls.

Criteria . The lack of proper segregation of duties is considered an internal control weakness.

Effect . As a result of not having a sufficient number of individuals in the accounting department to segregate duties, the City has an internal control weakness.

Recommendation . We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

City of Washburn

Schedule of Prior Year's Findings and Management's Response

Year Ended December 31, 2015

2015-02 Segregation of Duties (Continued)

Corrective Action Plan . The City does not have the resources available to increase staff size and address this internal control deficiency. The Council and management are aware of the incompatible duties and will continue to provide oversight and monitor the City's operations.

Management Response

We are aware of how the above findings affect our financial statements. We will rely on management oversight and our auditors to mitigate these findings.

City of Washburn

Schedule of Prior Year's Findings

Year Ended December 31, 2015

Financial Statement Findings

2014-01 Financial Accounting and Reporting

This is a repeated finding for 2015.

2014-02 Segregation of Duties

The City is aware of how inadequate segregation of duties can affect its operations and is emphasizing management and knowledge of matters related to its operations.