



CITY OF JANESVILLE

Wisconsin's Park Place

Comprehensive
Annual
Financial
Report



For Fiscal Year Ended
December 31, 2018



CITY OF JANESVILLE

Wisconsin's Park Place:

*Discover the community of choice
to realize life's opportunities*

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

Prepared By:

Finance Office

Maxwell Gagin, Finance Director
Mandy Price, CPA, Accounting Manager
Steve Wanninger, CPA, Senior Accountant
Kelsie Bannach, Accountant

CITY OF JANESVILLE, WISCONSIN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018

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June 24, 2019

**CITIZENS OF JANESVILLE
MEMBERS OF THE CITY COUNCIL**

It is our pleasure to submit to you the *Comprehensive Annual Financial Report* (CAFR) of the City of Janesville for the year ended December 31, 2018.

This report was prepared by the City's Finance Office and contains representations concerning the finances of the City. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that fairly represents the City's financial position and results of operations. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in this report.

The information presented in the *Comprehensive Annual Financial Report* is divided into three sections: Introductory, Financial, and Statistical. The financial section of this report includes Management's Discussion and Analysis (MD&A). The MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the City's financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

This report includes all of the funds and component units of the City of Janesville. The City provides a full range of services, including police and fire protection, construction and maintenance of streets, recreation and parks, community and economic development, library, and sanitation services. The water utility, wastewater utility, transit system, and stormwater utility are reported as enterprise funds. Internal service funds provide information on the operations of the risk management and vehicle operation and maintenance functions. The City has included the Janesville Community Development Authority (CDA), a legally separate organization, as a discretely presented component unit within its reporting entity.

Independent Audit

Wisconsin State Statutes require that an annual audit be conducted by an independent certified public accountant. Baker Tilly Virchow Krause, LLP, Certified Public Accountants have concluded, based upon its audit procedures, that the City's financial statements for the year ended December 31, 2018 are presented fairly in accordance with generally accepted accounting principles. The auditor's opinion is located at the front of the financial section of this report.

Internal Controls

In developing the City's overall accounting system, consideration was given to the adequacy of internal accounting controls. The City Administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. This internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and, (2) the valuation of costs and benefits requires estimates and judgments by management. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control

The City Council has developed and maintains a Council Policy Statement concerning budgetary controls. The annual appropriation resolution adopted by the Common Council is intended to appropriate annual expenditures on a program basis. The City Manager is granted authority to allow the expenditure level for a program element to exceed the budget amount, provided that the overall program appropriation is not exceeded. The City Manager cannot use this authority to reestablish any position, program, or capital item that was specifically deleted from the program appropriation by Council motion. Amendments to the adopted General Fund budget require approval of the City Council by adoption of resolution.

Background Information

The City of Janesville, Wisconsin's tenth largest municipality is located in south central Wisconsin astride the Rock River. Wisconsin's State Capital, the City of Madison, is 40 miles northwest via Interstate 39/90. Other major population/industrial centers in the area include Beloit, Wisconsin and Rockford, Illinois, which are 10 miles and 30 miles, respectively, to the south via Interstate 39/90. Milwaukee is 71 miles to the northeast, and Chicago is 109 miles to the southeast.

In 1836, the Village of Rockport was platted on the west side of the Rock River. In 1839, Rockport was named the Rock County seat. In 1840, Mr. Henry Janes established the original plat of Janesville on the east side of the Rock River in the area of the current central business district. In 1853, seven and one-half square miles of land on both sides of the Rock River were incorporated into the City of Janesville. Population growth during the City's first 100 years was moderate but steady (1900 Census totaled 13,187, and 1950 Census 24,899), and was accommodated almost entirely within the City's original land area. However, the population doubled between 1940 and 1960. Between 1960 and 1970 the annual growth rate was over three percent per year. The growth rate between 1970 and 1980 was one percent per year. During the 1980's the population remained stable, increasing only two percent from 51,071 in 1980 to 52,210 in 1990. Between 1990 and 2000 the City experienced a population growth of 7,990, or 15.3%. The City of Janesville 2010 Census population is 63,575; this is a growth of 5.6% from the 2000 census.

Government Profile

The governing and legislative body of the City is the seven-member City Council, all of whom are elected at large on a non-partisan basis. The members serve without compensation. The City has operated under the Council-Manager form of government since 1923, longer than any other city in the state of Wisconsin. The appointed City Manager is responsible for the day-to-day operations of the City, the appointment of all staff members, and the supervision of the City's 561 full-time and part-time employees.

Major Initiatives

Momentum continued in downtown revitalization as the City completed the second phase of the Town Square, which included the reestablishment of the Ice Age Trail; reconstructed River Street to accommodate outdoor festivals; and built an outdoor fitness court.

The local economy continued to grow, stimulated in part by the work of the City. Economic Development facilitated Tax Increment Financing Development Agreements to create 66 new jobs and spur \$21.1 million in private investment to construct 301,000 square feet of additional building space. Also, the Building Division issued 82 new home building permits in 2018. Lastly, construction commenced on two new hotels – the Cobblestone Hotel in downtown Janesville and the TownPlace Suites by Marriott at the former Menards site.

The City completed a street maintenance and utility program with more than 12 miles improved, which is one of the largest programs in recent history. Significant transportation infrastructure improvements include the conversion of Court Street to two-way traffic and the start of the reconstruction of the Milwaukee Street Bridge.

The Janesville Fire Department handled approximately 10,257 calls for service in 2018, which averages 28 incidents per day. The Department continues to be one of the busiest fire departments in the state. Additionally, the Janesville Fire Department was recognized as having one of the top three best cardiac survivability rates in the nation at 45%.

The Janesville Police Department continued their outstanding work, and was recognized as Forward Janesville, Inc. Community Improvement Award in 2018.

The Neighborhood and Community Services Department initiated the Vacant Building Registration Program to monitor and inspect the City's vacant commercial and residential properties.

The Janesville Transit System (JTS) secured federal and state grant funding to replace 14 buses, covering 80% of total cost. Every JTS bus is past its useful life, so this announcement is particularly exciting, especially for the over 370,000 JTS riders.

The Parks Division rebuilt two playgrounds at Excalibur Park and Prairie Park while the Recreation Division provided programs for nearly 265,000 participants!

Economic Condition and Outlook

Janesville is the county seat of Rock County, Wisconsin, the largest community, and the center of retail activity in the Janesville-Beloit MSA. Statistics from the last two comparable Business Census documents the solid growth of Janesville's commercial base. Since 1990, over 2.0 million square feet of retail space has been constructed in Janesville. Janesville's portion of the \$2.74 billion in retail sales reported for Rock County has grown extensively from 43% in 2007 to 63% in 2015 as reported by ESRI and Infogroup. Rock County, in 2018, continues to set new records in both quarterly and annual sales and use tax collections, which demonstrates the continued growth in retail sales activities regardless of the decline in retail sales noted by other communities or nationally:

2018 - \$14,260,421 2017- \$13,765,955 2016 - \$13,245,421

The City continued a positive trend of development of additional retail and commercial projects in 2018. The former Menards store on Pontiac Place was redeveloped to accommodate four mid-box tenants – JOANN Fabrics, Five Below, PetSmart and Ross Dress for Less – which all opened in 2018. Additionally, a new three-tenant retail building of 10,000 square feet along Milton Avenue started in 2018. Construction continued on the 89-room Marriott Towne Place Suites Hotel and the Cobblestone Hotel in downtown Janesville, with both hotels scheduled to open in mid-2019. The Janesville Mall was also sold to Rock Step Capital, positioning it for new uses occupying space within the facility. Lastly, the City continues discussions with interested developers regarding construction of new market rate multi-family housing.

The City's industrial development continues to be strong, continuing the momentum which began to surge in 2015. Recent industrial developments include Halverson Flooring, the construction of a 162,000 square foot building for NaturPak Pet (a new pet food producer creating natural, wet pet food products), and United Alloy's addition of over 100,000 square feet for new painting and assembly lines to expand their metal fabrication capabilities. Additionally, Commercial Development Company (CDC) of St. Louis, purchaser of the former General Motors manufacturing site, commenced demolition of the former GM facility with the intent to redevelop the site into multiple rail-served industrial development sites. With the commencement of the demolition, CDC created a redevelopment plan for the site which will be reviewed and approved by the City in 2019.

Overall, TIF Agreements resulted in a guaranteed additional investment of over \$21.1 million dollars, real property value of \$9.8 million dollars, and 301,000 square feet of new space.

The Janesville-Beloit MSA continues to show strong employment numbers as the annual unemployment rate declined to 3.2% in 2018. A review of the MSA's job growth shows the area added about 11,000 jobs since 2011.

The local real estate market is stronger than ever, with the average price for houses sold now exceeding \$168,000. The average sales price for a home in Janesville (\$168,000) is nearly 37% more than the City's average assessed home value (\$122,900). Recently, Realtor.com ranked the Janesville/Beloit area as the 12th hottest real estate market in the nation.

The Janesville area's strong real estate market has contributed to the City's significant growth in equalized assessed value over the past few years. Janesville's growth in equalized assessed value has significantly outpaced its fourteen peer cities and the State of Wisconsin since 2015. The City's

equalized assessed value grew 23.1% from 2015 to 2018, which is over twice as much as our peer cities' average (11.3%) and nearly twice as much as the State of Wisconsin (12.0%) over the same time period. Additionally, Janesville's equalized value growth was 36.7% more than the next fastest growing peer city (Eau Claire) over the same time period. This demonstrates Janesville's phenomenal economic recovery from the Great Recession and the closure of General Motors. It would be difficult to identify comparable growth in another Midwestern community.

Janesville and Rock County have continued its economic improvement with all economic indicators being above the levels before the Great Recession. Janesville's continued progressiveness in the competitive economic development marketplace with preparation of industrial sites with necessary infrastructure and its' "speed to market" approach to development approvals has allowed the community to continue its strong residential, commercial, and industrial growth.

All of these positive factors will continue to position Janesville as "the community of choice to realize life's opportunities."

Reporting Achievements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Janesville for its *Comprehensive Annual Financial Report* (CAFR) for the fiscal year ended December 31, 2017. This was the twenty-fifth consecutive year that the City of Janesville has achieved this prestigious award. In order to be awarded a *Certificate of Achievement*, a government must publish a CAFR that demonstrates a "spirit of full disclosure" to clearly communicate the City's financial story. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

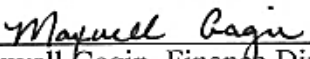
A *Certificate of Achievement* is valid for a period of one year only. We believe that our current *Comprehensive Annual Financial Report* continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this *Comprehensive Annual Financial Report* (CAFR) was made possible by the dedicated commitment and hard work of each member of the Finance Office.



Mark Freitag, City Manager



Maxwell Gagin, Finance Director



Mandy Price, Accounting Manager

DIRECTORY OF OFFICIALS

CITY OF JANESVILLE, WISCONSIN General Information

ELECTED OFFICIALS

CITY COUNCIL

TERM EXPIRES

| | |
|-----------------------------------|------------|
| Richard Gruber, Council President | April 2020 |
| Tom Wolfe, Council Vice President | April 2021 |
| Paul Benson | April 2020 |
| Sue Conley | April 2021 |
| Jim Farrell | April 2021 |
| Doug Marklein | April 2021 |
| Paul Williams | April 2020 |

CERTIFIED PUBLIC ACCOUNTANTS

Baker Tilly Virchow Krause, LLP
Madison, Wisconsin

BOND COUNSEL

Kutak Rock
Chicago, Illinois

MUNICIPAL ADVISOR

Wisconsin Public Finance Professionals LLC
Milwaukee, Wisconsin

CITY OF JANESVILLE, WISCONSIN
General Information

APPOINTED OFFICIALS

City Manager – Mark Freitag
Deputy City Manager – Ryan McCue

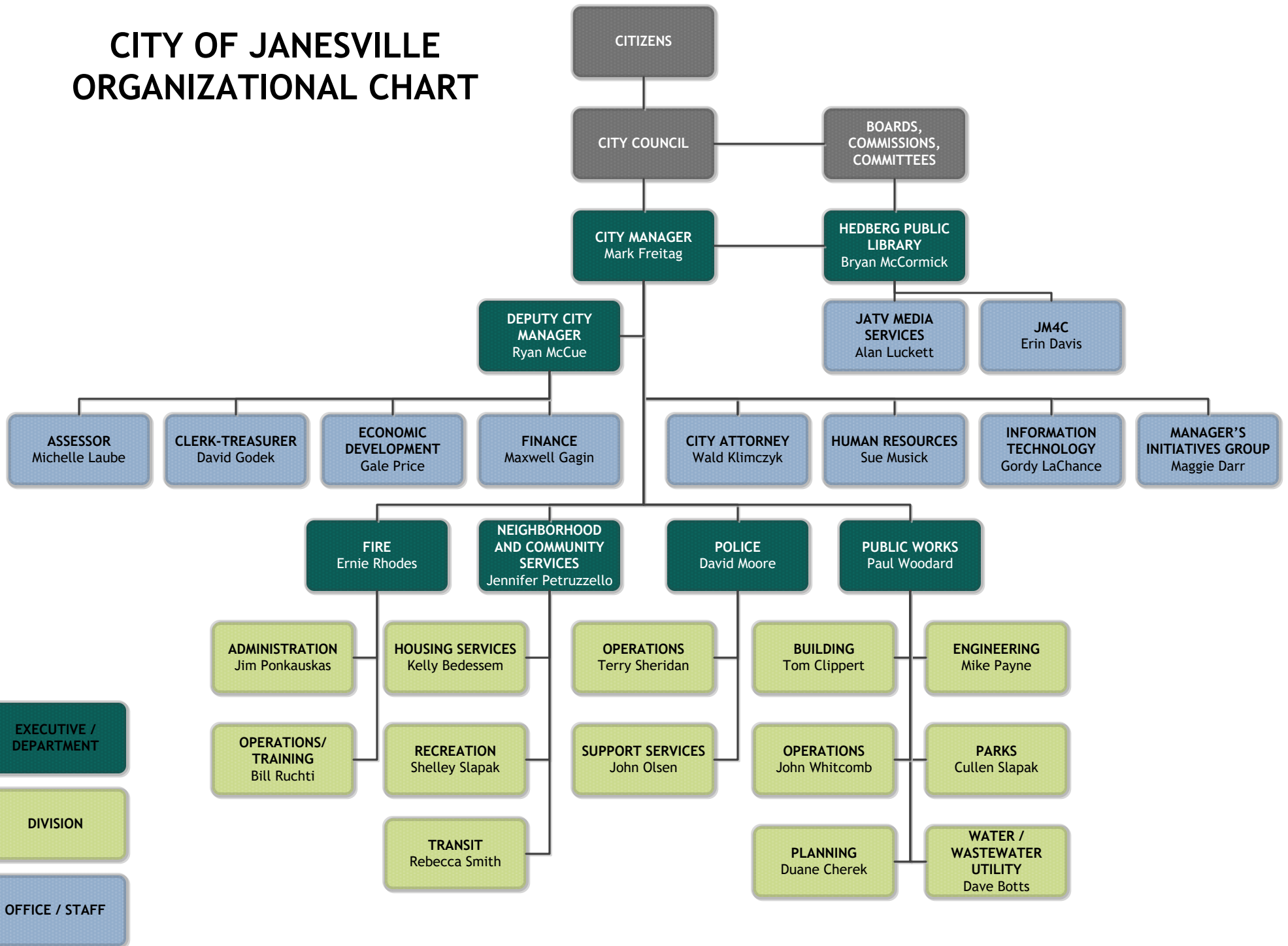
Department Heads

Bryan McCormick, Library Director
David Moore, Chief of Police
Jennifer Petruzzello, Director of Neighborhood and Community Services
Ernest Rhodes III, Fire Chief
Paul Woodard, Director of Public Works

Division/Office Heads

Kelly Bedessem, Housing Services Director
Dave Botts, Water/Wastewater Utility Director
Duane Cherek, Planning Director
Tom Clippert, Building Director
Maxwell Gagin, Finance Director
David Godek, City Clerk–Treasurer
Wald Klimczyk, City Attorney
Gordy LaChance, Information Technology Manager
Michelle Laube, City Assessor
Susan Musick, Human Resources Director
John Olsen, Deputy Chief of Police of Support Services
Mike Payne, City Engineer
Jim Ponkaukas, Deputy Fire Chief of Administration
Gale Price, Economic Development Director
Bill Ruchti, Deputy Fire Chief of Operations and Training
Terry Sheridan, Deputy Chief of Police of Operations
Cullen Slapak, Parks Director
Shelley Slapak, Recreation Director
Rebecca Smith, Transit Director
John Whitcomb, Operations Director

CITY OF JANESVILLE ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Janesville
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Janesville
Janesville, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Janesville, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Janesville's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Janesville, Wisconsin, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Janesville adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended December 31, 2018 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Janesville's basic financial statements. The supplementary information for the year ended December 31, 2018 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2018, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2018.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Janesville as of and for the year ended December 31, 2017 (not presented herein), and have issued our report thereon dated June 15, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The supplementary information for the year ended December 31, 2017 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2017.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Janesville's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of the City of Janesville'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 solely 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 the effectiveness of the City of Janesville's 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 Janesville's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 12, 2019

CITY OF JANESVILLE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

We offer readers of the City of Janesville's financial statements this narrative overview and analysis of the financial activities of the City of Janesville for the fiscal year ended December 31, 2018, with comparative data for fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Transmittal Letter, which can be found on pages i – v of this report.

Financial Highlights

- > The assets of the City of Janesville exceeded its liabilities as of December 31, 2018 by \$288,531,927 (net position). Of this amount, \$275,359,714 represented the City's net investment in capital assets, \$38,184,897 was restricted, and (\$25,012,684) was unrestricted. See page 16 for details.
- > The City's total net position increased by \$13,691,909, or 5.0%, in comparison to the restated total net position as of January 1, 2018 of \$274,840,018. This increase indicates that the City's overall financial position improved during 2018. Governmental activities' net position increased \$10,049,691 while business-type activities' net position increased \$3,642,218. See page 8 for explanations for changes in net position.
- > As of December 31, 2018, the City of Janesville's Governmental Funds reported combined ending fund balances of \$32,090,629, an increase of \$6,473,877, or 25.3%, in comparison with the prior year. Approximately 38% of the fund balance, \$12,055,918, is available for spending at the government's discretion (Committed, Assigned, and Unassigned Fund Balance). See pages 18 – 21 for details.
- > The General Fund is the main operating fund of the City, and the largest component of the Governmental Funds. As of December 31, 2018, the Unrestricted Fund Balance (Assigned and Unassigned) for the General Fund was \$8,023,352, or 19.7%, of the 2018 budgeted General Fund operating expenditures. See pages 18 – 21 for details.
- > During 2018, actual General Fund revenues and other financing sources were \$1,166,681 more than budgeted. Expenditures and other financing uses were \$720,078 less than budgeted. The City's original General Fund budget included usage of \$537,395 of Unassigned Fund Balance, but was amended by \$250,000 to fund cost overages in General Government, Public Works, and Recreation and Parks expenditure categories. The fund balance increased by \$1,099,364 primarily due to over realizing revenues and under realizing expenses. See pages 93 for details.
- > As of December 31, 2018, the City of Janesville's Proprietary Funds reported combined ending net position of \$119,185,234, an increase of \$3,077,291, or 2.7%, in comparison to the restated total net position as of January 1, 2018 of \$116,107,943. Approximately 3.7% of the net position, \$4,412,275, is unrestricted and available for spending at the government's discretion. See pages 22 – 24 for details.
- > The City of Janesville's total notes and revenue bonds outstanding increased by \$3.4 million, or 3.0%, to \$117.9 million. General Obligation debt increased \$5.3 million, or 5.8%, and revenue bonds decreased \$1.9 million, or 8.3%, from 2017. See pages 60 – 64 for details.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Janesville's basic financial statements. These basic financial statements are comprised of three components: (1) Government-Wide Financial Statements; (2) Fund Financial Statements; and, (3) Notes to the Financial Statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City of Janesville's finances, in a manner similar to a private-sector business. The Government-Wide Financial Statements can be found on pages 16 and 17 of this report.

The *Statement of Net Position* presents information on all of the City of Janesville's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Janesville is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation).

Both of the Government-Wide Financial Statements distinguish functions of the City of Janesville that are principally supported by taxes and inter-governmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Janesville include General Government, Public Safety, Public Works, Recreation and Parks, Community and Economic Development, and Library. The business-type activities of the City of Janesville include the Water, Wastewater, and Stormwater Utilities, and the Transit System.

In addition to these various direct operations of the City, or primary government, the Government-Wide Financial Statements also include financial information related to two legally distinct entities for which the City has financial responsibility, known as Component Units. These Component Units are the Janesville Community Development Authority (CDA) and Janesville Innovation Incorporated (JII). These entities are described in Note I of the Financial Statements. Separately issued financial statements and management discussion information are not published for these component units.

Fund Financial Statements

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Janesville, like other state and local governments, uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Funds of the City of Janesville can be divided into three categories: *Governmental Funds*, *Proprietary Funds*, and *Agency Funds*.

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

Because the focus of Governmental Funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the *Governmental Funds Balance Sheet* and the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between Governmental Funds and governmental activities.

The City of Janesville maintains 27 individual Governmental Funds. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund, the Sanitation Fund, the Debt Service Fund, and the Capital Projects Fund, which are considered to be major Funds. Data from the remaining 23 Governmental Funds are combined into a single, aggregated presentation. Individual Fund data for each of these non-major Governmental Funds (Special Revenue Funds including TIF districts) is provided in the form of Combining Statements later in this report. The basic Governmental Fund Financial Statements can be found on pages 18 – 21 of this report.

Proprietary Funds. Proprietary Funds are used to report the same functions presented as business-type activities in the Government-Wide Financial Statements. Proprietary Funds provide the same type of information as the Government-Wide Financial Statements, only in more detail. The City of Janesville maintains two types of Proprietary Funds: Enterprise Funds and Internal Service Funds. The Proprietary Fund Financial Statements provide separate information for the Water Utility and Wastewater Utility, which are considered to be major Enterprise Funds of the City of Janesville. Additional enterprise operations for Stormwater Utility and the Transit System are combined into a single aggregate presentation. Internal Service Funds are used to account for enterprise-like operations that provide services, on a user fee basis, primarily, or exclusively, to departmental customers within the governmental entity itself, rather than to external customers. The City of Janesville uses Internal Service Funds to account for its Vehicle Operation & Maintenance (VOM), Insurance functions, and Benefits Funding (provides funds for payment of the non-general fund debt service borrowed in 2005 to payoff the Wisconsin Retirement System prior service liability). These internal functions are reported in a single, aggregated Proprietary Fund statement presentation, and included with other governmental activities in the Government-Wide Financial Statements. The basic Proprietary Fund Financial Statements can be found on pages 22 – 26 of this report.

Agency Funds. Agency Funds are used to account for resources held for the benefit of parties outside the government. Agency Funds are not reflected in the Government-Wide Financial Statement because the resources of those funds are not available to support the City of Janesville's programs. The Agency Fund maintained by the City of Janesville is the Tax Collection Fund. The Tax Collection Fund records the tax roll and tax collections for other taxing jurisdictions within the City of Janesville. The basic Agency Fund Financial Statements can be found on page 27 of this report.

Notes to the Financial Statements

The Notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The *Notes to the Financial Statements* can be found on pages 28 – 92 of this report.

Supplementary Information

In addition to the basic Financial Statements and accompanying Notes, required supplementary information presents budgetary comparison schedules for the General Fund and Sanitation Fund to demonstrate compliance with the budget and complements the statement included in the basic Governmental Fund Financial Statements. The budgetary comparison schedules are found on pages 93 and 94 of this report.

The additional required supplementary information schedules show the required Wisconsin Retirement System (WRS) net pension liability/asset information as well as the other postemployment benefits (OPEB) information. While WRS is fully funded, the City has not funded the actuarial value of the OPEB. The required WRS and OPEB schedules are found on pages 95 – 97 of this report.

Additional supplementary information has been provided as part of this report. This information includes the General Fund detailed schedule of revenues and other sources, and expenditure and other uses; combining statements in connection with non-major governmental, enterprise, internal service, and agency funds; Water and Wastewater utilities operating revenues and expenses; utility plant; and component unit statement of cash flows. The supplementary information section can be found on pages 98 – 136 of this report.

The statistical section presents detailed information as a context for understanding the City's overall financial condition as presented in the financial statements, notes to the financial statements, and required supplementary information. The statistical section can be found at the end of this report.

Financial Analysis of the City Government-wide Statements

The City of Janesville's statements of net position at December 31, 2018 and 2017 are summarized in the table below.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Janesville, assets exceeded liabilities by \$288.5 million at the close of 2019. This is an increase of \$13,361,909 million, or 5.0%, above the restated net position as of January 1, 2018.

**City of Janesville
Summary Statement of Net Position**

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | 2018* | 2017 | 2018* | 2017 | 2018* | 2017 |
| Current and other assets | \$96,662,405 | \$81,409,091 | \$24,489,137 | \$21,642,394 | \$121,151,542 | \$103,051,485 |
| Capital assets (net) | <u>233,218,171</u> | <u>225,349,851</u> | <u>154,533,894</u> | <u>150,650,937</u> | <u>387,752,065</u> | <u>376,000,788</u> |
| Total Assets | <u>329,880,576</u> | <u>306,758,942</u> | <u>179,023,031</u> | <u>172,293,331</u> | <u>508,903,607</u> | <u>479,052,273</u> |
| Deferred outflow s of resources | <u>16,698,349</u> | <u>16,691,703</u> | <u>1,578,250</u> | <u>1,783,368</u> | <u>18,276,599</u> | <u>18,475,071</u> |
| Current liabilities | 7,005,709 | 8,250,645 | 2,242,941 | 1,697,895 | 9,248,650 | 9,948,540 |
| Long-term liabilities | <u>113,262,236</u> | <u>92,046,826</u> | <u>55,147,387</u> | <u>51,378,530</u> | <u>168,409,623</u> | <u>143,425,356</u> |
| Total Liabilities | <u>120,267,945</u> | <u>100,297,471</u> | <u>57,390,328</u> | <u>53,076,425</u> | <u>177,658,273</u> | <u>153,373,896</u> |
| Deferred inflow s of revenues | <u>59,627,883</u> | <u>48,778,190</u> | <u>1,362,123</u> | <u>738,594</u> | <u>60,990,006</u> | <u>49,516,784</u> |
| Net Position: | | | | | | |
| Net investment in capital assets | 171,638,380 | 167,011,926 | 104,105,334 | 102,001,949 | 275,359,714 | 268,446,875 |
| Restricted | 27,517,272 | 15,754,928 | 10,667,625 | 9,248,989 | 38,184,897 | 25,003,917 |
| Unrestricted (deficit) | <u>(32,472,555)</u> | <u>(8,391,870)</u> | <u>7,075,871</u> | <u>9,010,742</u> | <u>(25,012,684)</u> | <u>1,185,872</u> |
| Total Net Positon | <u>\$166,683,097</u> | <u>\$174,374,984</u> | <u>\$121,848,830</u> | <u>\$120,261,680</u> | <u>\$288,531,927</u> | <u>\$294,636,664</u> |

* Net position as of January 1, 2018 was restated due to the implementation of GASB Statement No. 75.

The largest portion of the City of Janesville's net position (approximately 95.4%) reflects its investment in capital assets (i.e., land, land improvements, buildings, furniture and fixtures, vehicles and equipment, plant in service, infrastructure and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City of Janesville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of

Janesville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Janesville's net position (approximately 13.2%) represents resources that are subject to external restrictions, such as grants, on how they may be used. The remaining balance is an Unrestricted Net Position of (\$24,950,684).

Net position increased \$10,049,691 (6.4%) for governmental activities and \$3,642,218 (3.1%) for business-type activities during the current year.

The following table provides a summary of the City's changes in net position.

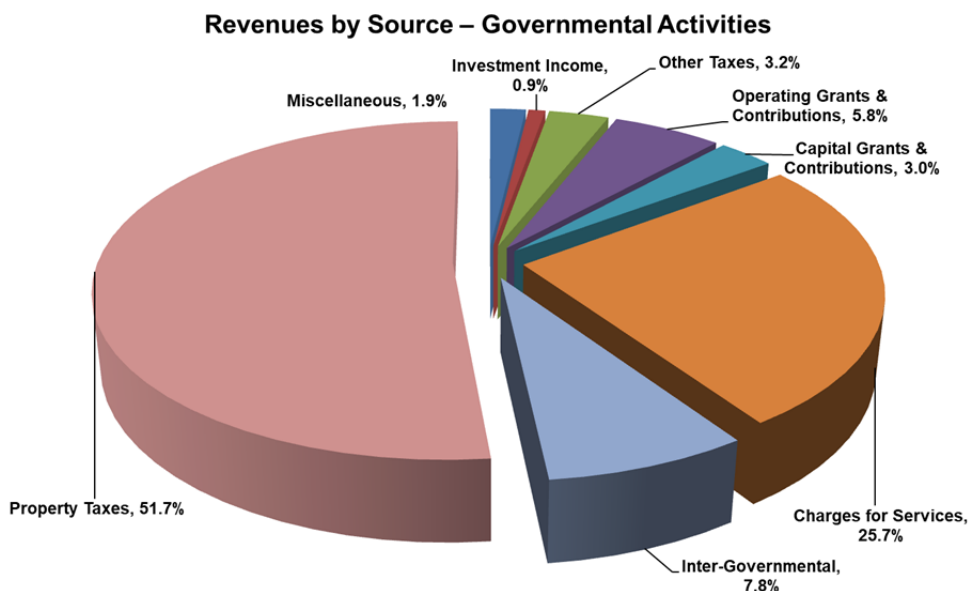
| City of Janesville | | | | | | |
|-----------------------------------------------|--------------------------------|-----------------------|----------------------------------|-----------------------|-----------------------|-----------------------|
| Changes in Net Position | | | | | | |
| | Governmental Activities | | Business- Type Activities | | Total | |
| | 2018* | 2017 | 2018* | 2017 | 2018* | 2017 |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 20,653,370 | \$ 18,176,872 | \$ 22,869,166 | \$ 22,411,836 | \$ 43,522,536 | \$ 40,588,708 |
| Operating Grants & Contributions | 4,657,543 | 4,414,390 | 2,049,077 | 2,057,853 | 6,706,620 | 6,472,243 |
| Capital Grants & Contributions | 2,400,182 | 1,317,123 | 1,512,136 | 388,327 | 3,912,318 | 1,705,450 |
| General Revenues: | | | | | | |
| Property Taxes | 41,492,292 | 37,634,880 | - | - | 41,492,292 | 37,634,880 |
| Other Taxes | 2,523,179 | 2,531,389 | - | - | 2,523,179 | 2,531,389 |
| Inter-Governmental Revenues Not | | | | | | |
| Restricted to Specific Programs | 6,214,115 | 5,628,245 | - | - | 6,214,115 | 5,628,245 |
| Investment Income | 757,287 | 503,534 | 226,649 | 106,601 | 983,936 | 610,135 |
| Miscellaneous | 1,494,147 | 1,119,538 | 6,153 | 26,516 | 1,500,300 | 1,146,054 |
| Total Revenues | 80,192,115 | 71,325,971 | 26,663,181 | 24,991,133 | 106,855,296 | 96,317,104 |
| EXPENSES | | | | | | |
| General Government | 4,736,517 | 4,959,538 | - | - | 4,736,517 | 4,959,538 |
| Public Safety | 28,724,964 | 30,184,659 | - | - | 28,724,964 | 30,184,659 |
| Public Works | 16,644,640 | 18,612,387 | - | - | 16,644,640 | 18,612,387 |
| Recreation & Parks | 4,151,107 | 5,100,992 | - | - | 4,151,107 | 5,100,992 |
| Community/Economic Dev. | 10,368,971 | 8,282,763 | - | - | 10,368,971 | 8,282,763 |
| Library | 4,594,893 | 4,661,471 | - | - | 4,594,893 | 4,661,471 |
| Interest and Fiscal Charges | 1,465,467 | 1,294,272 | - | - | 1,465,467 | 1,294,272 |
| Water Utility | - | - | 5,562,801 | 5,416,823 | 5,562,801 | 5,416,823 |
| Wastewater Utility | - | - | 9,623,026 | 9,202,044 | 9,623,026 | 9,202,044 |
| Stormwater Utility | - | - | 3,281,193 | 3,165,055 | 3,281,193 | 3,165,055 |
| Transit | - | - | 4,009,808 | 4,212,285 | 4,009,808 | 4,212,285 |
| Total Expenses | 70,686,559 | 73,096,082 | 22,476,828 | 21,996,207 | 93,163,387 | 95,092,289 |
| Increase in Net Position Before Transfers | 9,505,556 | (1,770,111) | 4,186,353 | 2,994,926 | 13,691,909 | 1,224,815 |
| Transfers | 544,135 | 393,622 | (544,135) | (393,622) | - | - |
| Increase in Net Position | 10,049,691 | (1,376,489) | 3,642,218 | 2,601,304 | 13,691,909 | 1,224,815 |
| Net Position, beginning of year (as restated) | 156,633,406 | 175,751,473 | 118,206,612 | 117,660,376 | 274,840,018 | 293,411,849 |
| Net Position, end of year | <u>\$ 166,683,097</u> | <u>\$ 174,374,984</u> | <u>\$ 121,848,830</u> | <u>\$ 120,261,680</u> | <u>\$ 288,531,927</u> | <u>\$ 294,636,664</u> |

* Net position as of January 1, 2018 was restated due to the implementation of GASB Statement No. 75.

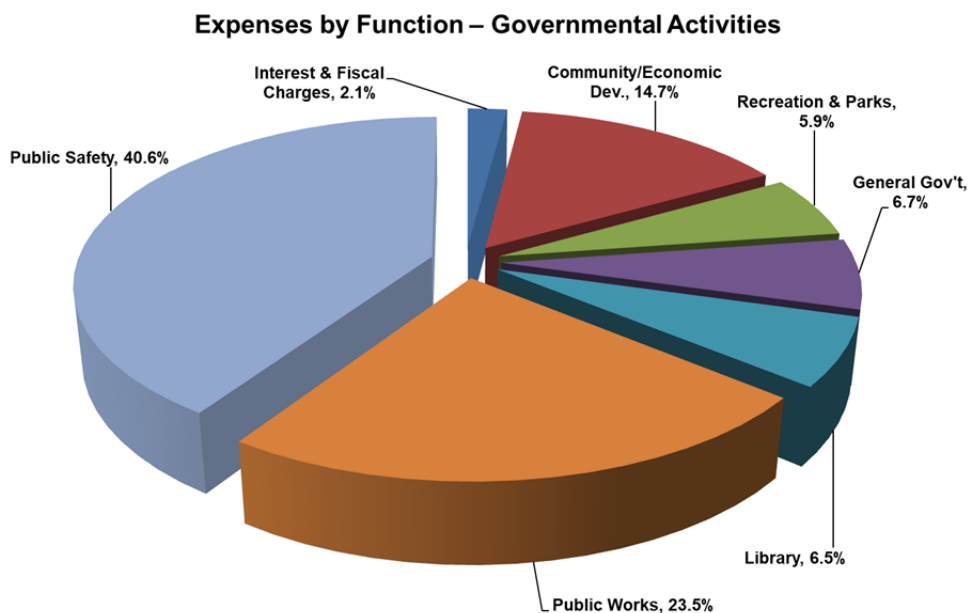
Total revenues increased by \$10,538,192, or 10.9%, primarily due to increases in Property Taxes (\$3,857,412); Charges for Services (\$2,933,828); and Capital Grants & Contributions (\$2,206,868).

Meanwhile, total expenses decreased \$1,928,902, or 2.0%, primarily due to less Public Works (\$1,967,747) and Public Safety (\$1,459,695) spending.

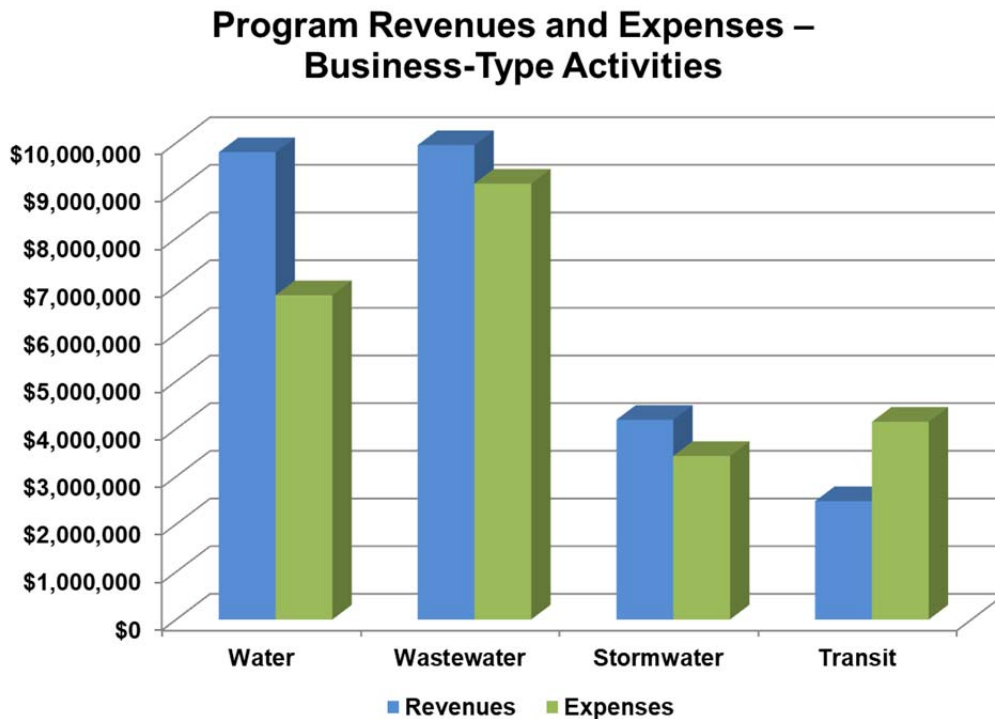
Governmental Activities. The pie chart below shows a picture of how governmental activities were funded in 2018. Property taxes are the primary source of funding for governmental services providing just over half (51.7%) of the City's total governmental revenues. Charges for Services increased to 25.7%. Inter-Governmental Revenues decreased slightly to 7.8%. Operating Grants contributed 5.8%, and Capital Grants and Contributions were 3.0%. Capital grants and contributions vary depending upon the specific capital projects.



The pie chart below categorizes expenses by governmental functions. Public Safety was the largest category of expense at 40.6% of the total. Public Works was the next largest expense category with 23.5% of the total governmental activities.



Business-Type Activities. Business-type activities are shown in the graph below comparing program revenues to costs of the City of Janesville’s business-type activities. This chart shows the Water, Wastewater and Stormwater Utilities were fully self-supporting in 2018. The Transit fund requires annual transfers from the General Fund.



The Water Utility produced a net operating income of \$3,256,556 in 2018 compared to \$2,982,283 in 2017. The Water Utility generated operating revenue of \$8,547,308, which was \$283,392 (3.2%) less than budgeted due to declining residential and commercial water usage. Water operating expenses and payment in lieu of taxes (PILOT) transfer of \$6,803,948 were \$441,145 (6.1%) under budget due to a lower than anticipated PILOT payment.

The Wastewater Utility produced a net operating income of \$750,491 in 2018 compared to \$1,322,219 in 2017. The Wastewater Utility generated operating revenue of \$9,895,116, which was \$84,616 (0.9%) more than budgeted. Wastewater operating expenses of \$9,144,625 were \$351,026 (4.0%) more than budgeted due to higher contractual services.

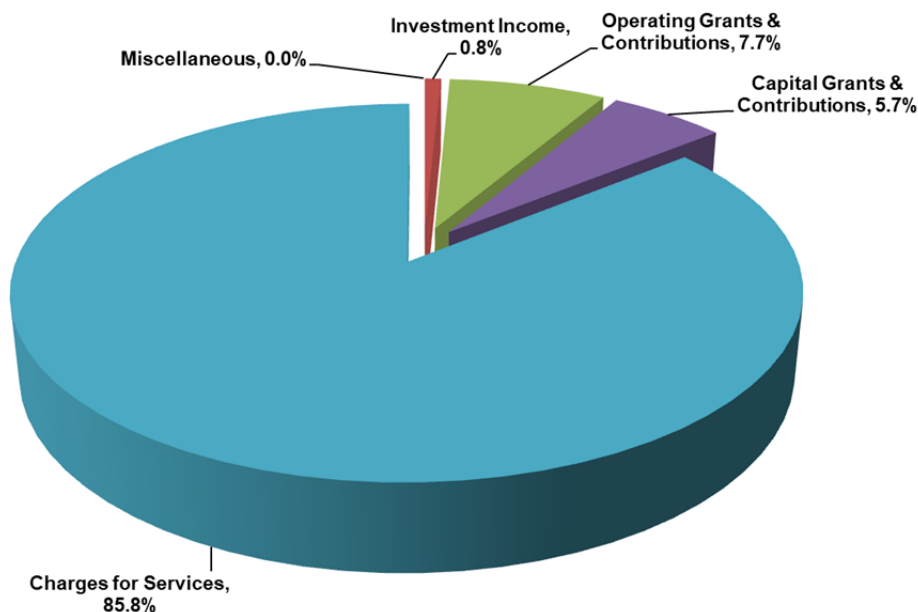
The Stormwater Utility is primarily funded by user charge rates per Equivalent Runoff Unit (ERU). The rate per ERU is designed to fund the budgeted expenditures. The Stormwater Utility generated net operating income of \$562,070. This revenue is used to pay its debt service requirements, which were \$493,204 in 2018.

Transit received 54.15% of its operating budget from combined Federal and State operating grants. Historically, this funding has remained relatively constant near the maximum. Transit Fare revenue decreased \$17,226 from the previous year, mostly due to fare reductions implemented in 2018. Transit operations are funded in part by General Fund transfers, 30% in 2018. The 2018 General Fund Subsidy for operation of the Transit system was \$1,047,898, which was \$15,570 less than budgeted primarily due to lower fuel and part costs.

As shown in the pie chart below, revenues from the business-type activities come primarily from Charges for Services (85.8%), Operating Grants (7.7%), and Capital Grants and Contributions (5.7%) Operating

grants and contributions are primarily State and Federal grants for the Transit System while Capital Contributions are special assessments in Water and Wastewater Utilities for system expansion.

Revenues by Source – Business-Type Activities



Financial Analysis of the City's Major Funds

As noted earlier, the City of Janesville uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Janesville's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Janesville's financing requirements. In particular, Unrestricted Fund Balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2018, the City of Janesville's Governmental Funds reported combined ending balances of \$32,090,629, an increase of \$6,473,877, or 25.3%, in comparison with the prior year. The Nonspendable Fund Balance is reserved for long-term receivables (\$1,345,700) which are unavailable for spending or prepaid items and inventories (\$277,183) that have already been spent. The Restricted Fund Balance of \$18.4 million is restricted by creditors, grantors, or property tax levies to pay: (1) debt service (\$3,824,838); (2) capital projects activities (\$3,059,670); and (3) special revenue activities (\$11,527,320). Approximately \$12.1 million, or 37.6% of the fund balance, constitutes Committed, Assigned, and Unassigned Fund Balance. These balances include \$841,386 that has been committed to special revenue purposes by resolutions and ordinances, \$3,024,514 committed for Sanitation, \$509,789 assigned to fund the 2019 budget, \$4,501,033 assigned to future capital projects, and unassigned funds of \$3,179,196.

The *General Fund* is the chief operating fund of the City of Janesville. As of December 31, 2018, the total fund balance of the General Fund was \$9,372,272, of which \$8,023,352 was unrestricted (Assigned and Unassigned). This Unrestricted Fund Balance represents approximately 16.3% of total General Fund expenditures and transfers out for 2018, while the total fund balance represents approximately 19.1% of that same amount.

The City of Janesville's General Fund balance increased \$1,099,364 versus a budgeted decrease of \$787,395 in 2018. Revenues exceeded the budgeted amount by \$974,648 while expenditures were under budget by \$704,508 and other financing sources (uses) were \$207,603 under budget when netted. The net increase in the General Fund balance is primarily due to over realized Investment Income, Rents, and Fines (\$437,423); Service Charges and Other (\$402,480); and State and Federal Aids (\$258,982) revenue and under realized General Government (\$247,465); Public Safety (\$206,272); and Community and Economic Development (\$146,871) expenditures.

The *Sanitation Fund* provides for the collection of trash and recyclables and the related disposal cost of the sanitary landfill and compost site. The total fund balance as of December 31, 2018 was \$3,024,514, a decrease of \$239,843 from 2017. This is primarily due to the use of \$1.98 million in fund balance for sanitary landfill capital projects in 2018. Operating revenue was over realized by \$918,721 due to an increase in user fees and disposal fees because of higher tonnage received. The sanitary landfill received 188,009 tons of waste in 2018, which is slightly higher than last year. Operating expenses were over budget by \$81,430 primarily because of increased DNR fees associated with increased tonnage.

The *Debt Service Fund* has a total fund balance of \$3,824,838, all of which is restricted for the payment of debt service. The fund balance increased by \$563,129 in 2018.

The *Capital Projects Fund* provides funding for capital projects of the City of Janesville, or other unique expenditures that are not normal operating or maintenance-type expenditures reportable within the General Fund or other Governmental Funds. The total fund balance as of December 31, 2018 was \$7,792,666, an increase of \$2,315,693 from the previous year. The increase is primarily due to unspent note proceeds and a donation from the Forward Foundation to pay for the construction of the Blain Gilbertson Family Heritage Bridge in the summer of 2019.

The aggregated *Other Governmental Funds* column includes various special revenue funds, such as Tax Incremental Financing (TIF) accounts, that are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The accumulated fund balances for these accounts increased by \$2,735,534 in 2018 primarily due to excess increment generated in TIF Districts 32 and 35 and unspent note proceeds in TIF District 36.

Proprietary Funds. The City of Janesville's Proprietary Funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail.

The net position of the City's Enterprise Funds increased by \$3.1 million to \$119.2 million as of December 31, 2018. Most of this increase is due to assets placed into service. Meanwhile, the net position of the City's Internal Service Funds increase by \$1,411,851 to \$3,905,812 primarily due to better claims experience compared to last year.

General Fund Budgetary Highlights

The *Budgetary Comparison Schedule – General Fund* indicates that the amended 2018 budget for expenditures and transfers out was \$49,793,032, funded by anticipated property taxes and revenues (\$47,605,637) and the Water Utility payment-in-lieu-of-taxes (\$1,400,000), and the application of available reserves (\$787,395). The 2018 budget was amended to include \$250,000 to fund cost overages in General Government, Public Works, and Recreation and Parks expenditure categories.

Actual revenues and transfers resulted in a favorable revenue variance of \$1,166,681, or 2.4%, more than the amount budgeted for 2019.

The major revenue budget to actual variances are as follows:

- General Fund Tax Levy – \$73,901 less than budget due primarily to refunds paid for claims of excessive assessment
- Cable TV – \$71,752 less than budget and \$88,001 less than peak revenue in 2015

- Community Development Permits – Overall revenue was \$35,650 less than budget, but residential permit fee revenue was \$45,904 more than budget
- Investment Income – \$224,719 more than budget as interest rates continue to increase. This is the highest amount of Investment Income earned since 2009
- Sale of City Property – \$265,240 more than budget due to the sale of 200 W. Milwaukee Street in December of 2018
- Local Road Allotment – \$261,720 more than budget due to receiving more General Transportation Aid (GTA) from the State
- Fire Department Service Charges – \$397,427 more than budget due to increased fees and service activity
- Water Utility Taxes – \$192,033 more than budget due to the increased value of the Utility’s plant

The expenditure and transfer budget results after the supplemental appropriation yielded a favorable variance of \$720,078, or 1.4%, less than the amended budget.

- General Government – Budget savings of \$247,465 were realized primarily in wages, salaries, and benefits related to vacant positions
- Public Safety – Budget savings of \$206,272 were realized primarily in wages, salaries, and benefits related to vacant positions
- Community and Economic Development – Budget savings of \$146,871 were realized primarily in wages, salaries, and benefits related to vacant positions

Additional information on the General Fund budget performance can be found in the supplementary information schedules on pages 99 – 102.

Capital Assets and Long-Term Debt

Capital Assets. In accordance with the implementation requirements of GASB No. 34, the City has recorded historical cost and accumulated depreciation associated with all of its capital assets, including infrastructure. As shown in the table below, the City reported capital assets net of accumulated depreciation for its governmental and business-type activities of \$387.8 million as of December 31, 2018.

| City of Janesville | | | | | | |
|-------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Capital Assets, Net of Accumulated Depreciation | | | | | | |
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2018* | 2017 | 2018* | 2017 | 2018* | 2017 |
| Land | \$37,033,283 | \$36,971,895 | \$1,033,509 | \$1,033,509 | \$38,066,792 | \$38,005,404 |
| Construction in Progress | 3,353,236 | 2,896,533 | 989,693 | 337,855 | 4,342,929 | 3,234,388 |
| Land Improvements | 10,023,684 | 9,903,905 | 937,694 | 977,853 | 10,961,378 | 10,881,758 |
| Buildings | 45,780,119 | 43,295,892 | 43,799,919 | 44,468,788 | 89,580,038 | 87,764,680 |
| Furniture and Fixtures | 9,040,362 | 9,700,695 | 5,130,787 | 4,805,680 | 14,171,149 | 14,506,375 |
| Vehicles and Equipment | 29,262,034 | 26,554,611 | 36,707,989 | 36,460,103 | 65,970,023 | 63,014,714 |
| Plant in Service | - | - | 152,452,481 | 144,026,673 | 152,452,481 | 144,026,673 |
| Infrastructure | 210,120,985 | 201,756,573 | - | - | 210,120,985 | 201,756,573 |
| Total Capital Assets | \$344,613,703 | \$331,080,104 | \$241,052,072 | \$232,110,461 | \$585,665,775 | \$563,190,565 |
| Less Accumulated | | | | | | |
| Depreciation | (111,395,532) | (105,730,253) | (86,518,179) | (81,459,524) | (197,913,711) | (187,189,777) |
| Capital Assets Net of | | | | | | |
| Depreciation | <u>\$233,218,171</u> | <u>\$225,349,851</u> | <u>\$154,533,893</u> | <u>\$150,650,937</u> | <u>\$387,752,064</u> | <u>\$376,000,788</u> |

In 2018, capital asset additions were \$26,052,309, and retirements were \$4,081,885. Significant capital asset additions include the following:

| | | |
|------------------------------|-------------------------------------------------------------|-----------|
| Water Utility | Transmission and Distribution System Construction/Additions | 6,521,500 |
| Wastewater Utility | Collection System Construction/Additions | 1,261,368 |
| Stormwater Utility | Collection/Retention Infrastructure | 910,934 |
| Library | Collection | 339,967 |
| Infrastructure | Street Construction/ Reconstruction | 4,592,288 |
| | Landfill Improvements | 1,592,087 |
| | Sidewalks | 1,263,521 |
| Land and Building | City Hall Improvements | 1,449,228 |
| | Hedberg Public Library Improvements | 368,030 |
| Vehicles & Capital Equipment | 2019 International HV507 - Dump Trucks (3) | 477,945 |
| | 2017 Ford F550 - JFD Ambulances (2) | 460,884 |
| | 2018 Mack - Automated Collection Vehicle | 284,350 |

Additional information of the City of Janesville's capital assets can be found in Note IV.D on pages 50 – 56.

Long-Term Debt. At the end of the current fiscal year, the City of Janesville has \$117.9 million of long-term notes, bonds and capital leases outstanding, as summarized in the following table.

**City of Janesville
Notes and Bonds Outstanding**

| | Governmental Activities | | Business Type-Activities | | Total | |
|------------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|----------------------|----------------------|
| | 2018* | 2017 | 2018* | 2017 | 2018* | 2017 |
| General Obligation Bonds and Notes | \$67,242,000 | \$65,329,000 | \$29,953,000 | \$26,566,000 | \$97,195,000 | \$91,895,000 |
| Revenue Bonds | - | - | 20,688,769 | 22,567,392 | 20,688,769 | 22,567,392 |
| Total | <u>\$67,242,000</u> | <u>\$65,329,000</u> | <u>\$50,641,769</u> | <u>\$49,133,392</u> | <u>\$117,883,769</u> | <u>\$114,462,392</u> |

The 2018 rating for the City of Janesville from Standard and Poor's Global Ratings for General Obligation Debt remained at "AA".

State Statutes limit the amount of General Obligation Debt a governmental entity may issue to 5% of its total equalized valuation. The current debt limitation for the City of Janesville is \$245,501,035, which significantly exceeds the City of Janesville's current outstanding General Obligation debt of \$97,195,000.

As of December 31, 2018, the City of Janesville's outstanding General Obligation debt equaled 39.6% of the State authorized debt limit.

The City of Janesville issued General Obligation Promissory Notes to finance the annual capital improvement program (CIP). The issue closed on July 11, 2018. It included funding for street infrastructure improvements (\$7,428,000); water, wastewater, and stormwater infrastructure improvements (\$7,395,000); ARISE Town Square improvements (\$2,083,000); and City Hall and Library improvements (\$1,782,000).

Additional information of the City of Janesville's long-term debt can be found in Note IV.F. on pages 60 – 64 and in the *Statistical Information* section of this report.

Economic Factors and Next Year's Budget and Rates

- > The annual unemployment rate for the City of Janesville was 3.2% for 2018, a decrease from 3.6% in 2017. This compares to the unemployment rate of 3.0% for the State of Wisconsin and a national unemployment rate of 3.9% in 2018.
- > The City's total equalized property value at January 1, 2018 was \$4,910,020,700. This compares to the previous year's total of \$4,605,798,000, a 6.6% increase. The City's equalized assessed value has grown 23.1% since 2015, which is more than twice as much as our peer cities' average (11.3%) and nearly twice as much as the State of Wisconsin (12.0%) over the same period.
- > The Janesville City Council adopted the 2019 general city budget (General Fund and Library) that included a 2.6% increase in non-property tax revenue and applied fund balance and a 3.0% increase in total expenditures funded by a 3.4% increase in the property tax levy. When combined with a 0.1% increase in assessed property valuation, the property tax rate increased by 3.3%.
- > The State of Wisconsin continues to limit municipalities' ability to levy taxes. Generally, the City is limited to its prior year tax levy dollar amount (excluding TIF districts), increased by the percentage increase in value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from levy limits. The City is also required to reduce its allowable levy by fee revenue it collects for certain services if they were funded by the tax levy in the prior year. Levies may exceed the allowable limits if approved by referendum.

Request for Information

This *Comprehensive Annual Financial Report* (CAFR) is designed to provide our citizens, customers, investors, and creditors with a general overview of the City of Janesville's finances and to provide accountability for the financial resources it receives. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed as follows:

City of Janesville
Finance Office
18 North Jackson Street
P.O. Box 5005
Janesville, WI 53547-5005

General information relating to the City of Janesville, Wisconsin, can be found at the City's website at <http://www.ci.janesville.wi.us>.



GOVERNMENT-WIDE STATEMENTS

CITY OF JANESVILLE

STATEMENT OF NET POSITION
As of December 31, 2018

| | Governmental Activities | Business- type Activities | Totals | Component Unit |
|----------------------------------------------------|----------------------------|---------------------------------|-----------------------|-------------------|
| ASSETS | | | | |
| Cash and investments | \$ 32,964,032 | \$ 3,327,096 | \$ 36,291,128 | \$ 94,980 |
| Receivables (net) | | | | |
| Taxes receivable | 44,302,877 | - | 44,302,877 | - |
| Accounts | 5,319,520 | 6,519,896 | 11,839,416 | 2,730 |
| Special assessments receivable | 1,041,812 | 171,547 | 1,213,359 | - |
| Other receivables | 45,805 | 696,190 | 741,995 | - |
| Prepaid items and inventories | 665,921 | 534,871 | 1,200,792 | - |
| Internal balances | (1,148,079) | 1,148,079 | - | - |
| Restricted assets | | | | |
| Cash and investments | - | 11,361,445 | 11,361,445 | - |
| Net pension assets | 8,077,543 | 730,013 | 8,807,556 | - |
| Deposit with risk pool | 1,604,120 | - | 1,604,120 | - |
| Loans receivable (net) | 3,788,854 | - | 3,788,854 | - |
| Capital Assets | | | | |
| Land | 37,033,283 | 1,033,509 | 38,066,792 | - |
| Construction in progress | 3,353,236 | 989,693 | 4,342,929 | - |
| Other capital assets, net of depreciation | <u>192,831,652</u> | <u>152,510,692</u> | <u>345,342,344</u> | <u>17,870</u> |
| Total Assets | <u>329,880,576</u> | <u>179,023,031</u> | <u>508,903,607</u> | <u>115,580</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pensions | 14,812,153 | 1,395,445 | 16,207,598 | - |
| Deferred outflows related to health insurance OPEB | 1,689,988 | 151,638 | 1,841,626 | - |
| Deferred outflows related to life insurance OPEB | <u>196,208</u> | <u>31,167</u> | <u>227,375</u> | <u>-</u> |
| Total Deferred Outflows of Resources | <u>16,698,349</u> | <u>1,578,250</u> | <u>18,276,599</u> | <u>-</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | 7,005,709 | 1,707,797 | 8,713,506 | 28,421 |
| Payable from restricted assets | - | 535,144 | 535,144 | - |
| Noncurrent liabilities | | | | |
| Due within one year | 15,382,821 | 6,881,165 | 22,263,986 | - |
| Due in more than one year | 56,425,084 | 44,436,085 | 100,861,169 | - |
| Health insurance OPEB | 39,846,996 | 3,575,372 | 43,422,368 | - |
| Life insurance OPEB | <u>1,607,335</u> | <u>254,765</u> | <u>1,862,100</u> | <u>-</u> |
| Total Liabilities | <u>120,267,945</u> | <u>57,390,328</u> | <u>177,658,273</u> | <u>28,421</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unearned revenues | 43,474,606 | - | 43,474,606 | - |
| Deferred inflows related to pensions | 16,130,630 | 1,358,533 | 17,489,163 | - |
| Deferred inflows related to life insurance OPEB | <u>22,647</u> | <u>3,590</u> | <u>26,237</u> | <u>-</u> |
| Total Deferred Inflows of Resources | <u>59,627,883</u> | <u>1,362,123</u> | <u>60,990,006</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 171,638,380 | 104,105,334 | 275,359,714 | 17,870 |
| Restricted for | | | | |
| Equipment replacement | - | 7,462,439 | 7,462,439 | - |
| Debt service | 4,382,857 | 2,475,173 | 6,858,030 | - |
| Grants | 5,324,713 | - | 5,324,713 | - |
| Library | 734,437 | - | 734,437 | - |
| TIF districts | 5,602,428 | - | 5,602,428 | - |
| Landfill long-term care | 3,395,295 | - | 3,395,295 | - |
| Pensions | 8,077,542 | 730,013 | 8,807,555 | - |
| Unrestricted (deficit) | <u>(32,472,555)</u> | <u>7,075,871</u> | <u>(25,012,684)</u> | <u>69,289</u> |
| TOTAL NET POSITION | <u>\$ 166,683,097</u> | <u>\$ 121,848,830</u> | <u>\$ 288,531,927</u> | <u>\$ 87,159</u> |

See accompanying notes to financial statements.

CITY OF JANESVILLE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

| Functions/Programs | Program Revenues | | | | Net Expenses (Revenues) and Changes in Net Position | | | Component Unit |
|----------------------------------------------------------------|----------------------|-------------------------|------------------------------------------|----------------------------------------|--------------------------------------------------------|-----------------------------|-----------------------|-------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-type Activities | Totals | |
| Primary Government | | | | | | | | |
| Governmental Activities | | | | | | | | |
| General government | \$ 4,736,517 | \$ 631,400 | \$ 2,006,518 | \$ - | \$ (2,098,599) | \$ - | \$ (2,098,599) | |
| Public safety | 28,724,964 | 4,562,417 | 277,947 | 22,530 | (23,862,070) | - | (23,862,070) | |
| Public works | 16,644,640 | 11,836,535 | 1,155,611 | 1,677,517 | (1,974,977) | - | (1,974,977) | |
| Recreation and parks | 4,151,107 | 2,139,502 | - | - | (2,011,605) | - | (2,011,605) | |
| Community and economic development | 10,368,971 | 482,571 | 733,106 | 700,135 | (8,453,159) | - | (8,453,159) | |
| Library | 4,594,893 | 1,000,945 | 484,361 | - | (3,109,587) | - | (3,109,587) | |
| Interest and fiscal charges | 1,465,467 | - | - | - | (1,465,467) | - | (1,465,467) | |
| Total Governmental Activities | 70,686,559 | 20,653,370 | 4,657,543 | 2,400,182 | (42,975,464) | - | (42,975,464) | |
| Business-type Activities | | | | | | | | |
| Water Utility | 5,562,801 | 8,547,308 | - | 1,255,568 | - | 4,240,075 | 4,240,075 | |
| Wastewater Utility | 9,623,026 | 9,895,116 | - | 56,568 | - | 328,658 | 328,658 | |
| Stormwater Utility | 3,281,193 | 3,991,027 | - | 200,000 | - | 909,834 | 909,834 | |
| Transit | 4,009,808 | 435,715 | 2,049,077 | - | - | (1,525,016) | (1,525,016) | |
| Total Business-type Activities | 22,476,828 | 22,869,166 | 2,049,077 | 1,512,136 | - | 3,953,551 | 3,953,551 | |
| Total Primary Government | \$ 93,163,387 | \$ 43,522,536 | \$ 6,706,620 | \$ 3,912,318 | (42,975,464) | 3,953,551 | (39,021,913) | |
| Component Unit- Community Development Authority | \$ 2,883,484 | \$ 69,662 | \$ 2,819,890 | \$ - | - | - | - | \$ 6,068 |
| General Revenues | | | | | | | | |
| Taxes | | | | | | | | |
| Property taxes, levied for general purposes | | | | | 32,032,694 | - | 32,032,694 | - |
| Property taxes, levied for the library | | | | | 3,333,015 | - | 3,333,015 | - |
| Property taxes, levied for TIF Districts | | | | | 6,126,583 | - | 6,126,583 | - |
| Other taxes | | | | | 2,523,179 | - | 2,523,179 | - |
| Intergovernmental revenues not restricted to specific programs | | | | | 6,214,115 | - | 6,214,115 | - |
| Investment income | | | | | 757,287 | 226,649 | 983,936 | 2,051 |
| Miscellaneous | | | | | 1,494,147 | 6,153 | 1,500,300 | - |
| Total General Revenues | | | | | 52,481,020 | 232,802 | 52,713,822 | 2,051 |
| Transfers | | | | | 544,135 | (544,135) | - | - |
| Change in Net Position | | | | | 10,049,691 | 3,642,218 | 13,691,909 | 8,119 |
| NET POSITION - Beginning of Year (As Restated) | | | | | <u>156,633,406</u> | <u>118,206,612</u> | <u>274,840,018</u> | <u>79,040</u> |
| NET POSITION - END OF YEAR | | | | | \$ 166,683,097 | \$ 121,848,830 | \$ 288,531,927 | \$ 87,159 |

See accompanying notes to financial statements.

MAJOR GOVERNMENTAL FUNDS

General Fund – This fund accounts for the city’s primary operating activities. Principal sources of revenue are property taxes, licenses and permits, and state shared revenues. Primary expenditures are for police protection, fire protection, public works, recreation activities, maintenance of parks, and general administration.

Sanitation Fund – This fund accounts revenues that are legally restricted to support expenditures for the recycling programs, solid waste collection, composting facility, solid waste disposal and landfill operations.

Debt Service Fund – This fund accounts for resources that are restricted for the payment of principal and interest on long-term debt other than enterprise fund debt.

Capital Projects Fund – This fund accounts for long-term borrowing and other resources that are restricted, committed, or assigned to be used for capital improvement projects.

CITY OF JANESVILLE

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

| | General Fund | Sanitation | Debt Service | Capital Projects | Other Governmental Funds | Totals |
|--------------------------------|----------------------|---------------------|---------------------|---------------------|--------------------------------|----------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 3,534,105 | \$ 1,886,531 | \$ 3,877,370 | \$ 7,992,437 | \$ 12,642,433 | \$ 29,932,876 |
| Receivables | | | | | | |
| Taxes | 33,728,149 | 297,066 | 353,035 | - | 9,924,628 | 44,302,878 |
| Accounts | 1,957,392 | 1,250,328 | - | 571,775 | 655,294 | 4,434,789 |
| Special assessments | - | - | 634,476 | - | 57,650 | 692,126 |
| Delinquent special assessments | - | - | 349,686 | - | - | 349,686 |
| Accrued investment income | 45,805 | - | - | - | - | 45,805 |
| Due from other funds | 5,748,602 | - | - | 393,797 | - | 6,142,399 |
| Inventories | - | - | - | 231,963 | - | 231,963 |
| Prepaid items | 3,220 | - | - | - | 42,000 | 45,220 |
| Loans receivable (net) | - | - | - | - | 3,788,855 | 3,788,855 |
| TOTAL ASSETS | \$ 45,017,273 | \$ 3,433,925 | \$ 5,214,567 | \$ 9,189,972 | \$ 27,110,860 | \$ 89,966,597 |

| | General Fund | Sanitation | Debt Service | Capital Projects | Other Governmental Funds | Totals |
|---------------------------------------------------------------------------|----------------------|---------------------|---------------------|---------------------|--------------------------------|-------------------|
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 1,456,705 | \$ 370,906 | \$ 61,996 | \$ 996,255 | \$ 824,982 | \$ 3,710,844 |
| Accrued liabilities | 451,382 | 38,505 | - | 7,254 | 92,900 | 590,041 |
| Due to other funds | - | - | 393,797 | - | 4,233,087 | 4,626,884 |
| Total Liabilities | <u>1,908,087</u> | <u>409,411</u> | <u>455,793</u> | <u>1,003,509</u> | <u>5,150,969</u> | <u>8,927,769</u> |
| Deferred Inflows of Resources | | | | | | |
| Unearned revenues | 33,440,558 | - | - | - | 10,034,048 | 43,474,606 |
| Unavailable revenues | 296,356 | - | 933,936 | 393,797 | 3,849,504 | 5,473,593 |
| Total Deferred Inflows of Resources | <u>33,736,914</u> | <u>-</u> | <u>933,936</u> | <u>393,797</u> | <u>13,883,552</u> | <u>48,948,199</u> |
| Fund Balances | | | | | | |
| Nonspendable | 1,348,920 | - | - | 231,963 | 42,000 | 1,622,883 |
| Restricted | - | - | 3,824,838 | 3,059,670 | 11,527,320 | 18,411,828 |
| Committed | - | 3,024,514 | - | - | 841,386 | 3,865,900 |
| Assigned | 509,789 | - | - | 4,501,033 | - | 5,010,822 |
| Unassigned (deficit) | 7,513,563 | - | - | - | (4,334,367) | 3,179,196 |
| Total Fund Balances | <u>9,372,272</u> | <u>3,024,514</u> | <u>3,824,838</u> | <u>7,792,666</u> | <u>8,076,339</u> | <u>32,090,629</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 45,017,273</u> | <u>\$ 3,433,925</u> | <u>\$ 5,214,567</u> | <u>\$ 9,189,972</u> | <u>\$ 27,110,860</u> | |

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

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note IV.D. | 233,218,171 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. See Note IV. B. | 5,473,593 |
| Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A. | (113,964,127) |
| The net pension asset does not relate to current financial resources and is not reported in the governmental funds | 8,077,543 |
| Deferred outflows of resources related to pensions and OPEBs do not relate to current financial resources and are not reported in the governmental funds | 16,698,349 |
| Deferred inflows of resources related to pensions and OPEBs do not relate to current financial resources and are not reported in the governmental funds | (16,153,277) |
| Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of the internal service funds which primarily serve governmental activities are included as governmental activities. | 1,242,216 |
| TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES | <u>\$ 166,683,097</u> |

CITY OF JANESVILLE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

| | General Fund | Sanitation | Debt Service | Capital Projects | Other Governmental Funds | Totals |
|------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|--------------------------------|----------------------|
| REVENUES | | | | | | |
| Taxes | \$ 32,854,924 | \$ - | \$ - | \$ - | \$ 11,146,378 | \$ 44,001,302 |
| Licenses and permits | 1,651,471 | - | - | - | - | 1,651,471 |
| Investment income, rents and fines | 1,135,483 | - | 115,810 | 335,633 | 386,498 | 1,973,424 |
| State and federal aids | 8,611,027 | 225,617 | - | 302,391 | 2,264,775 | 11,403,810 |
| Special assessments | - | - | 702,951 | 289,439 | - | 992,390 |
| Service charges and other | 4,327,380 | 10,014,400 | - | - | 4,138,176 | 18,479,956 |
| Miscellaneous | - | - | - | 1,953,451 | - | 1,953,451 |
| Total Revenues | <u>48,580,285</u> | <u>10,240,017</u> | <u>818,761</u> | <u>2,880,914</u> | <u>17,935,827</u> | <u>80,455,804</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | 4,427,156 | - | - | - | - | 4,427,156 |
| Public safety | 25,686,708 | - | - | - | 1,300,089 | 26,986,797 |
| Public works | 4,320,386 | 7,109,620 | - | - | 563,534 | 11,993,540 |
| Recreation and parks | 2,935,344 | - | - | - | 1,373,577 | 4,308,921 |
| Community and economic development | 1,538,811 | - | - | - | 8,877,938 | 10,416,749 |
| Library | - | - | - | - | 4,069,755 | 4,069,755 |
| Capital Outlay | - | - | - | 13,164,346 | 1,495,900 | 14,660,246 |
| Debt Service | | | | | | |
| Principal retirement | - | - | 12,126,000 | - | - | 12,126,000 |
| Interest and fiscal charges | - | - | 1,385,220 | - | - | 1,385,220 |
| Total Expenditures | <u>38,908,405</u> | <u>7,109,620</u> | <u>13,511,220</u> | <u>13,164,346</u> | <u>17,680,793</u> | <u>90,374,384</u> |
| Excess (deficiency) of revenues over expenditures | <u>9,671,880</u> | <u>3,130,397</u> | <u>(12,692,459)</u> | <u>(10,283,432)</u> | <u>255,034</u> | <u>(9,918,580)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Long-term debt issued | - | - | - | 9,173,000 | 4,866,000 | 14,039,000 |
| Premium on long-term debt | - | - | 391,168 | - | - | 391,168 |
| Transfers in | 1,592,033 | 250,000 | 12,864,420 | 3,426,125 | 721,727 | 18,854,305 |
| Transfers out | <u>(10,164,549)</u> | <u>(3,620,240)</u> | <u>-</u> | <u>-</u> | <u>(3,107,227)</u> | <u>(16,892,016)</u> |
| Total Other Financing Sources (Uses) | <u>(8,572,516)</u> | <u>(3,370,240)</u> | <u>13,255,588</u> | <u>12,599,125</u> | <u>2,480,500</u> | <u>16,392,457</u> |
| Net Change in Fund Balance | 1,099,364 | (239,843) | 563,129 | 2,315,693 | 2,735,534 | 6,473,877 |
| FUND BALANCES - Beginning of Year | <u>8,272,908</u> | <u>3,264,357</u> | <u>3,261,709</u> | <u>5,476,973</u> | <u>5,340,805</u> | <u>25,616,752</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 9,372,272</u> | <u>\$ 3,024,514</u> | <u>\$ 3,824,838</u> | <u>\$ 7,792,666</u> | <u>\$ 8,076,339</u> | <u>\$ 32,090,629</u> |

CITY OF JANESVILLE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds \$ 6,473,877

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

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

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements | 14,660,246 |
| Some items are capitalized that are reported as functional expenses in the fund financial statements | 994,554 |
| Some assets were contributed by donors or developers | 316,977 |
| Depreciation expense is reported in the government-wide statements | (7,934,819) |
| Net book value of remaining assets retired plus adjustments | (168,638) |

Some receivables are not currently available and are reported as deferred revenue in the fund financial statements but are recognized as revenue in the government-wide financial statements.

| | |
|--------------------------------|-----------|
| Loans receivable | (723,169) |
| Special assessments receivable | 305,786 |
| Grants and other receivables | 14,171 |

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

| | |
|----------------|--------------|
| Debt issued | (14,039,000) |
| Principal paid | 12,126,000 |

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

| | |
|------------------------------------------------------------------------------|-------------|
| Other post employment benefits | (1,716,726) |
| Landfill liability | 66,000 |
| Compensated absences | (31,815) |
| Accrued interest on debt | (71,375) |
| Net pension liability and related deferred outflows and inflows of resources | (890,679) |

Governmental funds report debt discount and issuance costs as expenditures. Premiums on debt issuance are recorded as revenues. However, in the statement of net assets, premiums and discounts are deferred and reported as additions to/subtractions from long-term debt. These balances are amortized over the period the debt is outstanding.

| | |
|-------------------------|-----------|
| Premium on new debt | (391,168) |
| Amortization of premium | 212,546 |

The net revenues (expenses) of internal service fund activity is reported on the statement of activities. 846,923

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 10,049,691

MAJOR PROPRIETARY FUNDS

Water Utility Fund – The Water Utility accounts for all activities necessary to provide cost effective water services to residents of the City of Janesville in accordance with current “safe drinking water” standards established by state and federal governments. Fund activities include administration, billing and collection, operations and maintenance, financing, and related debt service.

Wastewater Utility Fund – The Wastewater Utility accounts for all activities necessary to provide cost effective sanitary sewer services to residents of the City of Janesville in accordance with current “treated effluent discharge” standards established by state and federal governments. Fund activities include administration, billing and collection, operations and maintenance, collection system expansion, financing, and related debt service.

CITY OF JANESVILLE

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2018

| | Water Utility | Wastewater Utility | Other Enterprise Funds | Totals | Governmental Activities Internal Service Funds |
|----------------------------------------------------|---------------------|-----------------------|------------------------------|---------------------|------------------------------------------------------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and working funds | \$ - | \$ 2,296,423 | \$ 1,030,674 | \$ 3,327,097 | \$ 3,031,154 |
| Accounts receivable | 1,359,794 | 1,690,277 | 674,213 | 3,724,284 | 884,732 |
| Unbilled revenue | 1,011,004 | 1,097,389 | 687,220 | 2,795,613 | - |
| Other accounts receivable | 391,985 | 304,205 | - | 696,190 | - |
| Due from other funds | - | 648,609 | - | 648,609 | - |
| Inventories | 316,676 | - | 215,195 | 531,871 | 378,737 |
| Prepaid items | 3,000 | - | - | 3,000 | 10,000 |
| Special assessments receivable | 77,785 | 93,762 | - | 171,547 | - |
| Restricted Assets | | | | | |
| Revenue bond redemption account | 242,903 | 2,307,865 | - | 2,550,768 | - |
| Construction account | 748,746 | 553,267 | 46,226 | 1,348,239 | - |
| Replacement account | - | 7,462,439 | - | 7,462,439 | - |
| Total Restricted Assets | <u>991,649</u> | <u>10,323,571</u> | <u>46,226</u> | <u>11,361,446</u> | <u>-</u> |
| Total Current Assets | <u>4,151,893</u> | <u>16,454,236</u> | <u>2,653,528</u> | <u>23,259,657</u> | <u>4,304,623</u> |
| Noncurrent Assets | | | | | |
| Restricted Assets | | | | | |
| Net pension assets | <u>216,641</u> | <u>185,931</u> | <u>327,441</u> | <u>730,013</u> | <u>-</u> |
| Total Restricted Assets | <u>216,641</u> | <u>185,931</u> | <u>327,441</u> | <u>730,013</u> | <u>-</u> |
| Deposit with risk pool | - | - | - | - | 1,604,120 |
| Utility Plant | | | | | |
| Land | 305,478 | 18,000 | 710,031 | 1,033,509 | - |
| Utility plant in service (at cost) | 98,263,644 | 115,373,151 | 25,392,075 | 239,028,870 | - |
| Construction work in progress | 136,316 | 5,260 | 848,117 | 989,693 | - |
| Accumulated depreciation | <u>(30,862,267)</u> | <u>(46,615,428)</u> | <u>(9,040,483)</u> | <u>(86,518,178)</u> | <u>-</u> |
| Net Plant | <u>67,843,171</u> | <u>68,780,983</u> | <u>17,909,740</u> | <u>154,533,894</u> | <u>-</u> |
| Total Noncurrent Assets | <u>68,059,812</u> | <u>68,966,914</u> | <u>18,237,181</u> | <u>155,263,907</u> | <u>1,604,120</u> |
| Total Assets | <u>72,211,705</u> | <u>85,421,150</u> | <u>20,890,709</u> | <u>178,523,564</u> | <u>5,908,743</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred outflows related to pension | 427,158 | 354,669 | 613,618 | 1,395,445 | - |
| Deferred outflows related to health insurance OPEB | 10,759 | 8,848 | 11,560 | 31,167 | - |
| Deferred outflows related to life insurance OPEB | 74,977 | 21,230 | 55,431 | 151,638 | - |
| Total Deferred Outflows of Resources | <u>512,894</u> | <u>384,747</u> | <u>680,609</u> | <u>1,578,250</u> | <u>-</u> |

| | Water Utility | Wastewater Utility | Other Enterprise Funds | Totals | Governmental Activities Internal Service Funds |
|----------------------------------------------------------------------------------------------------------|----------------------|-----------------------|------------------------------|-----------------------|------------------------------------------------------------|
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | \$ 202,941 | \$ 206,119 | \$ 346,427 | \$ 755,487 | \$ 173,951 |
| Claims payable | - | - | - | - | 1,749,713 |
| Accrued salaries and wages | 168,980 | 208,195 | 250,952 | 628,127 | 79,267 |
| Accrued interest | 212,393 | 75,209 | 36,582 | 324,184 | - |
| Due to other funds | 2,122,738 | - | 41,390 | 2,164,128 | - |
| Current portion of long-term debt | 2,948,000 | 1,368,000 | 644,500 | 4,960,500 | - |
| Current Liabilities Payable from Restricted Assets | | | | | |
| Construction payables | 345,337 | 12,188 | 102,024 | 459,549 | - |
| Current maturities of revenue bonds | 203,772 | 1,716,893 | - | 1,920,665 | - |
| Interest accrued on revenue bonds | 5,043 | 70,552 | - | 75,595 | - |
| Total Current Liabilities | <u>6,209,204</u> | <u>3,657,156</u> | <u>1,421,875</u> | <u>11,288,235</u> | <u>2,002,931</u> |
| Noncurrent Liabilities | | | | | |
| General obligation long-term debt payable | 17,122,738 | 5,992,807 | 2,552,436 | 25,667,981 | - |
| Revenue bonds | 1,007,112 | 17,760,992 | - | 18,768,104 | - |
| Health insurance OPEB | 1,767,822 | 500,577 | 1,306,973 | 3,575,372 | - |
| Life insurance OPEB | 87,774 | 72,564 | 94,427 | 254,765 | - |
| Total Noncurrent Liabilities | <u>19,985,446</u> | <u>24,326,940</u> | <u>3,953,836</u> | <u>48,266,222</u> | <u>-</u> |
| Total Liabilities | <u>26,194,650</u> | <u>27,984,096</u> | <u>5,375,711</u> | <u>59,554,457</u> | <u>2,002,931</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows related to pensions | 386,575 | 357,294 | 614,664 | 1,358,533 | - |
| Deferred inflows related to life insurance OPEB | 1,237 | 1,023 | 1,330 | 3,590 | - |
| Total Deferred Inflows of Resources | <u>387,812</u> | <u>358,317</u> | <u>615,994</u> | <u>1,362,123</u> | <u>-</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 46,964,958 | 42,483,370 | 14,657,006 | 104,105,334 | - |
| Restricted per bond ordinance for: | | | | | |
| Debt service | 237,860 | 2,237,313 | - | 2,475,173 | - |
| Equipment replacement | - | 7,462,439 | - | 7,462,439 | - |
| Pensions | 216,641 | 185,931 | 327,441 | 730,013 | - |
| Unrestricted (deficit) | <u>(1,277,322)</u> | <u>5,094,431</u> | <u>595,166</u> | <u>4,412,275</u> | <u>3,905,812</u> |
| TOTAL NET POSITION | <u>\$ 46,142,137</u> | <u>\$ 57,463,484</u> | <u>\$ 15,579,613</u> | 119,185,234 | <u>\$ 3,905,812</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | <u>2,663,596</u> | |
| Net Position of Business-type Activities | | | | <u>\$ 121,848,830</u> | |

CITY OF JANESVILLE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2018

| | Water Utility | Wastewater Utility | Other Enterprise Funds | Totals | Governmental Activities Internal Service Funds |
|--------------------------------------------------|----------------------|-----------------------|------------------------------|-----------------------|------------------------------------------------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 8,547,308 | \$ 9,895,116 | \$ 4,426,742 | \$ 22,869,166 | \$ 16,786,720 |
| Total Operating Revenues | <u>8,547,308</u> | <u>9,895,116</u> | <u>4,426,742</u> | <u>22,869,166</u> | <u>16,786,720</u> |
| OPERATING EXPENSES | | | | | |
| Operation and maintenance | 3,366,322 | 5,678,538 | 6,852,184 | 15,897,044 | 13,956,715 |
| Depreciation | <u>1,924,430</u> | <u>3,466,087</u> | <u>726,203</u> | <u>6,116,720</u> | - |
| Total Operating Expenses | <u>5,290,752</u> | <u>9,144,625</u> | <u>7,578,387</u> | <u>22,013,764</u> | <u>13,956,715</u> |
| Operating Income (Loss) | <u>3,256,556</u> | <u>750,491</u> | <u>(3,151,645)</u> | <u>855,402</u> | <u>2,830,005</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Federal operating grants | - | - | 1,074,299 | 1,074,299 | - |
| State operating grants | - | - | 873,488 | 873,488 | - |
| Local operating subsidy | - | - | 101,290 | 101,290 | - |
| Investment income | (6,019) | 225,918 | 6,750 | 226,649 | - |
| Debt issuance costs | (18,265) | (5,778) | (1,322) | (25,365) | - |
| Amortization premium | 63,582 | 24,859 | 7,117 | 95,558 | - |
| Interest expense | (441,295) | (586,920) | (58,469) | (1,086,684) | - |
| Miscellaneous revenues (expenses) | <u>2,985</u> | <u>(8,332)</u> | <u>-</u> | <u>(5,347)</u> | <u>-</u> |
| Total Nonoperating Revenues (Expenses) | <u>(399,012)</u> | <u>(350,253)</u> | <u>2,003,153</u> | <u>1,253,888</u> | <u>-</u> |
| Income (Loss) Before Contributions and Transfers | 2,857,544 | 400,238 | (1,148,492) | 2,109,290 | 2,830,005 |
| CAPITAL CONTRIBUTIONS | 1,255,568 | 56,568 | 200,000 | 1,512,136 | - |
| TRANSFERS IN | - | - | 1,047,898 | 1,047,898 | - |
| TRANSFERS OUT | <u>(1,592,033)</u> | <u>-</u> | <u>-</u> | <u>(1,592,033)</u> | <u>(1,418,154)</u> |
| Net Change in Net Position | 2,521,079 | 456,806 | 99,406 | 3,077,291 | 1,411,851 |
| NET POSITION - Beginning of Year (As Restated) | <u>43,621,058</u> | <u>57,006,678</u> | <u>15,480,207</u> | <u>116,107,943</u> | <u>2,493,961</u> |
| NET POSITION - END OF YEAR | <u>\$ 46,142,137</u> | <u>\$ 57,463,484</u> | <u>\$ 15,579,613</u> | <u>\$ 119,185,234</u> | <u>\$ 3,905,812</u> |

Some amounts reported for business-type activities in the statement of activities are different because the net revenue of certain internal service funds is reported with business-type activities.

564,927

Change in net position of business-type activities

\$ 3,642,218

CITY OF JANESVILLE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2018

| | Water Utility | Wastewater Utility | Other Enterprise Funds | Totals | Governmental Activities Internal Service Funds |
|-----------------------------------------------------------------|--------------------|-----------------------|------------------------------|----------------------|------------------------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | \$ 8,651,285 | \$ 10,485,807 | \$ 4,769,169 | \$ 23,906,261 | \$ 16,052,118 |
| Cash paid to suppliers for goods and services | (1,372,250) | (2,777,074) | (2,790,433) | (6,939,757) | (13,747,312) |
| Cash payments to employees for services | (2,021,862) | (2,843,122) | (3,550,450) | (8,415,434) | (1,089,603) |
| Net Cash Flows From Operating Activities | <u>5,257,173</u> | <u>4,865,611</u> | <u>(1,571,714)</u> | <u>8,551,070</u> | <u>1,215,203</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Subsidies received - federal | - | - | 1,074,299 | 1,074,299 | - |
| Subsidies received - state | - | - | 873,488 | 873,488 | - |
| Subsidies received - local | - | - | 101,289 | 101,289 | - |
| Paid to municipality for tax equivalent | (1,550,044) | - | - | (1,550,044) | - |
| Negative cash balance implicitly financed by other utilities | - | - | (429,599) | (429,599) | - |
| Due to other funds | (79,967) | - | - | (79,967) | - |
| Transfers from (to) other funds | - | - | 1,047,898 | 1,047,898 | - |
| Transfer to debt service | - | - | - | - | (60,154) |
| Transfer to capital projects | - | - | - | - | (1,358,000) |
| Net Cash Flows From Noncapital Financing Activities | <u>(1,630,011)</u> | <u>-</u> | <u>2,667,375</u> | <u>1,037,364</u> | <u>(1,418,154)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Cash used to retire debt | (2,894,773) | (3,026,850) | (436,000) | (6,357,623) | - |
| Interest paid | (411,719) | (588,363) | (44,017) | (1,044,099) | - |
| Acquisition and construction of capital assets | (5,124,548) | (1,728,885) | (1,728,918) | (8,582,351) | - |
| Proceeds from long term debt issued | 4,879,000 | 1,515,000 | 1,472,000 | 7,866,000 | - |
| Issuance costs and premium on new debt | 117,678 | 36,435 | 39,693 | 193,806 | - |
| Construction grant received | - | - | 200,000 | 200,000 | - |
| Net Cash Flows From Capital and Related Financing Activities | <u>(3,434,362)</u> | <u>(3,792,663)</u> | <u>(497,242)</u> | <u>(7,724,267)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Investment income | (6,019) | 225,918 | 6,750 | 226,649 | - |
| Net Change in Cash Cash Equivalents | 186,781 | 1,298,866 | 605,169 | 2,090,816 | (202,951) |
| CASH AND CASH EQUIVALENTS - | | | | | |
| Beginning of Year | <u>804,868</u> | <u>11,321,128</u> | <u>471,731</u> | <u>12,597,727</u> | <u>3,234,105</u> |
| CASH AND CASH EQUIVALENTS - | | | | | |
| END OF YEAR | <u>\$ 991,649</u> | <u>\$ 12,619,994</u> | <u>\$ 1,076,900</u> | <u>\$ 14,688,543</u> | <u>\$ 3,031,154</u> |

| | Water Utility | Wastewater Utility | Other Enterprise Funds | Totals | Governmental Activities Internal Service Funds |
|-------------------------------------------------------------------------------------------------|---------------------|-----------------------|------------------------------|----------------------|------------------------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ 3,256,556 | \$ 750,491 | \$ (3,151,645) | \$ 855,402 | \$ 2,830,005 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities | | | | | |
| Nonoperating income (expense) | 2,985 | (8,332) | - | (5,347) | - |
| Depreciation | 1,924,430 | 3,466,087 | 726,202 | 6,116,719 | - |
| Depreciation charged to other accounts | 123,129 | - | - | 123,129 | - |
| Change in Noncash Components of Working Capital | | | | | |
| Accounts receivable | 339,110 | 318,912 | 406,197 | 1,064,219 | (734,602) |
| Other accounts receivable | (340,737) | (242,964) | - | (583,701) | - |
| Due from other funds | (101,714) | 522,053 | - | 420,339 | - |
| Inventories | 26,471 | - | 31,579 | 58,050 | (14,264) |
| Accounts payable | (7,052) | (29,728) | 258,874 | 222,094 | 2,333 |
| Other current liabilities | 25,245 | 21,341 | 26,730 | 73,316 | (868,269) |
| Pension related deferrals and liabilities | (569) | 56,463 | 37,238 | 93,132 | - |
| Other post employment benefits | 9,319 | 11,288 | 93,111 | 113,718 | - |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | \$ 5,257,173 | \$ 4,865,611 | \$ (1,571,714) | \$ 8,551,070 | \$ 1,215,203 |
| Cash and investments - statement of net position | \$ - | \$ 2,296,423 | \$ 1,030,674 | \$ 3,327,097 | \$ 3,031,154 |
| Revenue bond redemption account - statement of net position | 242,903 | 2,307,865 | - | 2,550,768 | - |
| Restricted cash and investments - statement of net position | 748,746 | 8,015,706 | 46,226 | 8,810,678 | - |
| CASH AND CASH EQUIVALENTS - COMBINED STATEMENT OF CASH FLOWS | \$ 991,649 | \$ 12,619,994 | \$ 1,076,900 | \$ 14,688,543 | \$ 3,031,154 |

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

During 2018, \$1,240,924 and \$48,376 of capital additions were contributed to the water and wastewater utilities, respectively, by customers and Tax Incremental Financing (TIF).

AGENCY FUNDS

Agency Funds are used to account for assets held by the Municipality as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CITY OF JANESVILLE

STATEMENT OF ASSETS AND LIABILITIES - AGENCY FUND
As of December 31, 2018

| | <u>Tax Collection</u> |
|---------------------------|-----------------------|
| ASSETS | |
| Cash and investments | \$ 24,890,586 |
| Taxes receivable | <u>47,643,336</u> |
| TOTAL ASSETS | <u>\$ 72,533,922</u> |
| LIABILITIES | |
| Due to other taxing units | <u>\$ 72,533,922</u> |
| TOTAL LIABILITIES | <u>\$ 72,533,922</u> |

CITY OF JANESVILLE

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Discretely Presented Component Unit

City of Janesville Community Development Authority

The government-wide financial statements include the City of Janesville Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the city council. The city can impose its will on the CDA and also create a potential financial benefit to or burden on the city by significantly influencing the programs, projects, activities, and level of service performed by the CDA. As a component unit, the CDA financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2018. See Note IV.J. the CDA does not issue separate financial statements.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

A. REPORTING ENTITY (cont.)

Blended Component Unit

Janesville Innovation, Inc.

The financial statements include Janesville Innovation, Inc. ("JII") as a component unit. JII is a legally separate organization. The board of JII is appointed by the city council. The city can impose its will on JII and also create a potential financial benefit to or burden on the city by significantly influencing the programs, projects, activities, and level of service performed by JII. JII's activities benefit almost exclusively the city's economic development department. As a blended component unit, JII's financial statements have been presented as a nonmajor fund called Innovation Center in the financial statements. The information presented is for the fiscal year ended December 31, 2018. JII does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and No. 57 – *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This standard was implemented January 1, 2018.

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement supersedes Statements No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This standard was implemented January 1, 2018.

Government-Wide Financial Statements

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

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements

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

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

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

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

The city reports the following major governmental funds:

- General Fund – accounts for the city’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.
- Sanitation Fund – accounts for landfill grants and service charges committed to supporting expenditures for the recycling programs, solid waste collection, composting facility, solid waste disposal and landfill operations.
- Debt Service Fund – accounts for resources that are restricted, committed, or assigned for the payment of principal and interest on long-term debt other than enterprise fund debt.
- Capital Projects Fund – accounts for long-term borrowing and other resources that are restricted, committed, or assigned to be used for capital improvement projects.

The city reports the following major enterprise funds:

- Water Utility – accounts for operations of the water system.
- Wastewater Utility – accounts for operations of the wastewater system.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental and enterprise funds:

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

| | | |
|-----------------------|------------------------------|-----------------------------|
| Library | North Kennedy Rd – TIF No. | Downtown – TIF No. 36 |
| JATV-12 | 25 | Humes Rd – TIF No. 37 |
| Oak Hill Cemetery | Beloit Ave/Kellogg Ave – TIF | Golf Courses |
| Special Accounts | No. 26 | Other Housing Grants |
| South Main St – TIF | East Van Buren – TIF No. 27 | Community Development Block |
| No. 17 | Center Ave – TIF No. 28 | Grant |
| GOEX – TIF No. 21 | Milton Ave at Mt Zion – TIF | Industrial Waste Disposal |
| Beloit Ave Industrial | No. 29 | Innovation Center |
| Park – TIF No. 22 | Racine St – TIF No. 32 | |
| Eastside Downtown | Mineral Pt – TIF No. 33 | |
| – TIF No. 23 | HWY 11/CTH G – TIF No. 35 | |

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

Stormwater Utility
Transit System

In addition, the city reports the following fund types:

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

Vehicle Operation and Maintenance
Insurance
Benefits Funding

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

Tax Collection Fund

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for most revenues including taxes and 90 days for certain grants. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

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

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

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

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

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

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

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

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, by the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

1. Deposits and Investments (cont.)

- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The city has adopted an investment policy. See Note IV.A. for descriptions of that policy's guidelines in relation to the risks associated with its deposits and investments.

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

2. Receivables

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

Property tax calendar – 2018 tax roll:

| | |
|----------------------------------------------|------------------|
| Lien date and levy date | December 2018 |
| Tax bills mailed | December 2018 |
| Payment in full, or | January 31, 2019 |
| First installment due | January 31, 2019 |
| Second installment due | July 31, 2019 |
| Personal property taxes in full | January 31, 2019 |
| Tax sale – 2018 delinquent real estate taxes | October 2021 |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

2. Receivables (cont.)

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

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

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation. There were no advances outstanding at year-end.

The city has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has been reduced by an allowance for uncollectible accounts of \$41,792.

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

3. Inventories and Prepaid Items

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

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

4. Restricted Assets

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

5. Capital Assets

Government–Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their estimated acquisition value at the date of acquisition.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

The city has no significant intangible assets.

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

| | |
|-------------------------|---------------|
| Buildings | 10 – 50 Years |
| Land Improvements | 10 – 50 Years |
| Machinery and Equipment | 3 – 20 Years |
| Utility System | 4 – 75 Years |
| Infrastructure | 20 – 75 Years |

Fund Financial Statements

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

6. Deferred Outflows of Resources

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

7. Compensated Absences

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

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

The outstanding balance of unmatured vacation pay is recorded as a noncurrent liability due within one year in the government-wide financial statements because the amount is not considered due to employees until January 1, 2019 and will not be paid with current financial resources. This vacation balance is not available for employees to use until January 1, 2019 and for most employee groups this vacation balance must be used by December 31, 2019. The balance is \$2,311,290 as of December 31, 2018.

Employees are granted sick leave in varying amounts. In general, accumulated sick leave is not paid to employees when they leave employment. Some employees who retire are allowed to convert some sick leave to paid up health insurance. No other sick leave is considered vested and no liability is recorded in the fund financial statements.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2018 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

8. Long-Term Obligations/Conduit Debt (cont.)

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

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

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$10,000,000, made up of one issue.

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

10. Equity Classifications (cont.)

Government-Wide Statements (cont.)

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

| | Governmental Activities | Business-type Activities | Adjustment | Total |
|----------------------------------|----------------------------|-----------------------------|--------------|----------------|
| Net investment in capital assets | \$ 171,638,380 | \$ 104,105,334 | \$ (384,000) | \$ 275,359,714 |
| Unrestricted (deficit) | (32,472,555) | 7,075,871 | 384,000 | (25,012,684) |

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

Fund Statements

Governmental fund balances are displayed as follows:

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

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

The city has a formal minimum fund balance policy. That policy is to maintain a working capital fund between 16.7% and 25% of the budgeted general fund operating expenditures for the subsequent year. The city complied with its policy with a working capital fund of 17.2% of the budgeted general fund operating expenditures for the subsequent year.

See Note IV. H. for further information.

11. Basis for Existing Rates

Water Utility

Current water utility rates authorized by the Public Service Commission of Wisconsin became effective August 7, 2017. An application to increase water rates (2740-WR-110) was filed on December 7, 2018 and is currently pending with the Public Service Commission and the rates are expected to be implemented when approved.

Wastewater Utility

Current wastewater utility rates approved by the City Council became effective on January 1, 2017. New wastewater rates were approved by the City Council to become effective on January 1, 2019.

Stormwater Utility

Current stormwater utility rates approved by the City Council became effective on January 1, 2018. New stormwater rates were approved by the City Council to become effective on January 1, 2019.

12. Pensions

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

13. Postemployment Benefits Other Than Pensions (OPEB)

The city provides postemployment health insurance benefits for all eligible employees. Eligibility is based on age and years of service. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the city. Funding for those costs is provided out of the current operating budget of the city. The contributions are financed on a pay-as-you-go basis.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the city OPEB Plan and additions to/deductions from the city OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the city OPEB Plan. For this purpose, the city OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this difference are as follows:

| | |
|-----------------------------------------------|------------------------------|
| General obligation notes payable | \$ 67,242,000 |
| Premium on debt | 1,703,615 |
| Landfill super fund care | 551,000 |
| Accrued vacation | 2,311,290 |
| Accrued interest | 701,891 |
| Health insurance OPEB | 39,846,996 |
| Life insurance OPEB | <u>1,607,335</u> |
| Combined Adjustment for Long-Term Liabilities | <u><u>\$ 113,964,127</u></u> |

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund, the debt service fund, the capital projects fund, and the following special revenue funds: Library, JATV-12, Oak Hill Cemetery, Golf Courses, Other Housing Grants, Community Development Block Grant, Industrial Waste Disposal, Sanitation and Innovation Center. Budgets have not been formally adopted for other funds, although the city does approve an operating plan for each TIF district when it is created. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES AND OTHER USES OVER APPROPRIATIONS

Budgeted expenditures and other financing uses (transfers) in the following funds (including amendments) were exceeded by actual expenditures and transfers.

| Fund | Budgeted Expenditures | Actual Expenditures | Excess |
|---------------------------|--------------------------|------------------------|-----------|
| Sanitation | \$ 10,700,703 | \$ 10,729,860 | \$ 29,157 |
| JATV-12 | 224,626 | 299,450 | 74,824 |
| Oak Hill Cemetery | 198,874 | 219,568 | 20,694 |
| Industrial Waste Disposal | 42,552 | 47,727 | 5,175 |
| Innovation Center | 110,120 | 153,661 | 43,541 |

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES

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

As of December 31, 2018, the following individual funds held a deficit balance:

| <u>Fund</u> | <u>Amount</u> | <u>Reason</u> |
|--------------|---------------|----------------|
| TIF No. 17 | \$ 180,077 | Unfunded costs |
| TIF No. 22 | 290,282 | Unfunded costs |
| TIF No. 25 | 532,756 | Unfunded costs |
| TIF No. 26 | 250,435 | Unfunded costs |
| TIF No. 28 | 99,506 | Unfunded costs |
| TIF No. 35 | 2,813,080 | Unfunded costs |
| TIF No. 37 | 51,702 | Unfunded costs |
| Golf Courses | 74,529 | Unfunded costs |

TIF District deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. The deficit for the Golf Courses will be funded with future revenues of the Golf Courses.

D. LIMITATIONS ON THE CITY'S TAX LEVY

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

| | Carrying Value | Statement Balance | Associated Risks |
|-------------------------------------|-------------------|----------------------|---------------------------------------------------------------------|
| Demand deposits | \$ 40,373,622 | \$36,587,707 | Custodial credit |
| Municipal Bonds | 2,347,226 | 2,347,226 | Custodial credit, interest rate, credit, concentration of credit |
| LGIP | 23,671,879 | 23,671,879 | Credit, interest rate |
| U.S. agencies explicitly guaranteed | 2,884,378 | 2,884,378 | Custodial credit, interest rate |
| U.S. agencies implicitly guaranteed | 572,520 | 572,520 | Credit, custodial credit |
| Negotiable Certificates of Deposit | 2,681,486 | 2,681,486 | Custodial credit, interest rate, credit, concentration of credit |
| Petty cash | 12,048 | N/A | N/A |
| Total Cash and Investments | \$ 72,543,159 | \$68,745,196 | |

| | |
|-----------------------------------------------------------|---------------|
| Reconciliation to financial statements-primary government | |
| Per statement of net position | |
| Unrestricted cash and investments | \$ 36,291,128 |
| Restricted cash and investments | 11,361,445 |
| Per combining statement of assets | |
| and liabilities - agency fund | 24,890,586 |
| Total Cash and Investments | \$ 72,543,159 |

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

The city maintains irrevocable letters of credit with its banks. At December 31, 2018, the City has irrevocable letters of credit from Federal Home Loan Bank of Chicago to insure deposits in the amount of \$50,000,000.

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

The city categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The city's municipal bonds; implicitly and explicitly guaranteed U.S. agencies; and negotiable certificates of deposit are valued using matrix pricing techniques and Level 2 inputs.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. *DEPOSITS AND INVESTMENTS* (cont.)

Custodial Credit Risk

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

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

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

The city's investment policy states that all deposits and investments shall be fully insured or collateralized. The city was in compliance with its policy.

Credit Risk

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

The city holds the following investments that are subject to credit risk: municipal bonds, negotiable certificates of deposit, and US agencies – implicitly guaranteed. All of the investments are rated the highest or second highest rating category by Standard and Poor's or Moody's in accordance with the city's investment policy.

As of December 31, 2018, the city had investments in the following external pool which is not rated:

Local Government Investment Pool (LGIP)

The city's investment policy states that the city may only invest in securities of the highest or second highest rating category. The city was in compliance with this policy.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

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

At December 31, 2018, the city did not have any investments subject to concentration of credit risk.

The city's investment policy as it relates to diversification states "Investments shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, and/or a specific class of securities. In lieu of indicating specific investment amounts: (a) commercial paper shall be limited in size to \$500,000 per issuer; (b) no more than 40% of the portfolio may be invested beyond 24 months; (c) no more than 60% of the portfolio may be invested in the following categories: commercial paper or bank certificates of deposit and CDARS; and (d) local bank balances are restricted to Wisconsin financial institutions and shall be fully insured or collateralized." The city was in compliance with its policy.

Interest Rate Risk

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

As of December 31, 2018, the city's investments were as follows:

| Investment Type | Fair Value | Maturity | | |
|-------------------------------------|----------------------|----------------------|----------------------|-----------------------|
| | | Less than 60 Days | 60 Days - 2 years | 2 years - 40 years |
| Municipal Bonds | \$ 2,347,226 | \$ - | \$ 2,347,226 | \$ - |
| U.S. agencies explicitly guaranteed | 2,884,378 | - | 159 | 2,884,219 |
| U.S. agencies implicitly guaranteed | 572,520 | 42 | 113 | 310,691 |
| Negotiable CDs | 2,681,485 | - | 1,216,601 | 1,464,884 |
| LGIP | <u>23,671,879</u> | <u>23,671,879</u> | <u>-</u> | <u>-</u> |
| Totals | <u>\$ 29,810,262</u> | <u>\$23,671,921</u> | <u>\$3,564,099</u> | <u>\$4,659,794</u> |

The city's investment policy states that no more than 40% of the cash and investments may be invested beyond 24 months. The city was in compliance with its policy.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

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

| | General | Sanitation | Debt Service | Capital Projects | Water Utility | Wastewater Utility | Nonmajor and Other | Total |
|---------------------------------------------------------------|----------------------|--------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|----------------------|
| Net Total Receivables | <u>\$ 35,731,346</u> | <u>\$1,547,394</u> | <u>\$ 1,337,197</u> | <u>\$ 571,775</u> | <u>\$ 2,840,568</u> | <u>\$ 3,185,633</u> | <u>\$ 16,672,592</u> | <u>\$ 61,886,505</u> |
| Amounts not expected to be collected within one year | <u>\$ 296,356</u> | <u>\$ -</u> | <u>\$ 984,162</u> | <u>\$ -</u> | <u>\$ 77,785</u> | <u>\$ 93,762</u> | <u>\$ 3,846,505</u> | <u>\$ 5,298,570</u> |

The city has recorded allowances for ambulance receivables, loans receivable, special assessments, and other miscellaneous receivables totaling \$7,783,271.

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

| | Unavailable | Unearned | Totals |
|--------------------------------------------------------------|---------------------|----------------------|----------------------|
| Property taxes receivable for subsequent year | \$ - | \$ 43,356,419 | \$ 43,356,419 |
| Delinquent personal property taxes | 296,356 | - | 296,356 |
| Long-term loans receivable | 3,788,854 | - | 3,788,854 |
| Special assessments not yet due | 1,385,383 | - | 1,385,383 |
| Grants not available at year end | 3,000 | - | 3,000 |
| Miscellaneous | <u>-</u> | <u>118,187</u> | <u>118,187</u> |
| Total Unavailable/Unearned Revenue for Governmental Funds | <u>\$ 5,473,593</u> | <u>\$ 43,474,606</u> | <u>\$ 48,948,199</u> |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

- Construction – Used to report proceeds of revenue bond issuances that are restricted for use in construction.
- Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.

Replacement Account

The wastewater utility established a replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources. Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee pension benefits.

Following is a list of restricted assets at December 31, 2018:

| | <u>Restricted Assets</u> |
|---------------------------------|------------------------------|
| Business-type Activities | |
| Construction account | \$ 1,348,239 |
| Replacement account | 7,462,439 |
| Revenue bond redemption account | 2,550,768 |
| Net pension asset | 730,013 |
| Total Business-type Activities | <u>\$ 12,091,459</u> |
| Governmental Activities | |
| Net pension asset | <u>8,077,543</u> |
| Total Governmental Activities | <u>8,077,543</u> |
| Total Restricted Assets | <u>\$ 20,169,002</u> |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

| | 1/1/2018 Ending Balance | Adjustments | Additions | Deletions | 12/31/2018 Ending Balance |
|--------------------------------------------|-------------------------------|-----------------|-------------------|--------------------|---------------------------------|
| Governmental Activities | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | \$ 25,049,090 | \$ - | \$ 43,989 | \$ (44,476) | \$ 25,048,603 |
| Right of way | 11,922,805 | - | 81,175 | (19,300) | 11,984,680 |
| Construction in progress | <u>2,896,533</u> | <u>-</u> | <u>6,052,940</u> | <u>(5,596,237)</u> | <u>3,353,236</u> |
| Total Capital Assets Not Being Depreciated | <u>39,868,428</u> | <u>-</u> | <u>6,178,104</u> | <u>(5,660,013)</u> | <u>40,386,519</u> |
| Capital assets being depreciated | | | | | |
| Land improvements | 9,903,905 | - | 202,429 | (82,650) | 10,023,684 |
| Buildings | 43,295,892 | 34,967 | 2,720,802 | (271,542) | 45,780,119 |
| Furniture and fixtures | 9,700,695 | (334,816) | 358,882 | (684,399) | 9,040,362 |
| Vehicles and equipment | 26,554,611 | 286,544 | 3,256,100 | (835,221) | 29,262,034 |
| Landfill improvements | 10,388,038 | - | 1,592,087 | - | 11,980,125 |
| Storm sewer | 32,099,893 | - | 942,347 | (26,743) | 33,015,497 |
| Roads | 107,491,759 | - | 4,592,288 | (254,612) | 111,829,435 |
| Sidewalks | 20,799,114 | - | 1,263,521 | (172,757) | 21,889,878 |
| Street lights | 4,187,389 | - | 178,018 | (6,200) | 4,359,207 |
| Traffic signals | 4,621,931 | - | 33,166 | - | 4,655,097 |
| Bridges | 14,023,258 | - | 172,485 | - | 14,195,743 |
| Boat launches | 286,199 | - | - | - | 286,199 |
| Bike trails | 6,187,060 | - | 77,785 | (26,973) | 6,237,872 |
| Riverwall/retaining wall | 1,340,003 | - | - | - | 1,340,003 |
| Dams | <u>331,930</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>331,930</u> |
| Total Capital Assets Being Depreciated | <u>291,211,676</u> | <u>(13,305)</u> | <u>15,389,910</u> | <u>(2,361,097)</u> | <u>304,227,184</u> |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

| | 1/1/2018 Ending Balance | Adjustments | Additions | Deletions | 12/31/2018 Ending Balance |
|------------------------------------------|-------------------------------|-------------|---------------|----------------|---------------------------------|
| Less: Accumulated depreciation for | | | | | |
| Land improvements | \$ (3,690,796) | \$ (5,624) | \$ (367,944) | \$ (7,809) | \$ (4,072,173) |
| Buildings | (13,313,356) | (31,742) | (1,610,313) | 216,620 | (14,852,292) |
| Furniture and fixtures | (6,655,974) | 38,813 | (410,723) | 684,399 | (6,251,817) |
| Vehicles and equipment | (15,864,262) | 93,953 | (1,902,535) | 815,478 | (16,857,366) |
| Landfill improvements | (3,300,406) | - | (560,536) | - | (3,860,942) |
| Storm sewer | (10,987,763) | - | (435,100) | 26,743 | (11,396,120) |
| Roads | (36,043,459) | - | (1,774,212) | 254,612 | (37,563,059) |
| Sidewalks | (6,724,477) | - | (356,453) | 172,757 | (6,908,173) |
| Street lights | (1,514,284) | - | (85,466) | 6,200 | (1,593,550) |
| Traffic signals | (1,148,626) | - | (92,770) | - | (1,241,396) |
| Bridges | (4,334,760) | - | (187,656) | - | (4,522,416) |
| Boat launches | (295,183) | - | (14,310) | - | (309,493) |
| Bike trails | (1,455,355) | - | (103,363) | 26,973 | (1,531,745) |
| Riverwall/retaining wall | (358,400) | - | (26,800) | - | (385,200) |
| Dams | (43,152) | - | (6,638) | - | (49,790) |
| Total Accumulated Depreciation | (105,730,253) | 95,400 | (7,934,819) | 2,195,973 | (111,395,532) |
| Net Capital Assets Being Depreciated | 185,481,423 | 82,095 | 7,455,091 | (165,124) | 192,831,652 |
| Total Governmental Activities | | | | | |
| Capital Assets, Net of | | | | | |
| Depreciation | \$ 225,349,851 | \$ 82,095 | \$ 13,633,195 | \$ (5,825,137) | \$ 233,218,171 |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Adjustments for capital assets and accumulated depreciation are as follows:

| Capital Asset Adjustments: | Total |
|----------------------------------------------------------------------|--------------|
| Buildings | |
| Two VOM assets reclassified from leasehold improvements to buildings | 33,967 |
| Prior year differences in city's capital software vs. CAFR balances | 1,000 |
| | 34,967 |
| Furniture and Fixtures | |
| Numerous Library assets reclassified to vehicle and equipment | (294,484) |
| Two VOM assets reclassified from leasehold improvements to buildings | (33,967) |
| Prior year differences in city's capital software vs. CAFR balances | (6,365) |
| | (334,816) |
| Vehicles and equipment | |
| Numerous Library assets reclassified from furniture and fixtures | 294,484 |
| Assets made inactive during the capital asset software conversion | 1,434 |
| Prior year differences in city's capital software vs. CAFR balances | (9,374) |
| | 286,544 |
| Land Improvements - Accumulated Depreciation | |
| Prior year differences in city's capital software vs. CAFR balances | (5,625) |
| Buildings - Accumulated Depreciation | |
| Two VOM assets reclassified from leasehold improvements to buildings | (31,742) |
| Furniture and Fixtures - Accumulated Depreciation | |
| Two VOM assets reclassified from leasehold improvements to buildings | 31,742 |
| Prior year differences in city's capital software vs. CAFR balances | 7,071 |
| | 38,813 |
| Vehicles and equipment - Accumulated Depreciation | |
| Assets made inactive during the capital asset software conversion | 88,974 |
| Prior year differences in city's capital software vs. CAFR balances | 4,979 |
| | 93,953 |

Depreciation expense was charged to functions as follows:

| | |
|-----------------------------------------------------------------|--------------|
| Governmental Activities | |
| General government | \$ 167,159 |
| Public safety | 1,066,108 |
| Public works, which includes the depreciation of infrastructure | 5,158,463 |
| Recreation and parks | 998,707 |
| Community and economic development | 85,493 |
| Library | 458,889 |
| Total Governmental Activities Depreciation Expense | \$ 7,934,819 |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

| | 1/1/2018 Beginning Balance | Additions | Deletions | 12/31/2018 Ending Balance |
|-------------------------------------------------------|----------------------------------|---------------------|--------------------|---------------------------------|
| Business-type Activities | | | | |
| <u>Water</u> | | | | |
| Capital assets not being depreciated | | | | |
| Land and land rights | \$ 305,478 | \$ - | \$ - | \$ 305,478 |
| Construction in progress | 135,501 | 50,048 | (49,233) | 136,316 |
| Total Capital Assets Not Being Depreciated | 440,979 | 50,048 | (49,233) | 441,794 |
| Capital assets being depreciated | | | | |
| Source of supply | 2,301,834 | - | - | 2,301,834 |
| Pumping | 8,699,679 | - | - | 8,699,679 |
| Treatment | 225,492 | - | - | 225,492 |
| Transmission and distribution | 75,881,906 | 6,521,500 | (174,109) | 82,229,297 |
| Administrative and general assets | 4,829,763 | 138,079 | (160,501) | 4,807,341 |
| Total Capital Assets Being Depreciated | 91,938,674 | 6,659,579 | (334,610) | 98,263,643 |
| Total Capital Assets | 92,379,653 | 6,709,627 | (383,843) | 98,705,437 |
| Less: Accumulated depreciation for | | | | |
| Source of supply | (1,181,584) | (66,753) | - | (1,248,337) |
| Pumping | (4,927,697) | (331,039) | - | (5,258,736) |
| Treatment | (225,493) | - | - | (225,493) |
| Transmission and distribution | (18,543,897) | (1,452,247) | 174,109 | (19,822,035) |
| Administrative and general assets | (4,251,100) | (217,067) | 160,501 | (4,307,666) |
| Total Accumulated Depreciation | (29,129,771) | (2,067,106) | 334,610 | (30,862,267) |
| Water Capital Assets, Net of Depreciation | \$ 63,249,882 | \$ 4,642,521 | \$ (49,233) | \$ 67,843,171 |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

| | <u>1/1/2018 Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>12/31/2018 Ending Balance</u> |
|---------------------------------------------------|-------------------------------------------|-----------------------|---------------------|------------------------------------------|
| Business-type Activities | | | | |
| <u>Wastewater</u> | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 18,000 | \$ - | \$ - | \$ 18,000 |
| Construction in progress | 18,196 | 427,528 | (440,464) | 5,260 |
| Total Capital Assets Not Being Depreciated | <u>36,196</u> | <u>427,528</u> | <u>(440,464)</u> | <u>23,260</u> |
| Capital assets being depreciated | | | | |
| Collection system | 57,727,407 | 1,261,368 | (5,772) | 58,983,003 |
| Treatment and disposal | 54,038,281 | 3,614 | (113,061) | 53,928,834 |
| General assets | 1,938,088 | 557,761 | (34,535) | 2,461,314 |
| Total Capital Assets Being Depreciated | <u>113,703,776</u> | <u>1,822,743</u> | <u>(153,368)</u> | <u>115,373,151</u> |
| Total Capital Assets | <u>113,739,972</u> | <u>2,250,271</u> | <u>(593,832)</u> | <u>115,396,411</u> |
| Less: Accumulated depreciation for | | | | |
| Collection system | (16,719,563) | (847,360) | 5,772 | (17,561,151) |
| Treatment and disposal | (24,739,158) | (2,446,533) | 113,061 | (27,072,630) |
| General assets | (1,813,638) | (202,544) | 34,535 | (1,981,647) |
| Total Accumulated Depreciation | <u>(43,272,359)</u> | <u>(3,496,437)</u> | <u>153,368</u> | <u>(46,615,428)</u> |
| Wastewater Capital Assets, Net of Depreciation | <u>\$ 70,467,613</u> | <u>\$ (1,246,166)</u> | <u>\$ (440,464)</u> | <u>\$ 68,780,983</u> |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

| | 1/1/2018 Beginning Balance | Additions | Deletions | 12/31/2018 Ending Balance |
|---------------------------------------------------|----------------------------------|--------------|-----------|---------------------------------|
| Business-type Activities | | | | |
| <u>Stormwater</u> | | | | |
| Capital assets not being depreciated | | | | |
| Construction in progress | \$ 184,158 | \$ 663,959 | \$ - | \$ 848,117 |
| Total Capital Assets Not Being Depreciated | 184,158 | 663,959 | - | 848,117 |
| Capital assets being depreciated | | | | |
| Detention ponds | 2,604,463 | 3,000 | - | 2,607,463 |
| Greenbelt crossings | 2,256,167 | 19,585 | - | 2,275,752 |
| Stormwater mains | 3,907,768 | 888,349 | - | 4,796,117 |
| Dam Improvements | 147,341 | - | - | 147,341 |
| General assets | 431,164 | 127,608 | - | 558,772 |
| Total Capital Assets Being Depreciated | 9,346,903 | 1,038,542 | - | 10,385,445 |
| Total Capital Assets | 9,531,061 | 1,702,501 | - | 11,233,562 |
| Less: Accumulated depreciation for | | | | |
| Detention ponds | (707,544) | (52,119) | - | (759,663) |
| Greenbelt crossings | (522,201) | (30,213) | - | (552,414) |
| Stormwater mains | (293,080) | (58,026) | - | (351,106) |
| Dam Improvements | (27,206) | (2,947) | - | (30,153) |
| General assets | (294,159) | (31,259) | - | (325,418) |
| Total Accumulated Depreciation | (1,844,190) | (174,564) | - | (2,018,754) |
| Stormwater Capital Assets, Net of Depreciation | \$ 7,686,871 | \$ 1,527,937 | \$ - | \$ 9,214,807 |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

| | 1/1/2018 Beginning Balance | Additions | Deletions | 12/31/2018 Ending Balance |
|------------------------------------------------------|----------------------------------|---------------------|---------------------|---------------------------------|
| Business-type Activities | | | | |
| <u>Transit</u> | | | | |
| Capital assets not being depreciated | | | | |
| Land and land rights | \$ 710,031 | \$ - | \$ - | \$ 710,031 |
| Total Capital Assets Not Being Depreciated | <u>710,031</u> | <u>-</u> | <u>-</u> | <u>710,031</u> |
| Capital assets being depreciated | | | | |
| Building | 8,565,893 | - | (668,869) | 7,897,024 |
| Equipment | 7,183,851 | - | (74,244) | 7,109,607 |
| Total Capital Assets Being Depreciated | <u>15,749,744</u> | <u>-</u> | <u>(743,113)</u> | <u>15,006,631</u> |
| Total Capital Assets | <u>16,459,775</u> | <u>-</u> | <u>(743,113)</u> | <u>15,716,662</u> |
| Less: Accumulated depreciation for | | | | |
| Building | (2,178,160) | (238,825) | 668,870 | (1,748,115) |
| Equipment | (5,035,044) | (312,814) | 74,244 | (5,273,614) |
| Total Accumulated Depreciation | <u>(7,213,204)</u> | <u>(551,639)</u> | <u>743,114</u> | <u>(7,021,729)</u> |
| Transit Capital Assets, Net of Depreciation | <u>\$ 9,246,571</u> | <u>\$ (551,639)</u> | <u>\$ 1</u> | <u>\$ 8,694,933</u> |
| | 1/1/2018 Beginning Balance | Additions | Deletions | 12/31/2018 Ending Balance |
| Business-type Capital Assets, Net of Depreciation | <u>\$ 150,650,937</u> | <u>\$ 4,372,653</u> | <u>\$ (489,696)</u> | <u>\$ 154,533,894</u> |

Depreciation expense was charged to functions as follows:

Business-type Activities

| | |
|--------------------------------|---------------------|
| Transit | \$ 551,639 |
| Stormwater | 174,564 |
| Water | 1,924,430 |
| Wastewater | <u>3,466,087</u> |
| Total Business-type Activities | <u>\$ 6,116,720</u> |

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

| Receivable Fund | Payable Fund | Amount | Amount Not Due Within One Year |
|----------------------------------------------------|-------------------|----------------|--------------------------------------|
| General Fund | Water Utility | \$ 1,515,519 | \$ - |
| General Fund | Golf Courses | 22,074 | 22,074 |
| General Fund | TIF 17 | 180,077 | 141,400 |
| General Fund | TIF 22 | 290,282 | - |
| General Fund | TIF 25 | 532,755 | 341,350 |
| General Fund | TIF 26 | 250,432 | - |
| General Fund | TIF 28 | 99,506 | 99,506 |
| General Fund | TIF 35 | 2,806,256 | 740,560 |
| General Fund | TIF 37 | 51,702 | 810 |
| Capital Projects Fund | Debt Service Fund | 393,797 | - |
| Wastewater Utility | Transit System | 41,390 | - |
| Wastewater Utility | Water Utility | 607,219 | - |
| Subtotal- Fund Financial Statements | | 6,791,009 | 1,345,700 |
| Less: Fund eliminations | | (5,275,490) | (1,345,700) |
| Less: Internal service fund elimination adjustment | | (2,663,598) | - |
| Total Government-wide Statement of Net Position | | \$ (1,148,079) | \$ - |

| Receivable Fund | Payable Fund | Amount |
|-------------------------------------------------|--------------------------|----------------|
| Governmental Activities | Business-type Activities | \$ 1,515,519 |
| Business-type Activities | Governmental Activities | (2,663,598) |
| Total Government-wide Statement of Net Position | | \$ (1,148,079) |

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

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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

Transfers

The following is a schedule of interfund transfers:

| Fund Transferred To | Amount | Principal Purpose | Fund Transferred From | Amount | Principal Purpose |
|-----------------------------------------------|----------------------|-----------------------|-----------------------|--------------------|-------------------|
| General Fund | \$ 1,592,033 | Tax equivalent | General Fund | \$ 8,993,651 | Debt payments |
| Total General Fund | <u>1,592,033</u> | | General Fund | 75,000 | Subsidy |
| Sanitation Fund | <u>250,000</u> | Subsidy | General Fund | 1,047,898 | Subsidy |
| Total Sanitation Fund | <u>250,000</u> | | General Fund | 48,000 | Fire capital |
| Debt Service Fund | 8,513,651 | Debt payments | Total General Fund | <u>10,164,549</u> | |
| Debt Service Fund | 1,468,513 | Debt payments | Sanitation Fund | 1,468,513 | Debt payments |
| Debt Service Fund | 82,789 | Debt payments | Sanitation Fund | 1,978,000 | Capital project |
| Debt Service Fund | 54,750 | Debt payments | Sanitation Fund | <u>173,727</u> | Long-term care |
| Debt Service Fund | 72,275 | Debt payments | Total Sanitation Fund | <u>3,620,240</u> | |
| Debt Service Fund | 1,513,382 | Debt payments | Water Utility | <u>1,592,033</u> | Tax equivalent |
| Debt Service Fund | 108,400 | Debt payments | Total Water Utility | <u>1,592,033</u> | |
| Debt Service Fund | 144,000 | Debt payments | Library | 82,789 | Debt payments |
| Debt Service Fund | 63,925 | Debt payments | Golf | 54,750 | Debt payments |
| Debt Service Fund | 36,050 | Debt payments | TIF 21 | 72,275 | Debt payments |
| Debt Service Fund | 308,744 | Debt payments | TIF 22 | 1,513,382 | Debt payments |
| Debt Service Fund | 222,912 | Debt payments | TIF 23 | 108,400 | Debt payments |
| Debt Service Fund | 60,154 | Debt payments | TIF 25 | 144,000 | Debt payments |
| Debt Service Fund | <u>214,875</u> | Debt payments | TIF 26 | 63,925 | Debt payments |
| Total Debt Service Fund | <u>12,864,420</u> | | TIF 27 | 36,050 | Debt payments |
| Capital Projects Fund | 1,978,000 | Landfill capital | TIF 33 | 500,000 | Subsidy |
| Capital Projects Fund | 90,125 | Subsidy | TIF 35 | 308,744 | Debt payments |
| Capital Projects Fund | <u>1,358,000</u> | VOM capital equipment | TIF 36 | 222,912 | Debt payments |
| Total Capital Projects Fund | <u>3,426,125</u> | | Benefits Funding | 60,154 | Debt payments |
| Special Accounts | 126,000 | Long-term care | VOM | <u>1,358,000</u> | Capital equipment |
| Industrial Waste Disposal | 47,727 | Long-term care | Total Nonmajor Funds | <u>4,525,381</u> | |
| Special Accounts | 48,000 | Fire capital | | | |
| Transit | 1,047,898 | Subsidy | | | |
| TIF 36 | <u>500,000</u> | Subsidy | | | |
| Total Nonmajor Funds | <u>1,769,625</u> | | | | |
| Sub-Total Fund Financial Statements | <u>\$ 19,902,203</u> | | | 19,902,203 | |
| Less: Fund Eliminations | | | | (15,844,118) | |
| Less: Government-wide Eliminations | | | | <u>(3,513,950)</u> | |
| Total Government Wide Statement of Activities | | | | <u>\$ 544,135</u> | |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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

Transfers (cont.)

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Amount</u> |
|----------------------------|------------------------------|--------------------|
| Governmental Activities | Business-type Activities | \$ 1,592,033 |
| Business-type Activities | Governmental Activities | <u>(1,047,898)</u> |
| | | <u>\$ 544,135</u> |

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Bonds and Notes Payable | | | | | |
| General obligation debt | \$ 65,329,000 | \$ 14,039,000 | \$ 12,126,000 | \$ 67,242,000 | \$ 13,027,000 |
| Premium on debt | <u>1,524,993</u> | <u>391,168</u> | <u>212,546</u> | <u>1,703,615</u> | <u>-</u> |
| Total Notes Payable | <u>66,853,993</u> | <u>14,430,168</u> | <u>12,338,546</u> | <u>68,945,615</u> | <u>13,027,000</u> |
| Other Liabilities | | | | | |
| Landfill superfund care | 617,000 | - | 66,000 | 551,000 | 44,531 |
| Accrued vacation | <u>2,279,474</u> | <u>2,311,290</u> | <u>2,279,474</u> | <u>2,311,290</u> | <u>2,311,290</u> |
| Total Other Liabilities | <u>2,896,474</u> | <u>2,311,290</u> | <u>2,345,474</u> | <u>2,862,290</u> | <u>2,355,821</u> |
| | | | | | |
| Total Governmental Activities Long-Term Liabilities | <u>\$ 69,750,467</u> | <u>\$ 16,741,458</u> | <u>\$ 14,684,020</u> | <u>\$ 71,807,905</u> | <u>\$ 15,382,821</u> |
| Business-Type Activities | | | | | |
| Bonds and Notes Payable | | | | | |
| General obligation debt | \$ 26,566,000 | \$ 7,866,000 | \$ 4,479,000 | \$ 29,953,000 | \$ 4,960,500 |
| Premium on debt | 551,868 | 219,170 | 95,558 | 675,480 | - |
| Revenue bonds | <u>22,567,392</u> | <u>-</u> | <u>1,878,623</u> | <u>20,688,769</u> | <u>1,920,665</u> |
| Total Business-Type Activities Long-Term Liabilities | <u>\$ 49,685,260</u> | <u>\$ 8,085,170</u> | <u>\$ 6,453,181</u> | <u>\$ 51,317,249</u> | <u>\$ 6,881,165</u> |

General Obligation Debt

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2018 was \$245,501,035. Total general obligation debt outstanding at year-end was \$97,195,000.

| | Date of Issue | Final Maturity | Interest Rates | Original Indebted- ness | Balance 12/31/2018 |
|---------------------------------------------------------|------------------|-------------------|-------------------|-------------------------------|-----------------------|
| Governmental Activities | | | | | |
| General Obligation Debt | | | | | |
| General obligation notes | 11/4/2010 | 2/1/2020 | 2.00 - 2.85% | 6,145,000 | 720,000 |
| General obligation notes | 11/4/2010 | 2/1/2020 | 1.05 - 3.60% | 1,055,000 | 200,000 |
| General obligation notes | 11/14/2011 | 2/1/2021 | 2.00 - 3.00% | 7,595,000 | 2,250,000 |
| General obligation notes | 11/14/2011 | 2/1/2021 | 2.00 - 3.00% | 1,285,000 | 75,000 |
| General obligation notes | 11/15/2012 | 2/1/2022 | 1.00 - 2.00% | 9,740,000 | 3,880,000 |
| General obligation notes | 11/15/2012 | 2/1/2022 | 1.00 - 2.00% | 1,760,000 | 1,035,000 |
| General obligation notes | 6/3/2013 | 2/1/2025 | 0.50 - 2.85% | 3,668,000 | 4,760,000 |
| General obligation notes | 10/30/2013 | 2/1/2023 | 2.00 - 3.00% | 8,035,000 | 1,915,000 |
| General obligation notes | 9/3/2014 | 2/1/2024 | 1.00 - 3.00% | 12,085,000 | 7,720,000 |
| General obligation notes | 7/8/2015 | 2/1/2025 | 2.00 - 4.00% | 9,477,000 | 6,345,000 |
| General obligation notes | 7/13/2016 | 2/1/2026 | 1.50 - 3.00% | 12,916,000 | 10,150,000 |
| General obligation notes | 7/13/2016 | 2/1/2026 | 1.50 - 3.00% | 5,775,000 | 1,360,000 |
| General obligation notes | 7/13/2016 | 2/1/2019 | 0.65 - 1.8% | 1,865,000 | 915,000 |
| General obligation notes | 7/12/2017 | 2/1/2027 | 2.00 - 3.00% | 13,736,000 | 11,878,000 |
| General obligation notes | 7/11/2018 | 2/1/2028 | 1.50 - 4.00% | 14,039,000 | 14,039,000 |
| Total Governmental Activities – General Obligation Debt | | | | | <u>\$ 67,242,000</u> |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

| | Date of Issue | Final Maturity | Interest Rates | Original Indebted- ness | Balance 12/31/2018 |
|--------------------------------------------------------|------------------|-------------------|-------------------|-------------------------------|-----------------------|
| Business-type Activities | | | | | |
| General Obligation Debt | | | | | |
| General obligation notes | 11/4/2010 | 2/1/2020 | 2.00 - 2.85% | \$ 2,620,000 | \$ 550,000 |
| General obligation notes | 11/14/2011 | 2/1/2021 | 2.00 - 3.00% | 4,420,000 | 1,950,000 |
| General obligation notes | 11/14/2011 | 2/1/2021 | 2.00 - 3.00% | 620,000 | 75,000 |
| General obligation notes | 11/15/2012 | 2/1/2022 | 1.00 - 2.00% | 2,960,000 | 1,315,000 |
| General obligation notes | 11/15/2012 | 2/1/2022 | 1.00 - 2.00% | 790,000 | 245,000 |
| General obligation notes | 6/3/2013 | 2/1/2025 | 0.50 - 2.85% | 547,000 | 25,000 |
| General obligation notes | 10/30/2013 | 2/1/2023 | 2.00 - 3.00% | 2,415,000 | 1,335,000 |
| General obligation notes | 9/3/2014 | 2/1/2024 | 1.00 - 3.00% | 4,835,000 | 3,235,000 |
| General obligation notes | 9/3/2014 | 2/1/2024 | 1.00 - 3.00% | 1,690,000 | 900,000 |
| General obligation notes | 7/8/2015 | 2/1/2025 | 2.00 - 4.00% | 4,208,000 | 2,880,000 |
| General obligation notes | 7/13/2016 | 2/1/2026 | 1.50 - 3.00% | 6,414,000 | 4,885,000 |
| General obligation notes | 7/13/2016 | 2/1/2019 | 1.50 - 3.00% | 1,685,000 | 345,000 |
| General obligation notes | 7/12/2017 | 2/1/2027 | 2.00 - 3.00% | 5,039,000 | 4,347,000 |
| General obligation notes | 7/11/2018 | 2/1/2028 | 1.50 - 4.00% | 7,866,000 | 7,866,000 |
| Total Business-type Activities General Obligation Debt | | | | | <u>\$ 29,953,000</u> |

Debt service requirements to maturity are as follows:

| <u>Years</u> | Government Activities | | Business- Type Activities | |
|--------------|-------------------------|---------------------|---------------------------|---------------------|
| | General Obligation Debt | | General Obligation Debt | |
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2019 | \$ 13,027,000 | \$ 1,524,464 | \$ 4,960,500 | \$ 710,397 |
| 2020 | 11,546,000 | 1,237,014 | 4,679,000 | 589,641 |
| 2021 | 10,443,000 | 968,274 | 4,407,000 | 471,338 |
| 2022 | 8,523,000 | 732,949 | 3,767,000 | 365,416 |
| 2023 | 7,243,000 | 535,775 | 3,322,000 | 275,945 |
| 2024-2028 | <u>16,460,000</u> | <u>822,841</u> | <u>8,817,500</u> | <u>453,451</u> |
| Totals | <u>\$ 67,242,000</u> | <u>\$ 5,821,317</u> | <u>\$ 29,953,000</u> | <u>\$ 2,866,188</u> |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

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

The city has pledged future service revenues, net of specified operating expenses, to repay revenue bonds issued since 2000. Proceeds from the bonds provided financing for the water and wastewater systems. The bonds are payable solely from service revenues and are payable through 2031. Annual principal and interest payments on the bonds are expected to require 24% of net revenues. The total principal and interest remaining to be paid on the bonds is \$23.1 million. Principal and interest paid for the current year and total customer net revenues were \$2.4 million and \$9.4 million, respectively.

Revenue debt payable at December 31, 2018 consists of the following:

Business-type Activities Revenue Debt

| | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebted- ness</u> | <u>Balance 12/31/2018</u> |
|---------------------------------------------|--------------------------|---------------------------|---------------------------|----------------------------------------|-------------------------------|
| <u>Water Utility</u> | | | | | |
| Safe Drinking Water loan | 2003 | 2023 | 2.75% | \$ 1,336,937 | \$ 421,052 |
| Safe Drinking Water loan | 2004 | 2024 | 2.37% | 2,150,000 | <u>789,833</u> |
| | | | | Total Water Utility | <u>1,210,885</u> |
| <u>Wastewater Utility</u> | | | | | |
| Clean Water Fund loan | 2000 | 2019 | 2.97% | 284,140 | 19,361 |
| Clean Water Fund loan | 2001 | 2020 | 2.75% | 1,100,828 | 214,738 |
| Clean Water Fund loan | 2004 | 2023 | 2.37% | 2,032,973 | 631,639 |
| Clean Water Fund loan | 2010 | 2029 | 2.15% | 27,212,000 | 17,919,140 |
| Clean Water Fund loan | 2011 | 2031 | 2.40% | 983,325 | <u>693,006</u> |
| | | | | Total Wastewater Utility | <u>19,477,884</u> |
| Total Business-type Activities Revenue Debt | | | | | <u>\$ 20,688,769</u> |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

***Business-type Activities Revenue Debt* (cont.)**

Debt service requirements to maturity are as follows:

| <u>Years</u> | Business-Type Activities Revenue Debt | |
|--------------|------------------------------------------|--------------|
| | Principal | Interest |
| 2019 | \$ 1,920,665 | \$ 432,075 |
| 2020 | 1,943,719 | 388,897 |
| 2021 | 1,987,086 | 345,044 |
| 2022 | 1,955,875 | 301,245 |
| 2023 | 1,999,132 | 257,507 |
| 2024-2028 | 8,895,174 | 697,895 |
| 2029-2031 | 1,987,118 | 25,959 |
| Totals | \$ 20,688,769 | \$ 2,448,622 |

Other Debt Information

Estimated payments of accrued vacation and landfill superfund care are not included in the debt service requirement schedules. The accrued vacation liability will be liquidated primarily by the general fund. The landfill superfund care liability will be liquidated by the sanitation special revenue fund.

A statutory mortgage lien upon the water and wastewater systems and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issues. The water and wastewater systems and the earnings of the systems remain subject to the lien until payment in full of the principal and interest on the bonds.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the city to place a final cover on its operating landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 40 years after closure. During 2001, the city purchased an insurance policy to cover the costs of the remaining closure and post closure care. This policy transfers the risk of remaining costs to another entity. Therefore, the city no longer reports a long-term liability for closure and post closure care.

The city is required by state environmental laws to provide financial security to guarantee final site closure and post closure care. The city is in compliance with these requirements by having in place the insurance policy, which provides the required amount for closure and post closure care. Monies to pay for the insurance policy were from city investments, most notably annual payments the city had put in its own escrow account to fulfill the state requirements. The insurance policy allows the city to draw money from the account as a reimbursement against the expenditures for closure and post closure care. Those reimbursements will be claimed once the closure and long-term care requirements are fulfilled and approved by the State Environmental Agency (WDNR). The city will make a request against the insurance policy for a lump sum payment against the closure part of the policy and annually for 40 years against the long-term care portion of the policy.

H. NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2018 include the following:

| | |
|--------------------------------------------------------------------------------------------|-----------------------|
| Net investment in capital assets | |
| Land | \$ 37,033,283 |
| Construction in progress | 3,353,236 |
| Other capital assets, net of accumulated depreciation | 192,831,652 |
| Less: related long-term debt outstanding (excluding unspent capital related debt proceeds) | <u>(61,579,791)</u> |
| Total net investment in capital assets | <u>171,638,380</u> |
| Restricted | |
| Debt service | 4,382,857 |
| Grants | 5,324,713 |
| Library | 734,437 |
| TIF districts | 5,602,428 |
| Landfill long-term care | 3,395,295 |
| Pension | <u>8,077,542</u> |
| Total restricted | <u>27,517,272</u> |
| Unrestricted (deficit) | <u>(32,472,555)</u> |
| Total Governmental Activities Net Position | <u>\$ 166,683,097</u> |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2018 include the following:

| Nonspendable | |
|------------------------------------------|----------------------|
| Major Funds | |
| General Fund | |
| Prepaid items | \$ 3,220 |
| Noncurrent interfund balances | 1,345,700 |
| Total General Fund | <u>1,348,920</u> |
| | |
| Capital Projects | |
| Inventories | <u>231,963</u> |
| Total Capital Projects | <u>231,963</u> |
| | |
| Nonmajor Funds | |
| Prepaid items | <u>42,000</u> |
| | |
| Restricted | |
| Major Funds | |
| Debt Service - debt service | 3,824,838 |
| Capital Projects - unspent bond proceeds | <u>3,059,670</u> |
| Total Major Funds | <u>6,884,508</u> |
| | |
| Nonmajor Funds | |
| Special Revenue Funds | |
| Library | 734,437 |
| Special Accounts | 3,502,280 |
| TIF No. 21 | 325,973 |
| TIF No. 23 | 58,956 |
| TIF No. 27 | 80,353 |
| TIF No. 29 | 257,897 |
| TIF No. 32 | 3,376,315 |
| TIF No. 33 | 301,849 |
| TIF No. 36 | 1,402,472 |
| Other Housing Grants | 596,565 |
| Community Development Block Grant | <u>890,223</u> |
| Total Nonmajor Funds | <u>\$ 11,527,320</u> |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Committed

| | |
|-------------------|------------------|
| Major Funds | |
| Sanitation | \$ 3,024,514 |
| Total Major Funds | <u>3,024,514</u> |

Nonmajor Funds

| | |
|--------------------------------------|----------------|
| Special Revenue Funds | |
| JATV-12 | 269,311 |
| Oak Hill Cemetery | 132,571 |
| Special Accounts | 438,714 |
| Innovation Center | 790 |
| Total Nonmajor Special Revenue Funds | <u>841,386</u> |
| Total Nonmajor Funds | <u>841,386</u> |

Assigned

| | |
|---------------------------------------|------------------|
| Major Funds | |
| General Fund - applied to 2019 budget | 509,789 |
| Capital Projects | 4,501,033 |
| Total Major Funds | <u>5,010,822</u> |

Unassigned (deficit)

| | |
|-------------------|------------------|
| Major Funds | |
| General Fund | 7,513,563 |
| Total Major Funds | <u>7,513,563</u> |

Nonmajor Funds

| | |
|------------------------------------------------|-----------------------|
| Special Revenue Funds | |
| TIF No. 17 | (180,077) |
| TIF No. 22 | (290,282) |
| TIF No. 25 | (532,756) |
| TIF No. 26 | (250,435) |
| TIF No. 28 | (99,506) |
| TIF No. 35 | (2,813,080) |
| TIF No. 37 | (51,702) |
| Golf Courses | (116,529) |
| Total Nonmajor Special Revenue Funds (Deficit) | <u>\$ (4,334,367)</u> |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Business-type activities net position reported on the government wide statement of net position at December 31, 2018 include the following:

Net Investments in Capital Assets

| | |
|--------------------------------------------|-----------------------|
| Plant in service | \$ 240,062,379 |
| Accumulated depreciation | (86,518,178) |
| Construction work in progress | <u>989,693</u> |
| Sub-Total | <u>154,533,894</u> |
| | |
| Current portion of general obligation debt | (4,960,500) |
| Current portion of revenue bonds | (1,920,665) |
| General obligation debt | (25,667,981) |
| Revenue bonds | (18,768,104) |
| Construction payables | <u>(459,549)</u> |
| Sub-Total | <u>(51,776,799)</u> |
| | |
| Construction Funds (unspent debt) | <u>1,348,239</u> |
| Sub-Total | <u>1,348,239</u> |
| | |
| Total Net Investment in Capital Assets | <u>\$ 104,105,334</u> |

I. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and No. 57 – *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plan*. Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The details of the restatement are as follows:

| | Governmental Activities | Business-type Activities | Water Utility | Wastewater Utility | Non-major Enterprise |
|---------------------------------------------------|----------------------------|-----------------------------|----------------------|-----------------------|-------------------------|
| Net Position – December 31, 2017 (as reported) | \$ 174,374,984 | \$ 120,261,680 | \$ 44,525,631 | \$ 57,429,212 | \$ 16,208,168 |
| Less: OPEB liability | (19,703,478) | (2,189,374) | (913,384) | (477,164) | (798,826) |
| Add: Deferred outflows related to OPEB | <u>1,961,900</u> | <u>134,306</u> | <u>8,811</u> | <u>54,630</u> | <u>70,865</u> |
| | | | | | |
| Net Position – December 31, 2017 (as restated) | <u>\$ 156,633,406</u> | <u>\$ 118,206,612</u> | <u>\$ 43,621,058</u> | <u>\$ 57,006,678</u> | <u>\$ 15,480,207</u> |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNIT

This report contains the Community Development Authority (CDA) which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and the statement of activities.

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

a. **Basis of Accounting/Measurement Focus**

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

b. **Deposits and Investments**

The CDA's cash and investments at year-end were comprised of the following:

| | <u>Carrying Value</u> | <u>Bank Balance</u> | <u>Associated Risks</u> |
|-----------------|---------------------------|-------------------------|-----------------------------|
| Demand deposits | <u>\$94,980</u> | <u>\$94,980</u> | Custodial credit |

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

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

Custodial Credit Risk

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

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNIT (cont.)

c. Cash and Cash Equivalents

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

d. Capital Assets

| | Beginning Balance | Additions | Deletions | Ending Balance | Useful Lives (Years) |
|-----------------------------------|----------------------|-------------------|-------------|-------------------|-------------------------|
| Equipment | \$ 93,818 | \$ | \$ - | \$ 93,818 | 4-20 |
| Less: accumulated depreciation | (72,926) | (3,022) | - | (75,948) | |
| Totals | \$ 20,892 | \$ (3,022) | \$ - | \$ 17,870 | |

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011 and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before December 31, 2016) 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 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 |
|------|----------------------|--------------------------|
| 2007 | 3.0% | 10% |
| 2008 | 6.6 | 0 |
| 2009 | (2.1) | (42) |
| 2010 | (1.3) | 22 |
| 2011 | (1.2) | 11 |
| 2012 | (7.0) | (7) |
| 2013 | (9.6) | 9 |
| 2014 | 4.7 | 25 |
| 2015 | 2.9 | 2 |
| 2016 | 0.5 | (5) |
| 2017 | 2.0 | 4.0 |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. 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 \$3,071,546, in contributions from the city.

Contribution rates for the plan year reported as of December 31, 2018 are:

| <u>Employee Category</u> | <u>Employee</u> | <u>Employer</u> |
|------------------------------------|-----------------|-----------------|
| General | 6.8% | 6.8% |
| Protective with Social Security | 6.8% | 10.6% |
| Protective without Social Security | 6.8% | 14.9% |

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

At December 31, 2018 the city reported an asset of \$8,807,555 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension asset was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the city's proportion was 0.29663873%, which was an increase of 0.00741593% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the city recognized pension expense of \$4,081,571.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2018, the city reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 11,190,219 | \$ 5,234,413 |
| Changes in actuarial assumptions | 1,740,201 | - |
| Net differences between projected and actual earnings on pension plan investments | - | 12,105,166 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 43,202 | 149,584 |
| Employer contributions subsequent to the measurement date | 3,233,976 | |
| Totals | \$ 16,207,598 | \$ 17,489,163 |

\$3,233,976 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

| Year Ended December 31: | Deferred Outflows of Resources and Deferred Inflows of Resources (net) |
|----------------------------|---------------------------------------------------------------------------------|
| 2019 | \$ 936,935 |
| 2020 | (112,500) |
| 2021 | (3,059,323) |
| 2022 | (2,301,708) |
| 2023 | 21,055 |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension asset in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------------------------------|--------------------------------|
| Actuarial Valuation Date: | December 31, 2016 |
| Measurement Date of Net Pension Liability (Asset) | December 31, 2017 |
| Actuarial Cost Method: | Entry Age Normal |
| Asset Valuation Method: | Fair Value |
| Long-Term Expected Rate of Return: | 7.2% |
| Discount Rate: | 7.2% |
| Salary Increases: | |
| Inflation | 3.2% |
| Seniority/Merit | 0.2% - 5.6% |
| Mortality: | Wisconsin 2012 Mortality Table |
| Post-retirement Adjustments*: | 2.1% |

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension asset for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

| Core Fund Asset Class | Current Asset Allocation % | Destination Target Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long Term Expected Real Rate of Return % |
|----------------------------------|-------------------------------|---------------------------------------------|------------------------------------------------------|------------------------------------------------|
| Global Equities | 50% | 45% | 8.2% | 5.3% |
| Fixed Income | 24.5 | 37 | 4.24 | 1.4 |
| Inflation Sensitive Assets | 15.5 | 20 | 3.8 | 1.0 |
| Real Estate | 8 | 7 | 6.5 | 3.6 |
| Private Equity/Debt | 8 | 7 | 9.4 | 6.5 |
| Multi-Asset | 4 | 4 | 6.5 | 3.6 |
| Total Core Fund | 110 | 120 | 7.3 | 4.4 |
| <u>Variable Fund Asset Class</u> | | | | |
| U.S. Equities | 70 | 70 | 7.5 | 4.6 |
| International Equities | 30 | 30 | 7.8 | 4.9 |
| Total Variable Fund | 100 | 100 | 7.9 | 5.0 |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

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 3.31%. 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.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

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

| | 1% Decrease to Discount Rate (6.20%) | Current Discount Rate (7.20%) | 1% Increase to Discount Rate (8.20%) |
|-----------------------------------------------------------------|--------------------------------------------|----------------------------------|--------------------------------------------|
| City’s proportionate share of the net pension liability/(asset) | \$22,788,154 | (\$8,807,555) | (\$32,821,272) |

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 16-10.

At December 31, 2018, the city reported a payable to the pension plan of \$461,988, which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The city maintains a risk management program to safeguard its financial security by protecting its human, financial and property assets from the adverse impact of loss. Various techniques and programs are utilized to reduce the possibility of a loss from occurring and manage the adverse consequences should an event occur resulting in a loss. Risk treatment devices utilized include control, reduction, retention and transfer through proactive safety programs and loss control practices, contractual risk transfer, self-insurance funding, and the purchase of insurance.

Public Entity Risk Pool – Transit Mutual Insurance Corporation of Wisconsin (TMI)

The Transit Mutual Insurance Corporation of Wisconsin (TMI) is a mutual insurance corporation, which insures auto liability and auto physical damage for municipally-owned transit systems in Wisconsin. Each insured property is an owner of the mutual insurance corporation. The city insures its transit systems’ auto liability and physical damage with TMI and is an owner of the corporation.

The city’s auto liability insurance policy as a \$250,000 per person policy limit and a \$7,000,000 per accident policy limit. Of the per accident policy limit, TMI insures \$2,500,000 and reinsures \$4,500,000 with Great American Insurance Company. In addition, the city’s policy provides for \$25,000 per person and \$50,000 per accident in uninsured motorist insurance.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool – Transit Mutual Insurance Corporation of Wisconsin (TMI) (cont.)

The physical damage policy issued by TMI to the city provides collision and comprehensive coverage for the lesser of the agreed value or the cost of repairs minus a \$500 per accident deductible for private passenger and services units and a \$1,000 per accident deductible for bus units.

Management of TMI consists of a board of directors comprised of one representative for each member. The city does not exercise any control over the activities of the corporation beyond its representation on the board of directors.

Premiums are determined in advance of each premium year, which begins on January 1. TMI is an assessable mutual; accordingly, the board of directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the premium year. Members are required by Wisconsin statute and TMI bylaws to fund any deficit attributable to a premium year during which they were a member. TMI was incorporated in 1985 and began issuing insurance policies in 1986; there has never been a member assessment beyond the annual premiums.

The city's share of this corporation is 3.22% for auto liability and 8.31% of physical damage liability. A list of the other members and their share of participating is available in the TMI report, which can be obtained directly from the TMI's offices.

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

CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC that was established under Section 66.30 of the Wisconsin statutes governing intergovernmental cooperation commissions.

CVMIC insures the municipalities up to \$5,000,000 per occurrence above the self-insured retention amount selected by each individual city or village. CVMIC also provides excess insurance of \$5,000,000 over the CVMIC layer through a group purchase program paid proportionately by members for a total limit of \$10,000,000 per occurrence. Members pay premiums based on their self-insured retention amount, claims experience and population.

Management of CVMIC and WMIC consists of a board of directors and officers elected by the membership from each class of participants based on population. The board of directors hires the company executive director who in turn hires the management staff of CVMIC. The city does not exercise any control over the activities of the CVMIC and WMIC beyond the election of the officers and board.

Financial statements of CVMIC can be obtained directly from CVMIC's offices. The city's Mutual Member Participation Calculation for 2018 was calculated at \$578,859 or 3.968%. This calculation is based on premiums, claims and self-insured retention of the city as compared to the entire membership. The city's participation portion of available funds would be distributed upon dissolution. The initial investment in WMIC is not refundable upon withdrawal from the commission and has been reported at the original amount of \$1,604,120 in the insurance internal service fund. WMIC is not required to have an audit.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

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

The city pays an annual premium to CVMIC for its general liability insurance as noted. The city's self-insured retention amount annually is \$100,000 per occurrence and \$400,000 in the aggregate.

The city accounts for its participation in the company in the insurance internal service fund. Payments to CVMIC for current year insurance coverage are reflected in the general operating statements of the various funds. The city has recorded claims payable at year-end in the insurance internal service fund of \$82,161. For liability claims, the city's uninsured risk of loss is \$100,000 per incident with a \$5,000,000 limit per occurrence. \$325,000 was designated for that reserve at year-end, and is included in unrestricted net position of the internal service fund.

Self-Insurance – Health Claims

The city has a self-funded health insurance program with claims processed by an administrative firm on behalf of the city. The claims are accounted for and financed by the city in the insurance internal service fund.

For health claims, the uninsured risk of loss is \$175,000 per incident with a \$2,000,000 lifetime maximum per individual. Stop loss insurance is purchased for claims in excess of \$175,000. Actual claims have exceeded the stop loss limit for some claimants in each of the last five years.

All funds of the city participate in the risk management program. Amounts payable to the internal service fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. \$500,000 was designated for that reserve at year-end, and is included in unrestricted net position of the internal service fund.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The city does not allocate overhead costs or other non-incremental costs to the claims liability.

| Claims Liability | Prior Year | Current Year |
|----------------------------------------------|-------------------|---------------------|
| Unpaid claims – Beginning of Year | \$ 628,000 | \$ 829,000 |
| Current year claims and changes in estimates | 10,904,963 | 10,525,101 |
| Claim payments | (10,703,963) | (10,497,101) |
| Unpaid Claims – End of Year | \$ 829,000 | \$ 857,000 |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self-Insurance – Worker's Compensation

The city is also self-insured for workers compensation, which are accounted for and financed by the insurance internal service fund. For these claims, the uninsured risk of loss is \$500,000 per incident for all other employees. The city has purchased commercial insurance for claims in excess of \$500,000. Settled claims have not exceeded the commercial coverage in any of the past five years.

All funds of the city participate in the risk management program. Amounts payable to the internal fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. \$275,000 was designated for that reserve at year-end, and is included in unrestricted net position of the internal service fund.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The city does not allocate overhead costs or other non-incremental costs to the claims liability.

| <i>Claims Liability</i> | <u>Prior Year</u> | <u>Current Year</u> |
|----------------------------------------------|---------------------|---------------------|
| Unpaid claims – Beginning of Year | \$ 1,141,467 | \$ 1,631,273 |
| Current year claims and changes in estimates | 787,014 | (390,191) |
| Claim payments | <u>(297,208)</u> | <u>(430,530)</u> |
| Unpaid Claims – End of Year | <u>\$ 1,631,273</u> | <u>\$ 810,552</u> |

C. COMMITMENTS AND CONTINGENCIES

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

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

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

In 2015, the city entered into an incentive agreement with a developer in TIF No. 35. If the developer adheres to the terms of the agreement, the city has committed a total of \$5,296,000 in incentive payments that are payable through 2027. Incentive payments in the amount of \$662,706 occurred in 2018.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

During 2018, the city borrowed \$21,905,000 for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the capital projects fund, special revenue funds, and enterprise funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The balance of contract amounts is \$2,591,701 at year-end and is included in fund balance in the capital project fund and special revenue funds and in net investment in capital assets in the enterprise funds.

The city-owned landfill is a source of potential liability to the city. The U.S. Environmental Protection Agency (EPA) has issued a Record of Decision on a city owned landfill that accepted wastes during the period 1953 through 1985. The EPA determined the landfill had environmental impacts that required clean-up and long-term care. The estimated net present value cost is \$8.3 million. Remediation construction activities are complete and remaining long-term care will occur over the next 8 years. The City of Janesville, General Motors Corporation, Manpower, and the other responsible parties have entered into a Federal District Court approved settlement agreement with the EPA. The city estimates its remaining present value cost for long-term care of this facility will be approximately \$0.55 million. This amount is recorded in the governmental activities statement of net position. The city's costs under the agreement may be spread over the next nine years. The city has paid \$2.8 million in costs to date. The remaining \$4.9 million of construction clean-up costs were borne by those industries that caused the environmental problem.

At December 31, 2018, there were \$2,181,786 of unrecorded deferred assessments which are not recorded as receivables because collection is subject to certain events occurring in the future, and no formal repayment schedule has been established. The breakdown of deferred assessments is as follows:

| | |
|------------|---------------------|
| Water | \$ 1,079,878 |
| Wastewater | <u>1,101,908</u> |
| Total | <u>\$ 2,181,786</u> |

D. OTHER POSTEMPLOYMENT BENEFITS

Health Insurance Plan

The city administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides health insurance contributions for eligible retirees and their spouses through the city's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive healthcare insurance until the retiree reaches age 65 at established contribution rates. The Retiree Health Plan does not issue a publicly available financial report.

Contributions are established through collective bargaining agreements and may be amended only through negotiations between the city and the union. The city makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. The city contributes 88.9% and 87.4% of the current year premiums for a family and a single plan, respectively, for eligible retired plan members and their spouses. For fiscal year 2018, the city contributed \$8,652,433 to the plan. Plan members receiving benefits contribute 11.1% and 12.6% of their premium costs for a family plan and a single plan, respectively. For fiscal year 2018, total member contributions were \$1,077,934, or approximately 11.1% of the total premiums, through their required contributions.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

General Information About the OPEB Plan

Plan description. The city defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the city. RBP is a single-employer defined benefit OPEB plan administered by the city. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the city council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided. The city provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 50 to 100 percent of health insurance premiums for non-Medicare-eligible retirees and 0 percent of supplemental health insurance premiums for Medicare-eligible retirees. The plan also provides all retirees with 100 percent of life insurance benefits.

Employees covered by benefit terms. At December 31, 2017, the following employees were covered by the benefit terms:

| | | | | | |
|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----|--|-----|
| Inactive plan members or beneficiaries currently receiving benefit payments | 123 | | | | |
| Inactive plan members entitled to but not yet receiving benefit payments | 4 | | | | |
| Active plan members | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black;">447</td> </tr> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;"></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">574</td> </tr> </table> | | 447 | | 574 |
| | 447 | | | | |
| | 574 | | | | |

Total OPEB Liability

The city's total OPEB liability of \$43,422,368 was measured as of as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Inflation | 2.50% |
| Salary increases | 3.0% |
| Healthcare cost trend rates | 7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter |
| Retirees' share of benefit-related costs | 11.1% |

The discount rate was based on upon all years of projected payments discounted at the municipal bond rate of 3.50%

Mortality rates were based on the Wisconsin 2012 Mortality Table.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period December 31, 2016 – December 31, 2017.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|-------------------------------|-------------------------|
| Balances at December 31, 2016 | \$ 42,011,870 |
| Changes for the year: | |
| Service cost | 2,025,566 |
| Interest | 1,469,385 |
| Benefit payments | (2,084,453) |
| Net changes | 1,410,498 |
| Balances at December 31, 2017 | \$ 43,422,368 |

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the city, as well as what the city total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

| | 1% Decrease (2.50%) | Discount Rate (3.50%) | 1% Increase (4.50%) |
|--------------------|------------------------|--------------------------|------------------------|
| Net OPEB liability | \$ 46,753,907 | \$ 43,422,368 | \$ 40,325,938 |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the city, as well as what the city's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

| | 1% Decrease (6.5% Decreasing to 4.0%) | Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%) | 1% Increase (8.5% Decreasing to 6.0%) |
|--------------------|------------------------------------------|-------------------------------------------------------------|------------------------------------------|
| Net OPEB liability | \$ 39,333,461 | \$ 43,422,368 | \$ 48,188,749 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the city recognized an OPEB expense of \$3,494,951. At December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | |
|----------------------------------------------|--------------|
| Contributions subsequent to measurement date | 1,841,628 |
| Total | \$ 1,841,628 |

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF)

Plan description. The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and 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. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of December 31, 2018 are:

| Coverage Type | Employer Contributions |
|------------------------------|-------------------------------|
| 50% Post Retirement Coverage | 40% of Employee Contribution |
| 25% Post Retirement Coverage | 20% of Employee Contribution |

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the plan year are as listed below:

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Life Insurance Employee Contribution Rates For The Plan Year

| <u>Attained Age</u> | <u>Basic</u> |
|---------------------|--------------|
| Under 30 | \$0.05 |
| 30-34 | 0.06 |
| 34-39 | 0.07 |
| 40-44 | 0.08 |
| 45-49 | 0.12 |
| 50-54 | 0.22 |
| 55-59 | 0.39 |
| 60-64 | 0.49 |
| 65-69 | 0.57 |

During the reporting period, the LRLIF recognized \$11,753 in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2018, the city reported a liability of \$1,862,100 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net OPEB liability was based on the city's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the city's proportion was 0.61893%, which was an increase of 0.006572% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the city recognized OPEB expense of \$197,743.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

At December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 26,237 |
| Net differences between projected and actual earnings on OPEB plan investments | 21,441 | - |
| Changes of assumptions | 179,939 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 13,837 | - |
| Employer contributions subsequent to the measurement date | 12,158 | - |
| Total | \$ 227,375 | \$ 26,237 |

\$12,158 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended December 31: | Deferred Outflows of Resources and Deferred Inflows of Resources (net) |
|----------------------------|------------------------------------------------------------------------------|
| 2018 | \$31,018 |
| 2019 | 31,018 |
| 2020 | 31,018 |
| 2021 | 31,018 |
| 2022 | 25,657 |
| Thereafter | 39,251 |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial assumptions. The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------------------------------|--------------------------------|
| Actuarial Valuation Date: | January 1, 2017 |
| Measurement Date of Net OPEB Liability: | December 31, 2017 |
| Actuarial Cost Method: | Entry Age Normal |
| 20 Year Tax-Exempt Municipal Bond Yield: | 3.44% |
| Long-Term Expected Rate of Return: | 5.0% |
| Discount Rate: | 3.63% |
| Salary Increases: | |
| Inflation | 3.2% |
| Seniority/Merit | 0.2% - 5.6% |
| Mortality: | Wisconsin 2012 Mortality Table |

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2017

| Asset Class | Index | Target Allocation | Long-Term Expected Geometric Real Rate of Return % |
|-----------------------------------|----------------------|-------------------|-------------------------------------------------------------|
| US Government Bonds | Barclays Government | 1% | 1.13% |
| US Credit Bonds | Barclays Credit | 65 | 2.61 |
| US Long Credit Bonds | Barclays Long Credit | 3 | 3.08 |
| US Mortgages | Barclays MBS | 31 | 2.19 |
| Inflation | | | 2.3 |
| Long-Term Expected Rate of Return | | | 5.0 |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Single discount rate. A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

Sensitivity of the city's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the city's proportionate share of the net OPEB liability calculated using the discount rate of 3.63 percent, as well as what the city's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

| | 1% Decrease Discount Rate (2.63%) | Current Discount Rate (3.63%) | 1% Increase to Discount Rate (4.63%) |
|------------------------------------------------------|-----------------------------------------|-------------------------------------|-----------------------------------------------|
| City's proportionate share of the net OPEB liability | \$ 2,631,856 | \$ 1,862,100 | \$ 1,271,394 |

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

E. TAX ABATEMENTS

The city through various Tax Incremental Financing Districts (TID) has entered into tax abatement agreements with developers in the form of a tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans. The developers pay property taxes as they become due, and after meeting the criteria established in the development agreements, are entitled to future incentive payments that directly correlate to the taxes paid.

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

E. TAX ABATEMENTS (cont.)

| Agreement Description | Calculation Method | Developer Commitment | Payment Arrangement | Recapture Provisions, if any |
|----------------------------|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| GOEX | \$835,736 Total Package including rail and transportation improvements | Construction of New 161,875 sq ft building, Guarantee Value of \$5,517,250 and incremental revenues of \$143,776 from 2015 - 2022, within 1 year of occupancy create, retain and maintain 130 FTEs for 7 years | \$835,736 total | Annual increment guarantee of \$143,776. Any shortage must be paid by developer |
| 101 Milwaukee | \$500,000 reimbursement of renovations costs | Guaranteed minimum property tax payment ranging from \$72,065 to \$79,930 in 2023 (Final year) | One Time payment of \$500,000 | Graduated Guaranteed payment over the life of the agreement |
| Performance Micro Tool | \$110,210 in land costs and incentive for the building | New 6,000 sq ft building construction with guaranteed minimum value of \$330,000 and \$7,347 in increment annually | \$330,000 in land, development costs and incentive for the building | Guaranteed Increment of \$7,347 annually for ten years |
| North Woods Holdings, 2011 | \$100,000 development incentive | 21,000 sq ft building expansion, retain 86 jobs and add 32 within three years. Includes increment guarantee of \$12,329.10 | \$100,000 one time payment | Guaranteed increment increase of \$12,329.10 annually for ten years |
| North Woods Holdings, 2014 | \$1,008,106 development loan for incentive and 7 acres of land | 141,005 sq ft expansion, retain 100 jobs and create 40 additional jobs per year for 9 years. | \$1,008,106 in land, building and job incentives | Guaranteed additional increment of \$186,959 annually for nine years |
| Seneca | \$303,275 forgivable loan for building expansion | 80,000 sq ft expansion of the building and increase in real property taxes by \$30,327.50; create and maintain 25 new jobs by June 2015, however, debt forgiveness is only on the increment created. | Forgivable loan of \$303,275 | Guaranteed additional increment of 30,327.50 annually for ten years |
| Milgold | \$160,000 total reimbursement for building rehab (60% of the value increase) | Rehabilitate the 17,750 sq ft building | Max Reimbursement of \$160,000 over 10 years. Varied by year. Total paid out \$24,338.48. Ceased payments in 2015 | None |
| Spinner | \$132,904 in incentive for expansion of the building | Expansion of the building, retain 12 jobs and add 10 jobs over the following three years | One time payment of \$132,904 | Guaranteed additional increment of \$13,290.40 |
| Greene Bros | \$425,000 incentive for building rehabilitation | Rehabilitate the 23,600 sq ft building and guarantee value of \$1,395,232 and increment of \$33,075.83. | One Time Payment of \$425,000 | Guaranteed additional increment of \$33,075.83 |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

E. TAX ABATEMENTS (cont.)

| Agreement Description | Calculation Method | Developer Commitment | Payment Arrangement | Recapture Provisions, if any |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shine | \$1.53M in land, \$1.5M forgivable loan for development incentive, \$1.5M for replacement of prototype building, \$578,000 stormwater assessment forgivable loan, \$345,000 for utilities extended by the City. City also includes a \$4M loan guarantee which will be assigned to a future note secured by Shine | Construct a 30,000 sq ft new building valued at \$50M, guaranteed annual tax equivalent payment of \$1,166,564, guarantee 125 jobs within 5 years of initiating production. \$1.5M for replacement of prototype building requires replacement building to be completed on campus. | Only the storm water assessment forgivable loan and the extension of utilities has been fully executed the remaining portions of the agreement have not. Anticipating \$1.5M forgivable loan to be issued in 2019. | Guaranteed annual tax equivalent payment of \$1,166,564 |
| Dollar General Land | \$5,296,600 in incentive and land for the development | Build 1,000,000 sq ft warehouse and guarantee value of \$40 per square foot and \$25 million in personal property | \$134,660 in 2017, \$529,660 from 2018-2026 and \$134,660 in 2027 | Agreement is a pay-go, thus payment is reduced if building or personal property values not met. Personal property did not meet the \$25M requirement and State has reduced Personal Property taxes |
| Capital Circle 1 | \$1,274,437.06 forgivable loan for land and incentive for building construction | Construction of 150,000 sq ft building and guarantee value of \$5,400,000 | One time payment of \$957,330.02 in land and cash incentive | Guarantee Increment of \$129,561 annually for ten years |
| AM Castle Building | \$1,968,841 forgivable loan in land and building value | Build 208,000 sq ft facility, guarantee \$10,450,000 in value | One time payment of \$1,968,841 in land and cash incentive | Guarantee Increment of \$250,725 annually for ten years |
| Capital Circle 2 (as revised) | \$1,005,534.64 in the form of land and building incentive | Build 100,000 sq ft facility and guarantee value of \$4,557,000 | One time payment of the incentive in the form of land and cash | Guarantee increment of \$105,553.46 |
| Van Brocklin | \$53,695 forgivable loan in the form of land | Build 9,880 sq ft facility with a value of at least \$270,000 and maintain 18 jobs and add 10 over four years | One time payment in the form of land | Guaranteed annual increment of \$6,478 |
| Westphal Electric | \$66,288 forgivable loan in the form of land | Build 12,000 sq ft facility and guarantee increment of \$7,379.61 annually for 10 years | One time payment in the form of land | Guarantee increment of \$7,379.61 annually |
| Playstar | \$410,000 forgivable loan for building construction | Build 58,300 sq ft facility, guaranteed value increment \$1,779,899 (total \$2,216,299), tax increment of \$46,380.84 (total \$54,424.77) for 10 years, and retain 13 FTE LWE and create 10 FT LWE. | One time payment cash incentive of \$410,000 | Guaranteed annual increment of \$46,380.84 (Total tax equivalency payment = \$54,424.77) |
| Key Real Estate Solutions, LLC | \$37,000 forgivable loan for building rehabilitation | Rehabilitate 8,448 sq ft, guarantee tax increment of \$3,700 for 10 years. | One time cash incentive payment of \$37,000 | Guaranteed annual increment of \$3,700. (Total tax equivalency payment = \$11,073.95) |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

E. TAX ABATEMENTS (cont.)

| Agreement Description | Calculation Method | Developer Commitment | Payment Arrangement | Recapture Provisions, if any |
|--------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gallina | \$253,992 forgivable loan for building expansion | Build 40,000 sq ft expansion, tax increment guarantee of \$26,968 for 10 years, maintain 13 FTEs | One time cash incentive payment of \$253,992 | Guaranteed annual increment of \$26,968 (Total tax equivalency payment = \$65,780.41) |
| Janesville Hotel Group LLC | \$1,055,000 in land costs and incentive for the building | Build 33,064 sq ft facility, tax increment guarantee of \$86,643.51 for 10 years | \$1,055,000 in cash incentive and land | Guaranteed annual tax equivalent payment of \$86,643.51 |
| TFJ Development Inc. | \$2,865,774.73 reimbursement for building rehabilitation | Rehabilitate 78,000 sq ft facility, guaranteed value of \$9,160,000 (\$6,096,300 incremental value) | Annual reimbursement payments vary over 14 years with max total payments \$2,865,774.73 | None |
| MGD Fund III | \$130,500 for new building construction, \$55,000 for parking construction | Build 8,000 sq ft facility with guaranteed value of \$900,000, guarantee annual property tax payment ranging from \$16,051 to \$17,804 for 11 years, purchase 1/2 parking lot for \$18,000, | One time cash incentive of \$130,500 | Annual property tax payment ranging from \$16,051 to \$17,804. In 2015, MGD Fund III declared bankruptcy. At that time they had a remaining balance of \$75,564 |
| J&L Targets, Inc. | \$131,272 incentive for addition to the building | Build 9,000 sq ft addition to facility and guarantee value of \$872,693.15 for entire facility | One time cash incentive of \$140,000 | Annual debt service for loan of \$15,193.38 annually forgiven in two parts, \$6,366.18 annually forgiven based upon job creation and \$8,827.20 forgiven through increased real property increment for the property |
| Pontiac Place Hotel Developers, Inc. | \$2,011,000 for new hotel construction | Build 52,851 sq ft facility with guaranteed value of \$6,039,000 | Annual reimbursement payments vary over 11 years with a max total of \$2,011,065 | Agreement is a pay-go, thus payment is reduced if building values not met |
| Northwoods Holdings 2018 | Land value of \$568,789 and construction incentive of \$234,000 | Build 100,000 sq ft facility and guarantee value of \$3,600,000 | Land value of \$568,789 and one time construction incentive of \$234,000 | Guaranteed increment of \$80,283 annually |
| Haviverson Holdings | Land value of \$59,659 and construction incentive of \$80,341 | Build 29,300 square foot facility on the property with a guarantee value of \$720,000 | Land value of \$59,659 and construction incentive of \$80,341 | Guaranteed increment of \$17,275 annually |
| 100 Innovation | Land value of \$548,848 and development incentive of \$625,000 | Build 150,000 square foot facility on the property with a guarantee value of \$5,400,000 | Land value of \$548,848 and development incentive of \$625,000 | Guaranteed increment of \$134,122.42 annually |

CITY OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

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

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

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- > Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

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



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JANESVILLE

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance |
|-----------------------------------------|---------------------|---------------------|---------------------|----------------------|
| | Original | Final | | with Final Budget |
| REVENUES | | | | |
| Taxes | \$ 32,892,765 | \$ 32,892,765 | \$ 32,854,924 | \$ (37,841) |
| Licenses and permits | 1,737,867 | 1,737,867 | 1,651,471 | (86,396) |
| Investment income, rents and fines | 698,060 | 698,060 | 1,135,483 | 437,423 |
| State and federal aids | 8,352,045 | 8,352,045 | 8,611,027 | 258,982 |
| Service charges and other | <u>3,924,900</u> | <u>3,924,900</u> | <u>4,327,380</u> | <u>402,480</u> |
| Total Revenues | <u>47,605,637</u> | <u>47,605,637</u> | <u>48,580,285</u> | <u>974,648</u> |
| EXPENDITURES | | | | |
| General government | 4,549,621 | 4,674,621 | 4,427,156 | 247,465 |
| Public safety | 25,892,980 | 25,892,980 | 25,686,708 | 206,272 |
| Public works | 4,301,483 | 4,401,483 | 4,320,386 | 81,097 |
| Recreation and parks | 2,933,147 | 2,958,147 | 2,935,344 | 22,803 |
| Community and economic development | <u>1,685,682</u> | <u>1,685,682</u> | <u>1,538,811</u> | <u>146,871</u> |
| Total Expenditures | <u>39,362,913</u> | <u>39,612,913</u> | <u>38,908,405</u> | <u>704,508</u> |
| Excess of revenues over expenditures | <u>8,242,724</u> | <u>7,992,724</u> | <u>9,671,880</u> | <u>1,679,156</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,400,000 | 1,400,000 | 1,592,033 | 192,033 |
| Transfers out | <u>(10,180,119)</u> | <u>(10,180,119)</u> | <u>(10,164,549)</u> | <u>15,570</u> |
| Total Other Financing Sources (Uses) | <u>(8,780,119)</u> | <u>(8,780,119)</u> | <u>(8,572,516)</u> | <u>207,603</u> |
| Net change in fund balance | (537,395) | (787,395) | 1,099,364 | 1,886,759 |
| FUND BALANCES - Beginning of Year | <u>8,272,908</u> | <u>8,272,908</u> | <u>8,272,908</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 7,735,513</u> | <u>\$ 7,485,513</u> | <u>\$ 9,372,272</u> | <u>\$ 1,886,759</u> |

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

CITY OF JANESVILLE

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 SANITATION
 For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|-----------------------------------------|---------------------|---------------------|---------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| State and federal aids | \$ 225,000 | \$ 225,000 | \$ 225,617 | \$ 617 |
| Service charges and other | 9,096,296 | 9,096,296 | 10,014,400 | 918,104 |
| Total Revenues | <u>9,321,296</u> | <u>9,321,296</u> | <u>10,240,017</u> | <u>918,721</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public works | 7,028,190 | 7,028,190 | 7,109,620 | (81,430) |
| Total Expenditures | <u>7,028,190</u> | <u>7,028,190</u> | <u>7,109,620</u> | <u>(81,430)</u> |
| Excess of revenues over expenditures | <u>2,293,106</u> | <u>2,293,106</u> | <u>3,130,397</u> | <u>837,291</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 250,000 | 250,000 | - |
| Transfers out | (1,444,513) | (3,672,513) | (3,620,240) | 52,273 |
| Total Other Financing Sources (Uses) | <u>(1,444,513)</u> | <u>(3,422,513)</u> | <u>(3,370,240)</u> | <u>52,273</u> |
| Net change in fund balance | 848,593 | (1,129,407) | (239,843) | 889,564 |
| FUND BALANCES - Beginning of Year | <u>3,264,357</u> | <u>3,264,357</u> | <u>3,264,357</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 4,112,950</u> | <u>\$ 2,134,950</u> | <u>\$ 3,024,514</u> | <u>\$ 889,564</u> |

CITY OF JANESVILLE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET) -
WISCONSIN RETIREMENT SYSTEM*
For the Year Ended December 31, 2018

| <u>Fiscal Year Ending</u> | <u>Proportion of the Net Pension Liability/(Asset)</u> | <u>Proportionate Share of the Net Pension Liability/(Asset)</u> | <u>Covered Payroll</u> | <u>Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|---------------------------|--------------------------------------------------------|-----------------------------------------------------------------|------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| 12/31/2015 | 0.28181434% | \$ (6,922,131) | \$ 29,934,378 | 23.12% | 102.74% |
| 12/31/2016 | 0.28540220% | \$ 4,637,730 | \$ 32,131,966 | 14.43% | 98.20% |
| 12/31/2017 | 0.28922280% | \$ 2,383,886 | \$ 31,418,359 | 7.59% | 99.12% |
| 12/31/2018 | 0.29663873% | \$ (8,807,555) | \$ 31,900,964 | 27.61% | 102.93% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS -
WISCONSIN RETIREMENT SYSTEM*
For the Year Ended December 31, 2018

| <u>Fiscal Year Ending</u> | <u>Contractually Required Contributions</u> | <u>Contributions in Relation to the Contractually Required Contributions</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
|---------------------------|---------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------|------------------------|---------------------------------------------------------|
| 12/31/2015 | \$ 2,859,533 | \$ 2,859,533 | \$ - | \$ 32,131,966 | 8.90% |
| 12/31/2016 | \$ 2,761,662 | \$ 2,761,662 | \$ - | \$ 31,415,079 | 8.79% |
| 12/31/2017 | \$ 3,133,047 | \$ 3,133,047 | \$ - | \$ 31,899,493 | 9.82% |
| 12/31/2018 | \$ 3,233,976 | \$ 3,233,976 | \$ - | \$ 32,815,853 | 9.85% |

*Note: These schedules are intended to show information for ten years; additional years' information will be displayed as it becomes available.

CITY OF JANESVILLE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET LIFE INSURANCE OPEB LIABILITY -
LOCAL RETIREE LIFE INSURANCE FUND*
For the Year Ended December 31, 2018

| Fiscal Year Ending | Proportion of the Net OPEB Liability | Proportionate Share of the Net OPEB Liability | Covered Payroll | Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|-----------------------|-----------------------------------------------|--------------------------------------------------------|--------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 12/31/2018 | 0.61893000% | \$ 1,862,100 | \$ 26,774,454 | 7.15% | 44.81% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS -
LOCAL RETIREE LIFE INSURANCE FUND*
For the Year Ended December 31, 2018

| Fiscal Year Ending | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-----------------------|--------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------------|--------------------|-----------------------------------------------------------|
| 12/31/2018 | \$ 12,158 | \$ 12,158 | \$ - | \$ 26,774,454 | 0.05% |

*Note: These schedules are intended to show information for ten years; additional years' information will be displayed as it becomes available.

CITY OF JANESVILLE

SCHEDULE OF CHANGES IN EMPLOYER'S TOTAL OPEB LIABILITY AND RELATED RATIOS
HEALTH INSURANCE
December 31, 2018

| | |
|-----------------------------------------------------------------------------|-----------------------------|
| Total OPEB Liability | |
| Service cost | \$ 2,025,566 |
| Interest | 1,469,385 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Changes of assumptions | - |
| Benefit payments | <u>(2,084,453)</u> |
| Net Change in Total OPEB Liability | 1,410,498 |
| Total OPEB Liability - Beginning | <u>42,011,870</u> |
| Total OPEB Liability - Ending | <u><u>\$ 43,422,368</u></u> |
| Covered-employee payroll | \$ 28,774,761 |
| Total OPEB liability as a percentage of covered-employee payroll | 150.90% |

Notes to Schedule:

Benefit changes. There were no changes to the benefits.

Changes in assumptions. There were no changes in assumptions.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, 2017, one year prior to the end of the fiscal year

Methods and assumptions used to determine contribution rates:

| | |
|-----------------------------|-------------------------------------------------------------------------------------------------------------|
| Actuarial cost method | Entry age normal (level percent of salary) |
| Amortization method | Average remaining member service life |
| Amortization period | 8 years |
| Asset valuation method | N/A |
| Inflation | 2.50% |
| Healthcare cost trend rates | 7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter |
| Salary increases | 3.00% |
| Investment rate of return | N/A |
| Retirement age | Based upon rates from the December 31, 2016 actuarial valuation for the Wisconsin Retirement System (WRS) |
| Mortality | Wisconsin 2012 Mortality Table |

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The city implemented GASB Statement No. 75 in 2018. Information prior to 2018 is not available.

CITY OF JANESVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

BUDGETARY INFORMATION

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

The budgeted amounts presented include any amendments made. The city manager may allow the expenditure level for a program element to exceed the budget amount provided the program appropriation is not exceeded. Amendments to the adopted budget to provide for a new or significantly expanded program activity or a new capital item (greater than \$2,000) for which funding will not exceed the original program appropriation will be considered allocations within the original program appropriation and will require a majority vote of the entire membership of the council. Amendments to the adopted budget to provide for a new or significantly expanded program activity or a new capital item (greater than \$2,000) for which funding is expected to exceed the original program appropriation included in the program appropriation will require the adoption of a resolution by a two-thirds vote of the entire membership of the council. Appropriations lapse at year-end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the program level of expenditure. Programs represent groupings of similar city departments or activities, such as the Public Safety Program being comprised of the police and fire departments or the Community and Economic Development Program being comprised of the community development, housing services – property maintenance, and EDA departments.

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in Assumptions. There were no changes in assumptions.



SUPPLEMENTAL INFORMATION

CITY OF JANESVILLE

GENERAL FUND DETAILED SCHEDULE OF REVENUES AND OTHER SOURCES For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance |
|-------------------------------------------|-------------------|-------------------|-------------------|----------------------|
| | Original | Final | | with Final Budget |
| TAXES | | | | |
| General property tax | \$ 32,106,595 | \$ 32,106,595 | \$ 32,032,694 | \$ (73,901) |
| Penalties and interest on taxes | 180,000 | 180,000 | 201,851 | 21,851 |
| Mobile home taxes | 75,000 | 75,000 | 94,510 | 19,510 |
| Hotel/motel tax | 424,170 | 424,170 | 424,170 | - |
| Wheel tax | 107,000 | 107,000 | 101,699 | (5,301) |
| Totals | <u>32,892,765</u> | <u>32,892,765</u> | <u>32,854,924</u> | <u>(37,841)</u> |
| LICENSES | | | | |
| Alcoholic beverage licenses | 77,000 | 77,000 | 94,559 | 17,559 |
| Publication fees | 3,750 | 3,750 | 3,425 | (325) |
| Food and cigarettes | 15,000 | 15,000 | 15,943 | 943 |
| Weights and measures | 23,000 | 23,000 | 22,891 | (109) |
| Dog licenses | 75,000 | 75,000 | 67,544 | (7,456) |
| Bartender licenses | 14,000 | 14,000 | 16,245 | 2,245 |
| Amusement center licenses | 18,000 | 18,000 | 17,425 | (575) |
| Cable TV | 750,000 | 750,000 | 678,848 | (71,152) |
| Other regulatory licenses and permits | 36,580 | 36,580 | 44,704 | 8,124 |
| Totals | <u>1,012,330</u> | <u>1,012,330</u> | <u>961,584</u> | <u>(50,746)</u> |
| COMMUNITY DEVELOPMENT PERMITS | | | | |
| Application fees | 61,700 | 61,700 | 65,408 | 3,708 |
| Resident permit fees | 227,510 | 227,510 | 273,414 | 45,904 |
| Commercial permit fees | 436,327 | 436,327 | 351,065 | (85,262) |
| Totals | <u>725,537</u> | <u>725,537</u> | <u>689,887</u> | <u>(35,650)</u> |
| INVESTMENT INCOME, RENTS AND FINES | | | | |
| Investment income | 173,060 | 173,060 | 397,779 | 224,719 |
| Rents - city owned property | 125,000 | 125,000 | 117,593 | (7,407) |
| Municipal court fines | 325,000 | 325,000 | 279,871 | (45,129) |
| Sale of city property | 25,000 | 25,000 | 290,240 | 265,240 |
| Rental - city services center | 50,000 | 50,000 | 50,000 | - |
| Totals | <u>698,060</u> | <u>698,060</u> | <u>1,135,483</u> | <u>437,423</u> |
| STATE AND FEDERAL AIDS | | | | |
| Shared taxes from state | 5,812,929 | 5,812,929 | 5,796,798 | (16,131) |
| Local road allotment | 1,744,798 | 1,744,798 | 2,006,518 | 261,720 |
| State payment - municipal services | 100,000 | 100,000 | 106,290 | 6,290 |
| Connecting street maintenance | 333,775 | 333,775 | 335,610 | 1,835 |
| Computer value reimbursement | 180,543 | 180,543 | 180,543 | - |
| State aid - fire insurance | 180,000 | 180,000 | 185,268 | 5,268 |
| Totals | <u>8,352,045</u> | <u>8,352,045</u> | <u>8,611,027</u> | <u>258,982</u> |

CITY OF JANESVILLE

GENERAL FUND DETAILED SCHEDULE OF REVENUES AND OTHER SOURCES (cont.) For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---------------------------------------------|----------------------|----------------------|----------------------|----------------------------------|
| | Original | Final | | |
| SERVICE CHARGES AND OTHER | | | | |
| Parking | \$ 42,700 | \$ 42,700 | \$ 51,104 | \$ 8,404 |
| Public works | 219,200 | 219,200 | 253,432 | 34,232 |
| Police department | 56,300 | 56,300 | 43,382 | (12,918) |
| Fire department | 2,717,600 | 2,717,600 | 3,115,027 | 397,427 |
| Leisure services | 839,100 | 839,100 | 814,435 | (24,665) |
| Wastewater service charge | 50,000 | 50,000 | 50,000 | - |
| Totals | <u>3,924,900</u> | <u>3,924,900</u> | <u>4,327,380</u> | <u>402,480</u> |
| TRANSFERS IN | | | | |
| Water utility taxes | <u>1,400,000</u> | <u>1,400,000</u> | <u>1,592,033</u> | <u>192,033</u> |
| Totals | <u>1,400,000</u> | <u>1,400,000</u> | <u>1,592,033</u> | <u>192,033</u> |
| TOTAL REVENUES AND OTHER SOURCES | <u>\$ 49,005,637</u> | <u>\$ 49,005,637</u> | <u>\$ 50,172,318</u> | <u>\$ 1,166,681</u> |

CITY OF JANESVILLE

GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES AND OTHER USES For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|-------------------------------|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| GENERAL GOVERNMENT | | | | |
| City Council | \$ 6,481 | \$ 6,481 | \$ 6,426 | \$ 55 |
| City Manager | 414,067 | 414,067 | 419,020 | (4,953) |
| Community Information | 92,281 | 92,281 | 52,998 | 39,283 |
| City Assessor | 502,379 | 502,379 | 484,850 | 17,529 |
| City Attorney | 485,779 | 610,779 | 671,953 | (61,174) |
| Elections | 124,259 | 124,259 | 115,848 | 8,411 |
| City Clerk - Treasurer | 484,564 | 484,564 | 476,009 | 8,555 |
| Finance | 432,525 | 432,525 | 417,033 | 15,492 |
| Human Resources | 260,562 | 260,562 | 247,970 | 12,592 |
| Information Systems | 885,688 | 885,688 | 833,246 | 52,442 |
| Insurance | 156,894 | 156,894 | 157,123 | (229) |
| Economic Adjustments | 40,575 | 40,575 | 57,785 | (17,210) |
| Unclassified and Sundry | 663,567 | 663,567 | 486,895 | 176,672 |
| Totals | <u>4,549,621</u> | <u>4,674,621</u> | <u>4,427,156</u> | <u>247,465</u> |
| PUBLIC SAFETY | | | | |
| Police department | 14,151,984 | 14,151,984 | 14,006,168 | 145,816 |
| Fire department | 11,740,996 | 11,740,996 | 11,680,540 | 60,456 |
| Totals | <u>25,892,980</u> | <u>25,892,980</u> | <u>25,686,708</u> | <u>206,272</u> |
| PUBLIC WORKS | | | | |
| Administration | | | | |
| Engineering | 651,103 | 651,103 | 600,203 | 50,900 |
| Sub-Totals | <u>651,103</u> | <u>651,103</u> | <u>600,203</u> | <u>50,900</u> |
| Street Maintenance and Repair | | | | |
| Paved Streets | 606,560 | 606,560 | 634,426 | (27,866) |
| Snow Removal | 1,271,909 | 1,371,909 | 1,391,925 | (20,016) |
| Weed Cutting | 43,877 | 43,877 | 44,491 | (614) |
| Sub-Totals | <u>1,922,346</u> | <u>2,022,346</u> | <u>2,070,842</u> | <u>(48,496)</u> |
| Public Buildings and Parking | | | | |
| Public Buildings | 644,563 | 644,563 | 582,699 | 61,864 |
| Parking Facilities | 124,893 | 124,893 | 135,054 | (10,161) |
| Sub-Totals | <u>769,456</u> | <u>769,456</u> | <u>717,753</u> | <u>51,703</u> |

CITY OF JANESVILLE

GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES AND OTHER USES (cont.) For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|----------------------------------------------|----------------------|----------------------|----------------------|----------------------------------|
| | Original | Final | | |
| PUBLIC WORKS (cont.) | | | | |
| Traffic Control | | | | |
| Traffic Signs | \$ 252,750 | \$ 252,750 | \$ 274,170 | \$ (21,420) |
| Traffic Signals | 139,157 | 139,157 | 139,286 | (129) |
| Street Painting | 91,400 | 91,400 | 92,727 | (1,327) |
| Street Lighting | 475,271 | 475,271 | 425,405 | 49,866 |
| Sub-Totals | <u>958,578</u> | <u>958,578</u> | <u>931,588</u> | <u>26,990</u> |
| Total Public Works | <u>4,301,483</u> | <u>4,401,483</u> | <u>4,320,386</u> | <u>81,097</u> |
| RECREATION AND PARKS | | | | |
| Recreation Administration | 55,426 | 55,426 | 66,451 | (11,025) |
| Senior Citizens Center | 269,811 | 269,811 | 268,318 | 1,493 |
| Park Management | 1,552,305 | 1,567,305 | 1,552,330 | 14,975 |
| Recreation Programs | 472,744 | 472,744 | 458,480 | 14,264 |
| Ice Skating Center | 324,766 | 334,766 | 349,420 | (14,654) |
| Aquatics | 258,095 | 258,095 | 240,345 | 17,750 |
| Totals | <u>2,933,147</u> | <u>2,958,147</u> | <u>2,935,344</u> | <u>22,803</u> |
| COMMUNITY AND ECONOMIC DEVELOPMENT | | | | |
| Economic Development | 167,899 | 167,899 | 156,410 | 11,489 |
| Community Development | 1,181,670 | 1,181,670 | 1,142,006 | 39,664 |
| Housing Services-Property Maintenance | 336,113 | 336,113 | 240,395 | 95,718 |
| Totals | <u>1,685,682</u> | <u>1,685,682</u> | <u>1,538,811</u> | <u>146,871</u> |
| GENERAL FUND TRANSFERS | | | | |
| Transit System | 1,063,468 | 1,063,468 | 1,047,898 | 15,570 |
| Debt Service | 8,993,651 | 8,993,651 | 8,993,651 | - |
| Capital Projects | | | | |
| Special Assessments | 75,000 | 75,000 | 75,000 | - |
| Special Revenue | | | | |
| Fire Vehicle Replacement | 48,000 | 48,000 | 48,000 | - |
| Totals | <u>10,180,119</u> | <u>10,180,119</u> | <u>10,164,549</u> | <u>15,570</u> |
| TOTAL EXPENDITURES AND OTHER USES | | | | |
| | <u>\$ 49,543,032</u> | <u>\$ 49,793,032</u> | <u>\$ 49,072,954</u> | <u>\$ 720,078</u> |

NON-MAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds from specific revenue sources that are restricted or committed to expenditures for specific purposes.

Library Fund – To account for funds provided to maintain a member library system.

JATV-12 – To account for funds used to provide public access television to share local events with the community.

Oak Hill Cemetery – To account for the operation and maintenance of the Oak Hill Cemetery.

Special Accounts – To account for the proceeds from specific revenue sources that are restricted to expenditures for special projects.

Tax Incremental Financing (TIF) District #17 – To account for the financing and construction of City improvements related to South Main Street.

Tax Incremental Financing (TIF) District #21 – To account for the financing and construction of City improvements related to GOEX Corporation’s industrial expansion.

Tax Incremental Financing (TIF) District #22 – To account for the financing and construction of City improvements related to the Beloit Avenue Industrial Park, west side of Beloit Avenue.

Tax Incremental Financing (TIF) District #23 – To account for the financing and construction of City improvements related to the eastside downtown.

Tax Incremental Financing (TIF) District #25 – To account for the financing and construction of City improvements related to North Kennedy Road/I-90.

Tax Incremental Financing (TIF) District #26 – To account for the financing and construction of City improvements related to Beloit Avenue/Kellogg Avenue.

Tax Incremental Financing (TIF) District #27 – To account for the financing and construction of City improvements related to the East Van Buren Area.

NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Tax Incremental Financing (TIF) District #28 – To account for the financing and construction of City improvements related to the Center Avenue/Near Westside.

Tax Incremental Financing (TIF) District #29 – To account for the financing and construction of City improvements related to the Milton Avenue at Mt. Zion Street Area.

Tax Incremental Financing (TIF) District #32 – To account for the financing and construction of City improvements related to mixed industrial and commercial development along Racine Street.

Tax Incremental Financing (TIF) District #33 – To account for the financing and construction of City improvements related neighborhood revitalization near the Mercy Health Systems campus on Mineral Point.

Tax Incremental Financing (TIF) District #35 – To account for the financing and construction of City improvements and stimulate commercial and industrial development projects in the area near HWY 11 and CTH G.

Tax Incremental Financing (TIF) District #36 – To account for the financing and construction of City improvements and stimulate commercial development or redevelopment in the downtown, an area in need of rehabilitation or conservation.

Tax Incremental Financing (TIF) District #37 – To account for the financing and construction of City improvements and stimulate commercial development or redevelopment in the area south of Humes Road, west of I-39/90, east of N. Pontiac Dr., and north of Holiday Dr., an area in need of rehabilitation or conservation.

Golf Courses Fund – To account for the operation of the City's two golf courses (Blackhawk and Riverside) managed by Kemper Sports.

NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Other Housing Grants – To account for state/federal funds provided to promote revitalization of Janesville’s downtown and central city neighborhoods.

Community Development Block Grant – To account for federal funds provided to assist low and moderate-income families, including elderly and handicapped individuals, to obtain affordable, decent, safe and sanitary housing.

Industrial Waste Disposal Fund – To account for funds that provide for the long-term care, remedial system design, construction, and operations of the Janesville Disposal Facilities in accordance with federal and state regulations.

Innovation Center (Blended Component Unit) – To account for funds related to the 22,000 square foot office/commercial/industrial business incubator which provides supportive services, infrastructure, education, training and mentorship to entrepreneurs. The facility is a key component in the implementation of the City's Economic Development Strategy by fostering growth of start-up businesses within the Community to create jobs and expand the tax base.

CITY OF JANESVILLE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
As of December 31, 2018

| | <u>Library</u> | <u>JATV-12</u> | <u>Oak Hill Cemetery</u> | <u>Special Accounts</u> |
|---------------------------------------------------------------------------|---------------------|-------------------|------------------------------|-----------------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and investments | \$ 850,068 | \$ 228,586 | \$ 135,361 | \$ 3,795,377 |
| Taxes receivable | 3,414,786 | - | - | - |
| Accounts receivable | 8,394 | 44,549 | - | 407,931 |
| Special assessments receivable | - | - | - | - |
| Prepaid items | - | - | - | - |
| Loans receivable | - | - | - | - |
| TOTAL ASSETS | <u>\$ 4,273,248</u> | <u>\$ 273,135</u> | <u>\$ 135,361</u> | <u>\$ 4,203,308</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Current Liabilities | | | | |
| Accounts payable | \$ 47,157 | \$ 66 | \$ 1,017 | \$ 245,162 |
| Accrued liabilities | 76,868 | 3,758 | 1,773 | 9,072 |
| Due to other funds | - | - | - | - |
| Total Liabilities | <u>124,025</u> | <u>3,824</u> | <u>2,790</u> | <u>254,234</u> |
| Deferred Inflows of Resources | | | | |
| Unearned revenues | 3,414,786 | - | - | 5,080 |
| Unavailable revenues | - | - | - | 3,000 |
| Total Deferred Inflows of Resources | <u>3,414,786</u> | <u>-</u> | <u>-</u> | <u>8,080</u> |
| Fund Balances | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 734,437 | - | - | 3,502,280 |
| Committed | - | 269,311 | 132,571 | 438,714 |
| Unassigned (deficit) | - | - | - | - |
| Total Fund Balances | <u>734,437</u> | <u>269,311</u> | <u>132,571</u> | <u>3,940,994</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 4,273,248</u> | <u>\$ 273,135</u> | <u>\$ 135,361</u> | <u>\$ 4,203,308</u> |

Continued on
Next Page

| South Main St TIF No. 17 | GOEX TIF No. 21 | Beloit Ave Industrial Park TIF No. 22 | Eastside Downtown TIF No. 23 | North Kennedy Rd TIF No. 25 | Beloit Ave/ Kellogg Ave TIF No. 26 | East Van Buren TIF No. 27 | Center Ave TIF No. 28 |
|-----------------------------------|-----------------------|------------------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------------|------------------------------------|-----------------------------|
| \$ - | \$ 325,973 | \$ - | \$ 58,956 | \$ - | \$ - | \$ 80,093 | \$ - |
| 38,645 | 262,744 | 1,294,510 | 63,228 | 182,916 | 264,574 | 6,866 | - |
| - | - | - | - | - | - | 260 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 836 | - |
| <u>\$ 38,645</u> | <u>\$ 588,717</u> | <u>\$ 1,294,510</u> | <u>\$ 122,184</u> | <u>\$ 182,916</u> | <u>\$ 264,574</u> | <u>\$ 88,055</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| 180,077 | - | 290,282 | - | 532,756 | 250,435 | - | 99,506 |
| <u>180,077</u> | <u>-</u> | <u>290,282</u> | <u>-</u> | <u>532,756</u> | <u>250,435</u> | <u>-</u> | <u>99,506</u> |
| 38,645 | 262,744 | 1,294,510 | 63,228 | 182,916 | 264,574 | 6,866 | - |
| - | - | - | - | - | - | 836 | - |
| <u>38,645</u> | <u>262,744</u> | <u>1,294,510</u> | <u>63,228</u> | <u>182,916</u> | <u>264,574</u> | <u>7,702</u> | <u>-</u> |
| - | - | - | - | - | - | - | - |
| - | 325,973 | - | 58,956 | - | - | 80,353 | - |
| - | - | - | - | - | - | - | - |
| <u>(180,077)</u> | <u>-</u> | <u>(290,282)</u> | <u>-</u> | <u>(532,756)</u> | <u>(250,435)</u> | <u>-</u> | <u>(99,506)</u> |
| <u>(180,077)</u> | <u>325,973</u> | <u>(290,282)</u> | <u>58,956</u> | <u>(532,756)</u> | <u>(250,435)</u> | <u>80,353</u> | <u>(99,506)</u> |
| <u>\$ 38,645</u> | <u>\$ 588,717</u> | <u>\$ 1,294,510</u> | <u>\$ 122,184</u> | <u>\$ 182,916</u> | <u>\$ 264,574</u> | <u>\$ 88,055</u> | <u>\$ -</u> |

CITY OF JANESVILLE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE (cont.)
As of December 31, 2018

| | Milton Ave at Mt Zion TIF No. 29 | Racine St TIF No. 32 | Mineral Pt TIF No. 33 | HWY 11/CTH G TIF No. 35 |
|---------------------------------------------------------------------------|-------------------------------------------|----------------------------|-----------------------------|-------------------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and investments | \$ 257,897 | \$ 3,365,563 | \$ 300,211 | \$ - |
| Taxes receivable | 68,755 | 1,600,682 | 384,632 | 2,063,433 |
| Accounts receivable | - | 10,753 | 1,638 | 15,450 |
| Special assessments receivable | - | 57,650 | - | - |
| Prepaid items | - | - | - | - |
| Loans receivable | - | 64,305 | 1,796 | - |
| TOTAL ASSETS | <u>\$ 326,652</u> | <u>\$ 5,098,953</u> | <u>\$ 688,277</u> | <u>\$ 2,078,883</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Current Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 22,099 |
| Accrued liabilities | - | 2 | - | 175 |
| Due to other funds | - | - | - | 2,806,256 |
| Total Liabilities | <u>-</u> | <u>2</u> | <u>-</u> | <u>2,828,530</u> |
| Deferred Inflows of Resources | | | | |
| Unearned revenues | 68,755 | 1,600,682 | 384,632 | 2,063,433 |
| Unavailable revenues | - | 121,954 | 1,796 | - |
| Total Deferred Inflows of Resources | <u>68,755</u> | <u>1,722,636</u> | <u>386,428</u> | <u>2,063,433</u> |
| Fund Balances | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 257,897 | 3,376,315 | 301,849 | - |
| Committed | - | - | - | - |
| Unassigned (deficit) | - | - | - | (2,813,080) |
| Total Fund Balances | <u>257,897</u> | <u>3,376,315</u> | <u>301,849</u> | <u>(2,813,080)</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 326,652</u> | <u>\$ 5,098,953</u> | <u>\$ 688,277</u> | <u>\$ 2,078,883</u> |

| <u>Downtown TIF No. 36</u> | <u>Humes Rd TIF No. 37</u> | <u>Golf Courses</u> | <u>Other Housing Grants</u> | <u>Community Development Block Grant</u> | <u>Industrial Waste Disposal</u> | <u>Innovation Center</u> | <u>Totals</u> |
|------------------------------------|------------------------------------|-------------------------|-------------------------------------|------------------------------------------------------|------------------------------------------|------------------------------|----------------------|
| \$ 1,781,373 | \$ - | \$ - | \$ 580,849 | \$ 859,973 | \$ 13,826 | \$ 8,327 | \$ 12,642,433 |
| 227,965 | 50,892 | - | - | - | - | - | 9,924,628 |
| - | - | 749 | 30,355 | 119,218 | - | 15,997 | 655,294 |
| - | - | - | - | - | - | - | 57,650 |
| - | - | 42,000 | - | - | - | - | 42,000 |
| - | - | - | 2,209,633 | 1,512,285 | - | - | 3,788,855 |
| <u>\$ 2,009,338</u> | <u>\$ 50,892</u> | <u>\$ 42,749</u> | <u>\$ 2,820,837</u> | <u>\$ 2,491,476</u> | <u>\$ 13,826</u> | <u>\$ 24,324</u> | <u>\$ 27,110,860</u> |
| | | | | | | | |
| \$ 378,873 | \$ - | \$ 346 | \$ 14,452 | \$ 88,077 | \$ 13,765 | \$ 13,968 | \$ 824,982 |
| 28 | 1 | 15 | 187 | 891 | 61 | 69 | 92,900 |
| - | 51,701 | 22,074 | - | - | - | - | 4,233,087 |
| <u>378,901</u> | <u>51,702</u> | <u>22,435</u> | <u>14,639</u> | <u>88,968</u> | <u>13,826</u> | <u>14,037</u> | <u>5,150,969</u> |
| | | | | | | | |
| 227,965 | 50,892 | 94,843 | - | - | - | 9,497 | 10,034,048 |
| - | - | - | 2,209,633 | 1,512,285 | - | - | 3,849,504 |
| <u>227,965</u> | <u>50,892</u> | <u>94,843</u> | <u>2,209,633</u> | <u>1,512,285</u> | <u>-</u> | <u>9,497</u> | <u>13,883,552</u> |
| | | | | | | | |
| - | - | 42,000 | - | - | - | - | 42,000 |
| 1,402,472 | - | - | 596,565 | 890,223 | - | - | 11,527,320 |
| - | - | - | - | - | - | 790 | 841,386 |
| - | (51,702) | (116,529) | - | - | - | - | (4,334,367) |
| <u>1,402,472</u> | <u>(51,702)</u> | <u>(74,529)</u> | <u>596,565</u> | <u>890,223</u> | <u>-</u> | <u>790</u> | <u>8,076,339</u> |
| | | | | | | | |
| <u>\$ 2,009,338</u> | <u>\$ 50,892</u> | <u>\$ 42,749</u> | <u>\$ 2,820,837</u> | <u>\$ 2,491,476</u> | <u>\$ 13,826</u> | <u>\$ 24,324</u> | <u>\$ 27,110,860</u> |

CITY OF JANESVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For the Year Ended December 31, 2018

| | <u>Library</u> | <u>JATV-12</u> | <u>Oak Hill Cemetery</u> | <u>Special Accounts</u> |
|------------------------------------------------------|-------------------|-------------------|------------------------------|-----------------------------|
| REVENUES | | | | |
| Taxes | \$ 3,333,015 | \$ - | \$ - | \$ 1,686,778 |
| Investment income | - | - | - | 95,406 |
| State and federal aids | 20,060 | - | - | 932,500 |
| Service charges and other | <u>631,140</u> | <u>170,105</u> | <u>190,825</u> | <u>1,544,337</u> |
| Total Revenues | <u>3,984,215</u> | <u>170,105</u> | <u>190,825</u> | <u>4,259,021</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | - | - | - | 1,300,089 |
| Public works | - | - | - | 515,807 |
| Recreation and parks | - | - | 219,568 | 88,557 |
| Community and economic development | - | - | - | 892,961 |
| Library | 3,407,653 | 175,546 | - | 486,556 |
| Capital Outlay | 373,996 | 123,904 | - | 998,000 |
| Debt Service | | | | |
| Interest charges | - | - | - | - |
| Total Expenditures | <u>3,781,649</u> | <u>299,450</u> | <u>219,568</u> | <u>4,281,970</u> |
| Excess (deficiency) of revenues over expenditures | <u>202,566</u> | <u>(129,345)</u> | <u>(28,743)</u> | <u>(22,949)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Long-term debt issued | - | - | - | - |
| Transfer in | - | - | - | 174,000 |
| Transfer out | <u>(82,789)</u> | - | - | - |
| Total Other Financing Sources (Uses) | <u>(82,789)</u> | - | - | <u>174,000</u> |
| Net change in fund balance | 119,777 | (129,345) | (28,743) | 151,051 |
| FUND BALANCES (DEFICIT) - | | | | |
| Beginning of Year | <u>614,660</u> | <u>398,656</u> | <u>161,314</u> | <u>3,789,943</u> |
| FUND BALANCES (DEFICIT) - | | | | |
| END OF YEAR | <u>\$ 734,437</u> | <u>\$ 269,311</u> | <u>\$ 132,571</u> | <u>\$ 3,940,994</u> |

Continued on
Next Page

| South Main St TIF No. 17 | GOEX TIF No. 21 | Beloit Ave Industrial Park TIF No. 22 | Eastside Downtown TIF No. 23 | North Kennedy Rd TIF No. 25 | Beloit Ave/ Kellogg Ave TIF No. 26 | East Van Buren TIF No. 27 |
|-----------------------------------|-----------------------|------------------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------------|------------------------------------|
| \$ 40,026 | \$ 240,843 | \$ 1,274,022 | \$ 65,583 | \$ 198,392 | \$ 241,903 | \$ 9,592 |
| - | 5,559 | 384 | 13,324 | - | - | 1,388 |
| 31 | 1,102 | 443 | 2,109 | 8,489 | 4,087 | 2,411 |
| - | - | - | 43,638 | - | 1,560 | 817 |
| <u>40,057</u> | <u>247,504</u> | <u>1,274,849</u> | <u>124,654</u> | <u>206,881</u> | <u>247,550</u> | <u>14,208</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 250,896 | 2,038 | 6,097 | 1,869 | 471,751 | 137,245 | 189 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>250,896</u> | <u>2,038</u> | <u>6,097</u> | <u>1,869</u> | <u>471,751</u> | <u>137,245</u> | <u>189</u> |
| (210,839) | 245,466 | 1,268,752 | 122,785 | (264,870) | 110,305 | 14,019 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | (72,275) | (1,513,382) | (108,400) | (144,000) | (63,925) | (36,050) |
| - | (72,275) | (1,513,382) | (108,400) | (144,000) | (63,925) | (36,050) |
| (210,839) | 173,191 | (244,630) | 14,385 | (408,870) | 46,380 | (22,031) |
| <u>30,762</u> | <u>152,782</u> | <u>(45,652)</u> | <u>44,571</u> | <u>(123,886)</u> | <u>(296,815)</u> | <u>102,384</u> |
| <u>\$ (180,077)</u> | <u>\$ 325,973</u> | <u>\$ (290,282)</u> | <u>\$ 58,956</u> | <u>\$ (532,756)</u> | <u>\$ (250,435)</u> | <u>\$ 80,353</u> |

CITY OF JANESVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE (cont.)
For the Year Ended December 31, 2018

| | Center Ave TIF No. 28 | Milton Ave at Mt Zion TIF No. 29 | Racine St TIF No. 32 | Mineral Pt TIF No. 33 |
|------------------------------------------------------|-----------------------------|-------------------------------------------|----------------------------|-----------------------------|
| REVENUES | | | | |
| Taxes | \$ - | \$ 46,111 | \$ 1,484,313 | \$ 361,926 |
| Investment income | - | 4,334 | 63,551 | 7,602 |
| State and federal aids | - | 2,977 | 86,047 | 464 |
| Service charges and other | - | - | 46,144 | 4,592 |
| Total Revenues | <u>-</u> | <u>53,422</u> | <u>1,680,055</u> | <u>374,584</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Recreation and parks | - | - | - | - |
| Community and economic development | 2,004 | 6,822 | 118,247 | 6,847 |
| Library | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt Service | | | | |
| Interest charges | - | - | - | - |
| Total Expenditures | <u>2,004</u> | <u>6,822</u> | <u>118,247</u> | <u>6,847</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,004)</u> | <u>46,600</u> | <u>1,561,808</u> | <u>367,737</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Long-term debt issued | - | - | - | - |
| Transfer in | - | - | - | - |
| Transfer out | - | - | - | (500,000) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(500,000)</u> |
| Net change in fund balance | (2,004) | 46,600 | 1,561,808 | (132,263) |
| FUND BALANCES (DEFICIT) - | | | | |
| Beginning of Year | <u>(97,502)</u> | <u>211,297</u> | <u>1,814,507</u> | <u>434,112</u> |
| FUND BALANCES (DEFICIT) - | | | | |
| END OF YEAR | <u>\$ (99,506)</u> | <u>\$ 257,897</u> | <u>\$ 3,376,315</u> | <u>\$ 301,849</u> |

| HWY 11/CTH G TIF No. 35 | Downtown TIF No. 36 | Humes Rd TIF No. 37 | Golf Courses | Other Housing Grants | Community Development Block Grant | Industrial Waste Disposal | Innovation Center | Totals |
|-------------------------------|---------------------------|---------------------------|--------------------|----------------------------|--------------------------------------------|---------------------------------|----------------------|---------------------|
| \$ 1,985,832 | \$ 178,042 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 11,146,378 |
| 29,842 | 24,143 | - | - | 6,358 | 500 | - | 134,107 | 386,498 |
| 2,264 | 603,491 | - | - | 277,025 | 321,275 | - | - | 2,264,775 |
| - | - | - | 1,000,764 | 232,141 | 256,393 | - | 15,720 | 4,138,176 |
| <u>2,017,938</u> | <u>805,676</u> | <u>-</u> | <u>1,000,764</u> | <u>515,524</u> | <u>578,168</u> | <u>-</u> | <u>149,827</u> | <u>17,935,827</u> |
| - | - | - | - | - | - | - | - | 1,300,089 |
| - | - | - | - | - | - | 47,727 | - | 563,534 |
| - | - | - | 1,065,452 | - | - | - | - | 1,373,577 |
| 1,475,691 | 4,322,047 | 147,938 | - | 444,760 | 436,875 | - | 153,661 | 8,877,938 |
| - | - | - | - | - | - | - | - | 4,069,755 |
| - | - | - | - | - | - | - | - | 1,495,900 |
| - | - | - | - | - | - | - | - | - |
| <u>1,475,691</u> | <u>4,322,047</u> | <u>147,938</u> | <u>1,065,452</u> | <u>444,760</u> | <u>436,875</u> | <u>47,727</u> | <u>153,661</u> | <u>17,680,793</u> |
| <u>542,247</u> | <u>(3,516,371)</u> | <u>(147,938)</u> | <u>(64,688)</u> | <u>70,764</u> | <u>141,293</u> | <u>(47,727)</u> | <u>(3,834)</u> | <u>255,034</u> |
| - | 4,730,000 | 136,000 | - | - | - | - | - | 4,866,000 |
| - | 500,000 | - | - | - | - | 47,727 | - | 721,727 |
| <u>(308,744)</u> | <u>(222,912)</u> | <u>-</u> | <u>(54,750)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,107,227)</u> |
| <u>(308,744)</u> | <u>5,007,088</u> | <u>136,000</u> | <u>(54,750)</u> | <u>-</u> | <u>-</u> | <u>47,727</u> | <u>-</u> | <u>2,480,500</u> |
| 233,503 | 1,490,717 | (11,938) | (119,438) | 70,764 | 141,293 | - | (3,834) | 2,735,534 |
| <u>(3,046,583)</u> | <u>(88,245)</u> | <u>(39,764)</u> | <u>44,909</u> | <u>525,801</u> | <u>748,930</u> | <u>-</u> | <u>4,624</u> | <u>5,340,805</u> |
| <u>\$ (2,813,080)</u> | <u>\$ 1,402,472</u> | <u>\$ (51,702)</u> | <u>\$ (74,529)</u> | <u>596,565</u> | <u>\$ 890,223</u> | <u>\$ -</u> | <u>\$ 790</u> | <u>\$ 8,076,339</u> |

CITY OF JANESVILLE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - LIBRARY
 For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|-----------------------------------------|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 3,333,015 | \$ 3,333,015 | \$ 3,333,015 | \$ - |
| State and federal aids | 20,060 | 20,060 | 20,060 | - |
| Service charges and other | 660,881 | 660,881 | 631,140 | (29,741) |
| Total Revenues | <u>4,013,956</u> | <u>4,013,956</u> | <u>3,984,215</u> | <u>(29,741)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Library | 3,549,586 | 3,549,586 | 3,407,653 | 141,933 |
| Capital Outlay | 381,581 | 381,581 | 373,996 | 7,585 |
| Total Expenditures | <u>3,931,167</u> | <u>3,931,167</u> | <u>3,781,649</u> | <u>149,518</u> |
| Excess of revenues over expenditures | <u>82,789</u> | <u>82,789</u> | <u>202,566</u> | <u>119,777</u> |
| OTHER FINANCING USES | | | | |
| Transfer out | <u>(82,789)</u> | <u>(82,789)</u> | <u>(82,789)</u> | <u>-</u> |
| Total Other Financing Uses | <u>(82,789)</u> | <u>(82,789)</u> | <u>(82,789)</u> | <u>-</u> |
| Net change in fund balance | - | - | 119,777 | 119,777 |
| FUND BALANCES - Beginning of Year | <u>614,660</u> | <u>614,660</u> | <u>614,660</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 614,660</u> | <u>\$ 614,660</u> | <u>\$ 734,437</u> | <u>\$ 119,777</u> |

CITY OF JANESVILLE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - JATV-12 For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|------------------------------------|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Service charges and other | \$ 190,760 | \$ 190,760 | \$ 170,105 | \$ (20,655) |
| EXPENDITURES | | | | |
| Current | | | | |
| Library | 174,704 | 174,704 | 175,546 | (842) |
| Capital Outlay | 49,922 | 49,922 | 123,904 | (73,982) |
| Total Expenditures | <u>224,626</u> | <u>224,626</u> | <u>299,450</u> | <u>(74,824)</u> |
| Net change in fund balance | (33,866) | (33,866) | (129,345) | (95,479) |
| FUND BALANCES - Beginning of Year | <u>398,656</u> | <u>398,656</u> | <u>398,656</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 364,790</u> | <u>\$ 364,790</u> | <u>\$ 269,311</u> | <u>\$ (95,479)</u> |

CITY OF JANESVILLE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - OAK HILL CEMETERY
 For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|------------------------------------|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Service charges and other | \$ 183,000 | \$ 183,000 | \$ 190,825 | \$ 7,825 |
| Total Revenues | <u>183,000</u> | <u>183,000</u> | <u>190,825</u> | <u>7,825</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Recreation and parks | 198,874 | 198,874 | 219,568 | (20,694) |
| Total Expenditures | <u>198,874</u> | <u>198,874</u> | <u>219,568</u> | <u>(20,694)</u> |
| Net change in fund balance | (15,874) | (15,874) | (28,743) | (12,869) |
| FUND BALANCES - Beginning of Year | <u>161,314</u> | <u>161,314</u> | <u>161,314</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 145,440</u> | <u>\$ 145,440</u> | <u>\$ 132,571</u> | <u>\$ (12,869)</u> |

CITY OF JANESVILLE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GOLF COURSES
 For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---------------------------------------------------|------------------|------------------|--------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Service charges and other | \$ 1,247,001 | \$ 1,247,001 | \$ 1,000,764 | \$ (246,237) |
| Total Revenues | <u>1,247,001</u> | <u>1,247,001</u> | <u>1,000,764</u> | <u>(246,237)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Recreation and parks | <u>1,179,321</u> | <u>1,179,321</u> | <u>1,065,452</u> | <u>113,869</u> |
| Total Expenditures | <u>1,179,321</u> | <u>1,179,321</u> | <u>1,065,452</u> | <u>113,869</u> |
| Excess (deficiency) of revenues over expenditures | <u>67,680</u> | <u>67,680</u> | <u>(64,688)</u> | <u>(132,368)</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(54,750)</u> | <u>(54,750)</u> | <u>(54,750)</u> | <u>-</u> |
| Total Other Financing Uses | <u>(54,750)</u> | <u>(54,750)</u> | <u>(54,750)</u> | <u>-</u> |
| Net change in fund balance | 12,930 | 12,930 | (119,438) | (132,368) |
| FUND BALANCES - Beginning of Year | <u>44,909</u> | <u>44,909</u> | <u>44,909</u> | <u>-</u> |
| FUND BALANCES (DEFICIT) - END OF YEAR | <u>\$ 57,839</u> | <u>\$ 57,839</u> | <u>\$ (74,529)</u> | <u>\$ (132,368)</u> |

CITY OF JANESVILLE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - OTHER HOUSING GRANTS For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|------------------------------------|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Investment income | \$ - | \$ - | \$ 6,358 | \$ 6,358 |
| State and federal aids | 441,018 | 441,018 | 277,025 | (163,993) |
| Service charges and other | 107,000 | 107,000 | 232,141 | 125,141 |
| Total Revenues | <u>548,018</u> | <u>548,018</u> | <u>515,524</u> | <u>(32,494)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Community and economic development | 674,918 | 674,918 | 444,760 | 230,158 |
| Total Expenditures | <u>674,918</u> | <u>674,918</u> | <u>444,760</u> | <u>230,158</u> |
| Net change in fund balance | (126,900) | (126,900) | 70,764 | 197,664 |
| FUND BALANCES - Beginning of Year | <u>525,801</u> | <u>525,801</u> | <u>525,801</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 398,901</u> | <u>\$ 398,901</u> | <u>\$ 596,565</u> | <u>\$ 197,664</u> |

CITY OF JANESVILLE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|------------------------------------|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Investment income | \$ - | \$ - | \$ 500 | \$ 500 |
| State and federal aids | 515,576 | 515,576 | 321,275 | (194,301) |
| Service charges and other | <u>142,000</u> | <u>142,000</u> | <u>256,393</u> | <u>114,393</u> |
| Total Revenues | <u>657,576</u> | <u>657,576</u> | <u>578,168</u> | <u>(79,408)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Community and economic development | <u>1,020,558</u> | <u>1,020,558</u> | <u>436,875</u> | <u>583,683</u> |
| Total Expenditures | <u>1,020,558</u> | <u>1,020,558</u> | <u>436,875</u> | <u>583,683</u> |
| Net change in fund balance | (362,982) | (362,982) | 141,293 | 504,275 |
| FUND BALANCES - Beginning of Year | <u>748,930</u> | <u>748,930</u> | <u>748,930</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 385,948</u> | <u>\$ 385,948</u> | <u>\$ 890,223</u> | <u>\$ 504,275</u> |

CITY OF JANESVILLE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - INDUSTRIAL WASTE DISPOSAL
 For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance |
|------------------------------------------------------|------------------|-------------|-------------|----------------------|
| | Original | Final | | with Final Budget |
| REVENUES | | | | |
| Service charges and other | \$ 42,552 | \$ 42,552 | \$ - | \$ (42,552) |
| EXPENDITURES | | | | |
| Current | | | | |
| Public works | 42,552 | 42,552 | 47,727 | (5,175) |
| Excess (deficiency) of revenues over expenditures | - | - | (47,727) | (37,377) |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | - | - | 47,727 | 47,727 |
| Net change in fund balance | - | - | - | - |
| FUND BALANCES - Beginning of Year | - | - | - | - |
| FUND BALANCES - END OF YEAR | \$ - | \$ - | \$ - | \$ - |

CITY OF JANESVILLE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - INNOVATION CENTER
 For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|------------------------------------|------------------|------------------|----------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Investment income and rents | \$ 124,340 | \$ 124,340 | \$ 134,107 | \$ 9,767 |
| Service charges and other | - | - | 15,720 | 15,720 |
| Total Revenues | <u>124,340</u> | <u>124,340</u> | <u>149,827</u> | <u>25,487</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Community and economic development | <u>110,120</u> | <u>110,120</u> | <u>153,661</u> | <u>(43,541)</u> |
| Total Expenditures | <u>110,120</u> | <u>110,120</u> | <u>153,661</u> | <u>(43,541)</u> |
| Net change in fund balance | 14,220 | 14,220 | (3,834) | (18,054) |
| FUND BALANCES - Beginning of Year | <u>4,624</u> | <u>4,624</u> | <u>4,624</u> | - |
| FUND BALANCES - END OF YEAR | <u>\$ 18,844</u> | <u>\$ 18,844</u> | <u>\$ 790</u> | <u>\$ (18,054)</u> |

BUDGET AND ACTUAL FOR DEBT SERVICE AND CAPITAL PROJECTS

MAJOR GOVERNMENTAL FUNDS

Debt Service Fund – This fund accounts for resources that are restricted for the payment of principal and interest on long-term debt other than enterprise fund debt.

Capital Projects Fund – This fund accounts for long-term borrowing and other resources that are restricted, committed, or assigned to be used for capital improvement projects.

CITY OF JANESVILLE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|------------------------------------------------------|---------------------|---------------------|---------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Investment income | \$ 30,000 | \$ 30,000 | \$ 115,810 | \$ 85,810 |
| Special assessments | 554,000 | 554,000 | 702,951 | 148,951 |
| Total Revenues | <u>584,000</u> | <u>584,000</u> | <u>818,761</u> | <u>234,761</u> |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal retirement | 12,126,000 | 12,126,000 | 12,126,000 | - |
| Interest and fiscal charges | 1,389,531 | 1,389,531 | 1,385,220 | 4,311 |
| Total Expenditures | <u>13,515,531</u> | <u>13,515,531</u> | <u>13,511,220</u> | <u>4,311</u> |
| Excess (deficiency) of revenues over expenditures | <u>(12,931,531)</u> | <u>(12,931,531)</u> | <u>(12,692,459)</u> | <u>239,072</u> |
| OTHER FINANCING SOURCES | | | | |
| Premium on long-term debt | 641,140 | 641,140 | 391,168 | (249,972) |
| Transfers in | 12,874,391 | 12,874,391 | 12,864,420 | (9,971) |
| Total Other Financing Sources | <u>13,515,531</u> | <u>13,515,531</u> | <u>13,255,588</u> | <u>(259,943)</u> |
| Net change in fund balance | 584,000 | 584,000 | 563,129 | (20,871) |
| FUND BALANCES - Beginning of Year | <u>3,261,709</u> | <u>3,261,709</u> | <u>3,261,709</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 3,845,709</u> | <u>\$ 3,845,709</u> | <u>\$ 3,824,838</u> | <u>\$ (20,871)</u> |

CITY OF JANESVILLE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - CAPITAL PROJECTS
 For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance |
|------------------------------------------------------|---------------------|---------------------|---------------------|----------------------|
| | Original | Final | | with Final Budget |
| REVENUES | | | | |
| Investment income | \$ - | \$ - | \$ 335,633 | \$ 335,633 |
| State and federal aids | - | - | 302,391 | 302,391 |
| Special assessments | - | - | 289,439 | 289,439 |
| Miscellaneous | - | - | 1,953,451 | 1,953,451 |
| Total Revenues | - | - | 2,880,914 | 2,880,914 |
| EXPENDITURES | | | | |
| Capital Outlay | 14,855,230 | 14,855,230 | 13,164,346 | 1,690,884 |
| Total Expenditures | 14,855,230 | 14,855,230 | 13,164,346 | 1,690,884 |
| Excess (deficiency) of revenues over expenditures | (14,855,230) | (14,855,230) | (10,283,432) | 4,571,798 |
| OTHER FINANCING SOURCES | | | | |
| Long-term debt issued | 13,740,630 | 13,740,630 | 9,173,000 | (4,567,630) |
| Transfers in | 1,114,600 | 3,092,600 | 3,426,125 | 333,525 |
| Total Other Financing Sources (Uses) | 14,855,230 | 16,833,230 | 12,599,125 | (4,234,105) |
| Net change in fund balance | - | 1,978,000 | 2,315,693 | 337,693 |
| FUND BALANCES - Beginning of Year | 5,476,973 | 5,476,973 | 5,476,973 | - |
| FUND BALANCES - END OF YEAR | \$ 5,476,973 | \$ 7,454,973 | \$ 7,792,666 | \$ 337,693 |

NON-MAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Stormwater Utility – To account for a stormwater drainage system with adequate capacity to accommodate major storms while maintaining the quality of stormwater discharged into receiving streams and rivers in compliance with state and federal regulations. Activities include street sweeping and maintenance of storm sewers, catch basins, and greenbelts.

Transit System Fund – To account for state and federal funds granted to promote and provide a reliable, cost effective public transit system oriented to the needs of senior citizens, handicapped persons, children, major employment, and business centers.

CITY OF JANESVILLE

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2018

| | Stormwater Utility | Transit System | Totals |
|----------------------------------------------------|-----------------------|--------------------|--------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash | \$ 1,030,674 | \$ - | \$ 1,030,674 |
| Accounts receivable | 489,162 | 185,051 | 674,213 |
| Unbilled revenue | 687,220 | - | 687,220 |
| Inventories | - | 215,195 | 215,195 |
| Restricted Assets | | | |
| Construction account | 46,226 | - | 46,226 |
| Total Current Assets | <u>2,253,282</u> | <u>400,246</u> | <u>2,653,528</u> |
| Noncurrent Assets | | | |
| Restricted Assets | | | |
| Net pension assets | - | 327,441 | 327,441 |
| Total Restricted Assets | <u>-</u> | <u>327,441</u> | <u>327,441</u> |
| Utility Plant | | | |
| Land | - | 710,031 | 710,031 |
| Utility plant in service (at cost) | 10,385,444 | 15,006,631 | 25,392,075 |
| Construction work in progress | 848,117 | - | 848,117 |
| Accumulated depreciation | <u>(2,018,754)</u> | <u>(7,021,729)</u> | <u>(9,040,483)</u> |
| Net Plant | <u>9,214,807</u> | <u>8,694,933</u> | <u>17,909,740</u> |
| Total Noncurrent Assets | <u>9,214,807</u> | <u>9,022,374</u> | <u>18,237,181</u> |
| Total Assets | <u>11,468,089</u> | <u>9,422,620</u> | <u>20,890,709</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pension | - | 613,618 | 613,618 |
| Deferred outflows related to health insurance OPEB | 23,068 | 32,363 | 55,431 |
| Deferred outflows related to life insurance OPEB | 3,349 | 8,211 | 11,560 |
| Total Deferred Outflows of Resources | <u>26,417</u> | <u>654,192</u> | <u>680,609</u> |

| | Stormwater Utility | Transit System | Totals |
|-------------------------------------------------|-----------------------|---------------------|----------------------|
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 245,435 | \$ 100,992 | \$ 346,427 |
| Accrued salaries and wages | 84,086 | 166,866 | 250,952 |
| Accrued interest | 36,582 | - | 36,582 |
| Due to other funds | - | 41,390 | 41,390 |
| Current portion of long-term G.O. debt | 644,500 | - | 644,500 |
| Construction payables | 102,024 | - | 102,024 |
| Total Current Liabilities | <u>1,112,627</u> | <u>309,248</u> | <u>1,421,875</u> |
| Noncurrent Liabilities | | | |
| General obligation long-term debt payable | 2,552,436 | - | 2,552,436 |
| Health insurance OPEB | 543,901 | 763,072 | 1,306,973 |
| Life insurance OPEB | 27,409 | 67,018 | 94,427 |
| Total Noncurrent Liabilities | <u>3,123,746</u> | <u>830,090</u> | <u>3,953,836</u> |
| Total Liabilities | <u>4,236,373</u> | <u>1,139,338</u> | <u>5,375,711</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | - | 614,664 | 614,664 |
| Deferred inflows related to life insurance OPEB | 386 | 944 | 1,330 |
| Total Deferred Inflows of Resources | <u>386</u> | <u>615,608</u> | <u>615,994</u> |
| NET POSITION | | | |
| Net Investment in capital assets | 5,962,073 | 8,694,933 | 14,657,006 |
| Restricted for pensions | - | 327,441 | 327,441 |
| Unrestricted (deficit) | 1,295,674 | (700,508) | 595,166 |
| TOTAL NET POSITION | <u>\$ 7,257,747</u> | <u>\$ 8,321,866</u> | <u>\$ 15,579,613</u> |

CITY OF JANESVILLE

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2018

| | Stormwater Utility | Transit System | Totals |
|--------------------------------------------------|-----------------------|---------------------|----------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 3,991,027 | \$ 435,715 | \$ 4,426,742 |
| Total Operating Revenues | <u>3,991,027</u> | <u>435,715</u> | <u>4,426,742</u> |
| OPERATING EXPENSES | | | |
| Operation and maintenance | 3,254,393 | 3,597,791 | 6,852,184 |
| Depreciation | <u>174,564</u> | <u>551,639</u> | <u>726,203</u> |
| Total Operating Expenses | <u>3,428,957</u> | <u>4,149,430</u> | <u>7,578,387</u> |
| Operating Income (Loss) | <u>562,070</u> | <u>(3,713,715)</u> | <u>(3,151,645)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Federal operating grants | - | 1,074,299 | 1,074,299 |
| State operating grants | - | 873,488 | 873,488 |
| Local operating subsidy | - | 101,290 | 101,290 |
| Investment income | 6,750 | - | 6,750 |
| Debt Issuance Cost | (1,322) | - | (1,322) |
| Amortization Premium | 7,117 | - | 7,117 |
| Interest expense | <u>(58,469)</u> | - | <u>(58,469)</u> |
| Total Nonoperating Revenues (Expenses) | <u>(45,924)</u> | <u>2,049,077</u> | <u>2,003,153</u> |
| Income (Loss) Before Contributions and Transfers | 516,146 | (1,664,638) | (1,148,492) |
| CAPITAL CONTRIBUTIONS | 200,000 | - | 200,000 |
| TRANSFERS IN | <u>-</u> | <u>1,047,898</u> | <u>1,047,898</u> |
| Net Change in Net Position | 716,146 | (616,740) | 99,406 |
| NET POSITION - Beginning of Year (As Restated) | <u>6,541,601</u> | <u>8,938,606</u> | <u>15,480,207</u> |
| NET POSITION - END OF YEAR | <u>\$ 7,257,747</u> | <u>\$ 8,321,866</u> | <u>\$ 15,579,613</u> |

CITY OF JANESVILLE

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2018

| | Stormwater Utility | Transit System | Totals |
|-----------------------------------------------------------------|-----------------------|--------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 3,983,469 | \$ 785,700 | \$ 4,769,169 |
| Cash paid to suppliers for goods and services | (1,883,861) | (906,572) | (2,790,433) |
| Cash payments to employees for services | <u>(1,003,947)</u> | <u>(2,546,503)</u> | <u>(3,550,450)</u> |
| Net Cash Flows From Operating Activities | <u>1,095,661</u> | <u>(2,667,375)</u> | <u>(1,571,714)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Subsidies received - federal | - | 1,074,299 | 1,074,299 |
| Subsidies received - state | - | 873,488 | 873,488 |
| Subsidies received - local | - | 101,289 | 101,289 |
| Negative cash balance implicitly financed for other utilities | - | (429,599) | (429,599) |
| Transfers from other funds | <u>-</u> | <u>1,047,898</u> | <u>1,047,898</u> |
| Net Cash Flows From Noncapital Financing Activities | <u>-</u> | <u>2,667,375</u> | <u>2,667,375</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Cash used to retire debt | (436,000) | - | (436,000) |
| Interest paid | (44,017) | - | (44,017) |
| Acquisition and construction of capital assets | (1,728,918) | - | (1,728,918) |
| Proceeds from long term debt issued | 1,472,000 | - | 1,472,000 |
| Issuance costs and premium on new debt | 39,693 | - | 39,693 |
| Construction grant received | <u>200,000</u> | <u>-</u> | <u>200,000</u> |
| Net Cash Flows From Capital and Related Financing Activities | <u>(497,242)</u> | <u>-</u> | <u>(497,242)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment income | <u>6,750</u> | <u>-</u> | <u>6,750</u> |
| Net Change in Cash and Cash Equivalents | 605,169 | - | 605,169 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>471,731</u> | <u>-</u> | <u>471,731</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 1,076,900</u> | <u>\$ -</u> | <u>\$ 1,076,900</u> |

| | Stormwater Utility | Transit System | Totals |
|----------------------------------------------------------------------------------------------------|----------------------------|------------------------------|------------------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ 562,070 | \$ (3,713,715) | \$ (3,151,645) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Income (Loss) | | | |
| Depreciation | 174,564 | 551,638 | 726,202 |
| Change in Noncash Components of Working Capital | | | |
| Accounts receivable | (7,944) | 414,141 | 406,197 |
| Inventories | - | 31,579 | 31,579 |
| Accounts payable | 300,310 | (41,436) | 258,874 |
| Other current liabilities | 1,412 | 25,318 | 26,730 |
| Pension related deferrals | - | 37,238 | 37,238 |
| Other post employment benefits | 65,249 | 27,862 | 93,111 |
| | <u>1,095,661</u> | <u>(2,667,375)</u> | <u>(1,571,714)</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ 1,095,661</u> | <u>\$ (2,667,375)</u> | <u>\$ (1,571,714)</u> |
| Cash and investments - statement of net position | \$ 1,030,674 | \$ - | \$ 1,030,674 |
| Restricted cash and investments - statement of net position | 46,226 | - | 46,226 |
| | <u>1,076,900</u> | <u>-</u> | <u>1,076,900</u> |
| CASH AND CASH EQUIVALENTS - COMBINED STATEMENT OF CASH FLOWS | <u>\$ 1,076,900</u> | <u>\$ -</u> | <u>\$ 1,076,900</u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | |
| None | | | |

SUPPLEMENTARY INFORMATION

MAJOR PROPRIETARY FUNDS

Water Utility Fund – The Water Utility accounts for all activities necessary to provide cost effective water services to residents of the City of Janesville in accordance with current “safe drinking water” standards established by state and federal governments. Fund activities include administration, billing and collection, operations and maintenance, financing, and related debt service.

Wastewater Utility Fund – The Wastewater Utility accounts for all activities necessary to provide cost effective sanitary sewer services to residents of the City of Janesville in accordance with current “treated effluent discharge” standards established by state and federal governments. Fund activities include administration, billing and collection, operations and maintenance, collection system expansion, financing, and related debt service.

JANESVILLE WATER UTILITY

UTILITY PLANT
December 31, 2018

| | Balance 1-1-18 | 2018 Additions | Retirements | Balance 12-31-18 |
|--------------------------------------|----------------------|---------------------|-------------------|----------------------|
| SOURCE OF SUPPLY | | | | |
| Land and land rights | \$ 203,417 | \$ - | \$ - | \$ 203,417 |
| Wells and springs | <u>2,301,834</u> | - | - | <u>2,301,834</u> |
| Total Source of Supply | <u>2,505,251</u> | - | - | <u>2,505,251</u> |
| PUMPING | | | | |
| Land and land rights | 11,565 | - | - | 11,565 |
| Structures and improvements | 4,312,246 | - | - | 4,312,246 |
| Electric pumping equipment | <u>4,387,433</u> | - | - | <u>4,387,433</u> |
| Total Pumping | <u>8,711,244</u> | - | - | <u>8,711,244</u> |
| WATER TREATMENT | | | | |
| Water treatment equipment | <u>225,492</u> | - | - | <u>225,492</u> |
| TRANSMISSION AND DISTRIBUTION | | | | |
| Land and land rights | 90,496 | - | - | 90,496 |
| Reservoirs and standpipes | 3,423,372 | - | - | 3,423,372 |
| Transmission and distribution mains | 54,313,493 | 5,417,097 | 69,176 | 59,661,414 |
| Services | 10,018,994 | 443,396 | 1,501 | 10,460,889 |
| Meters | 4,557,164 | 377,381 | 81,139 | 4,853,406 |
| Hydrants | <u>3,568,884</u> | <u>283,626</u> | <u>22,293</u> | <u>3,830,217</u> |
| Total Transmission and Distribution | <u>75,972,403</u> | <u>6,521,500</u> | <u>174,109</u> | <u>82,319,794</u> |
| GENERAL | | | | |
| Structures and improvements | 1,027,728 | - | - | 1,027,728 |
| Office furniture and equipment | 34,902 | - | - | 34,902 |
| Transportation equipment | 866,504 | 41,029 | 14,950 | 892,583 |
| Stores equipment | 14,438 | - | - | 14,438 |
| Tools, shop and garage equipment | 165,324 | 5,000 | 1,244 | 169,080 |
| Power operated equipment | 655,779 | - | - | 655,779 |
| Communication equipment | 1,052,209 | 39,295 | 8,557 | 1,082,947 |
| Computer equipment | <u>1,012,878</u> | <u>52,756</u> | <u>135,750</u> | <u>929,884</u> |
| Total General | <u>4,829,762</u> | <u>138,080</u> | <u>160,501</u> | <u>4,807,341</u> |
| TOTAL PLANT IN SERVICE | <u>\$ 92,244,152</u> | <u>\$ 6,659,580</u> | <u>\$ 334,610</u> | <u>\$ 98,569,122</u> |

JANESVILLE WATER UTILITY

OPERATING REVENUES AND EXPENSES Years Ended December 31, 2018 and 2017

| OPERATING REVENUES | <u>2018</u> | <u>2017</u> |
|---------------------------------------------|------------------|------------------|
| Sales of Water | | |
| Metered Sales | | |
| Residential | \$ 3,886,406 | \$ 3,613,463 |
| Residential Multi-Family | 310,147 | 308,491 |
| Commercial | 1,085,679 | 1,032,962 |
| Industrial | 1,593,916 | 1,530,473 |
| Public authorities | 236,040 | 229,136 |
| Private fire protection | 54,279 | 54,462 |
| Public fire protection | <u>1,192,931</u> | <u>1,192,561</u> |
| Total Sales of Water | <u>8,359,398</u> | <u>7,961,548</u> |
| Other Operating Revenues | | |
| Forfeited discounts | 62,745 | 66,420 |
| Water department rentals | 20,987 | 30,377 |
| Other water revenues | <u>104,178</u> | <u>88,965</u> |
| Total Other Operating Revenues | <u>187,910</u> | <u>185,762</u> |
| Total Operating Revenues | <u>8,547,308</u> | <u>8,147,310</u> |
| OPERATING EXPENSES | | |
| Operation and Maintenance | | |
| Source of Supply | | |
| Maintenance of wells | <u>48,518</u> | <u>102,160</u> |
| Total Source of Supply | <u>48,518</u> | <u>102,160</u> |
| Pumping | | |
| Fuel or power purchased for pumping | 489,700 | 512,295 |
| Pumping labor | 94,039 | 94,402 |
| Maintenance of buildings and grounds | 83,578 | 75,243 |
| Maintenance of structures and improvements | 9,365 | 9,354 |
| Maintenance of pumping equipment | <u>161,513</u> | <u>94,177</u> |
| Total Pumping | <u>838,195</u> | <u>785,471</u> |
| Water Treatment | | |
| Chemicals | 21,942 | 24,720 |
| Operation labor | <u>31,627</u> | <u>36,401</u> |
| Total Water Treatment | <u>53,569</u> | <u>61,121</u> |
| Transmission and Distribution | | |
| Transmission and distribution line expenses | 241,318 | 206,700 |
| Meter expenses | 100,954 | 1,069 |
| Maintenance of distribution reservoirs | 1,529 | 5,747 |
| Maintenance of mains | 375,016 | 408,712 |
| Maintenance of services | 186,048 | 189,149 |
| Maintenance of meters | 30,919 | 7,043 |
| Maintenance of hydrants | <u>81,492</u> | <u>71,218</u> |
| Total Transmission and Distribution | <u>1,017,276</u> | <u>889,638</u> |

JANESVILLE WATER UTILITY

OPERATING REVENUES AND EXPENSES (cont.) Years Ended December 31, 2018 and 2017

| | 2018 | 2017 |
|-------------------------------------|--------------|--------------|
| OPERATING EXPENSES (cont.) | | |
| Operation and Maintenance (cont.) | | |
| Customer Accounts | | |
| Supervision | \$ 42,005 | \$ 38,177 |
| Meter reading expense | 15,764 | 17,683 |
| Customer records and collection | 144,386 | 128,958 |
| Customer service and information | 86,583 | 87,628 |
| Total Customer Accounts | 288,738 | 272,446 |
| Administrative and General | | |
| Administrative and general salaries | 407,703 | 378,863 |
| Office supplies | 20,883 | 19,491 |
| Outside services employed | 5,176 | 5,695 |
| Property insurance | 10,078 | 8,236 |
| Injuries and damages | 48,130 | 47,784 |
| Employees pensions and benefits | 514,093 | 582,271 |
| Regulatory commission | 125 | 6,848 |
| Rents | 21,177 | 19,680 |
| Maintenance of general plant | 13,824 | 18,705 |
| Total Administrative and General | 1,041,189 | 1,087,573 |
| Total Operation and Maintenance | 3,287,485 | 3,198,409 |
| Depreciation | 1,924,430 | 1,894,342 |
| Taxes | 1,670,870 | 1,545,806 |
| Total Operating Expenses | 6,882,785 | 6,638,557 |
| Taxes reported as transfers out | 1,592,033 | 1,473,530 |
| OPERATING INCOME | \$ 3,256,556 | \$ 2,982,283 |

* Amount includes the payment in lieu of tax (PILOT) of \$1,592,033 which is shown as a transfer out on the statement of revenues, expenses, and changes in net position.

JANESVILLE WATER UTILITY

RATE OF RETURN - REGULATORY BASIS December 31, 2018 and 2017

| | 2018 | 2017 |
|----------------------------------------|---------------|---------------|
| Utility Plant in Service | | |
| Beginning of year | \$ 63,865,263 | \$ 59,714,878 |
| End of year | 68,993,019 | 63,865,263 |
| Average | 66,429,140 | 61,790,070 |
| Accumulated Depreciation | | |
| Beginning of year | (20,749,729) | (19,531,370) |
| End of year | (22,092,176) | (20,749,729) |
| Average | (21,420,953) | (20,140,550) |
| Materials and Supplies | | |
| Beginning of year | 343,147 | 272,030 |
| End of year | 316,676 | 343,147 |
| Average | 329,912 | 307,589 |
| Average Balance - Regulatory Liability | 790,624 | 934,374 |
| AVERAGE NET RATE BASE | \$ 44,547,475 | \$ 41,022,735 |
| OPERATING INCOME | \$ 2,112,698 | \$ 2,038,413 |
| RATE OF RETURN (PERCENT) | 4.74 | 4.97 |

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States of America due to GASB No. 33 as well as PSC Order 05-US-105, which was effective January 1, 2003.

Operating income per PSC reporting requirements excludes \$448,155 depreciation expense on contributed capital, Other Post Employment Benefits of (\$569), WRS Pension expense of \$9,319 and includes a tax equivalent payment of \$1,529,033 reported as a transfer out.

JANESVILLE WASTEWATER UTILITY

UTILITY PLANT
December 31, 2018

| | Balance 1-1-18 | Additions | Retirements | Balance 12-31-18 |
|------------------------------------------|-----------------------|---------------------|-------------------|-----------------------|
| COLLECTION SYSTEM | | | | |
| Collecting mains | \$ 56,502,479 | \$ 1,173,255 | \$ 5,772 | \$ 57,669,962 |
| Collection system equipment | 1,224,928 | 88,113 | - | 1,313,041 |
| Total Collection System | <u>57,727,407</u> | <u>1,261,368</u> | <u>5,772</u> | <u>58,983,003</u> |
| TREATMENT AND DISPOSAL | | | | |
| Land | 18,000 | - | - | 18,000 |
| Buildings and structures | 21,223,466 | - | - | 21,223,466 |
| Preliminary treatment equipment | 2,938,308 | - | - | 2,938,308 |
| Primary treatment equipment | 1,728,539 | - | - | 1,728,539 |
| Secondary treatment equipment | 4,628,825 | - | - | 4,628,825 |
| Disinfection equipment | 391,753 | - | - | 391,753 |
| Sludge treatment and disposal equipment | 8,006,084 | - | 113,061 | 7,893,023 |
| Plant sitework and piping | 8,113,184 | - | - | 8,113,184 |
| Metering, sampling and testing equipment | 143,678 | 3,614 | - | 147,292 |
| Other treatment and disposal equipment | 1,590,525 | - | - | 1,590,525 |
| Electrical and HVAC | 5,339,530 | - | - | 5,339,530 |
| Total Treatment and Disposal | <u>54,121,892</u> | <u>3,614</u> | <u>113,061</u> | <u>54,012,445</u> |
| GENERAL | | | | |
| Leasehold improvements | 86,017 | - | - | 86,017 |
| Transportation equipment | 212,332 | 74,039 | - | 286,371 |
| Office equipment | 65,646 | - | - | 65,646 |
| Miscellaneous equipment | 302,538 | 40,767 | - | 343,305 |
| Computer equipment | 1,205,944 | 442,955 | 34,535 | 1,614,364 |
| Total General | <u>1,872,477</u> | <u>557,761</u> | <u>34,535</u> | <u>2,395,703</u> |
| TOTAL UTILITY PLANT | <u>\$ 113,721,776</u> | <u>\$ 1,822,743</u> | <u>\$ 153,368</u> | <u>\$ 115,391,151</u> |

JANESVILLE WASTEWATER UTILITY

OPERATING REVENUES AND EXPENSES Years Ended December 31, 2018 and 2017

| | 2018 | 2017 |
|---------------------------------|--------------|--------------|
| OPERATING REVENUES | | |
| Wastewater Revenues | | |
| Residential | \$ 6,635,931 | \$ 6,690,878 |
| Commercial | 1,709,939 | 1,682,940 |
| Industrial | 407,985 | 613,981 |
| Public authority | 239,563 | 248,975 |
| Industrial pollution charge | 370,481 | 247,844 |
| Pretreatment program | 38,699 | 38,807 |
| Total Wastewater Revenues | 9,402,598 | 9,523,425 |
| Other Operating Revenues | | |
| Forfeited discounts | 87,100 | 98,679 |
| Miscellaneous revenues | 405,418 | 319,153 |
| Total Other Operating Revenues | 492,518 | 417,832 |
| Total Operating Revenues | 9,895,116 | 9,941,257 |
| OPERATING EXPENSES | | |
| Operation and Maintenance | | |
| Operation | | |
| Treatment plant | 1,402,225 | 1,255,880 |
| Laboratory | 238,820 | 235,406 |
| Pretreatment | 83,778 | 78,907 |
| Sludge disposal | 452,658 | 432,638 |
| Utilities | 97,679 | 78,400 |
| Total Operation | 2,275,160 | 2,081,231 |
| Maintenance | | |
| Collecting sewers | 1,374,060 | 1,169,252 |
| Treatment plant | 448,678 | 398,520 |
| Wastewater lift stations | 9,527 | 8,640 |
| Meters | 404,715 | 417,093 |
| Total Maintenance | 2,236,980 | 1,993,505 |
| Administrative | | |
| General administration | 904,113 | 861,775 |
| Customer accounts | 212,285 | 312,558 |
| City service charges | 50,000 | 47,897 |
| Total Administrative | 1,166,398 | 1,222,230 |
| Total Operation and Maintenance | 5,678,538 | 5,296,966 |
| Depreciation | 3,466,087 | 3,322,072 |
| Total Operating Expenses | 9,144,625 | 8,619,038 |
| OPERATING INCOME | \$ 750,491 | \$ 1,322,219 |

INTERNAL SERVICE FUNDS

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

Vehicle Operation & Maintenance Fund – To account for the maintenance, repair, replacement, and operating services for City-owned vehicles and equipment utilized in the delivery of services to the citizens of Janesville.

Insurance Fund – To account for the City resources required to provide a cost-effective means of transferring risk by utilizing insurance and limiting the loss of City resources resulting from accidents, catastrophes, and health care costs.

Benefits Funding – To provide funds for the payment of the non-General Fund portion of debt service on the 2005 taxable note issue. Notes were issued to pay off the Wisconsin Retirement Service (WRS) unfunded prior service liability at a lower interest rate; 4.7% versus 7.8% charged by WRS.

CITY OF JANESVILLE

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of December 31, 2018

| | Vehicle Operation & Maintenance | Insurance | Totals |
|----------------------------|---------------------------------------|---------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and investments | \$ 119,184 | \$ 2,911,970 | \$ 3,031,154 |
| Accounts receivable | 40,068 | 844,664 | 884,732 |
| Inventories | 378,737 | - | 378,737 |
| Prepaid items | - | 10,000 | 10,000 |
| Total Current Assets | <u>537,989</u> | <u>3,766,634</u> | <u>4,304,623</u> |
| Noncurrent Assets | | | |
| Restricted Assets | | | |
| Deposits with risk pool | - | 1,604,120 | 1,604,120 |
| Total Assets | <u>537,989</u> | <u>5,370,754</u> | <u>5,908,743</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | 98,693 | 75,258 | 173,951 |
| Claims payable | - | 1,749,713 | 1,749,713 |
| Accrued salaries and wages | 70,658 | 8,609 | 79,267 |
| Total Liabilities | <u>169,351</u> | <u>1,833,580</u> | <u>2,002,931</u> |
| NET POSITION | | | |
| Unrestricted | <u>368,638</u> | <u>3,537,174</u> | <u>3,905,812</u> |
| TOTAL NET POSITION | <u>\$ 368,638</u> | <u>\$ 3,537,174</u> | <u>\$ 3,905,812</u> |

CITY OF JANESVILLE

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2018

| | Vehicle Operation & Maintenance | Insurance | Benefits Funding | Totals |
|--------------------------------------|---------------------------------------|---------------|---------------------|---------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 4,478,737 | \$ 12,247,829 | \$ 60,154 | \$ 16,786,720 |
| OPERATING EXPENSES | | | | |
| Operation and maintenance | 3,120,680 | 10,836,035 | - | 13,956,715 |
| Operating Income | 1,358,057 | 1,411,794 | 60,154 | 2,830,005 |
| OTHER FINANCING (USES) | | | | |
| Transfers out | (1,358,000) | - | (60,154) | (1,418,154) |
| Total Other Financing Sources (Uses) | (1,358,000) | - | (60,154) | (1,418,154) |
| Net Change in Net Position | 57 | 1,411,794 | - | 1,411,851 |
| NET POSITION - Beginning of Year | 368,581 | 2,125,380 | - | 2,493,961 |
| NET POSITION - END OF YEAR | \$ 368,638 | \$ 3,537,174 | \$ - | \$ 3,905,812 |

CITY OF JANESVILLE

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2018

| | Vehicle Operation & Maintenance | Insurance | Benefits Funding | Totals |
|-------------------------------------------------------------------------------------------|---------------------------------------|----------------------------|-------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from other funds for services | \$ 4,458,187 | \$ 11,533,777 | \$ 60,154 | \$ 16,052,118 |
| Cash paid to suppliers for goods and services | (2,160,052) | (11,587,260) | - | (13,747,312) |
| Cash payments to employees for services | (977,232) | (112,371) | - | (1,089,603) |
| Net Cash Flows From Operating Activities | <u>1,320,903</u> | <u>(165,854)</u> | <u>60,154</u> | <u>1,215,203</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers | (1,358,000) | - | (60,154) | (1,418,154) |
| Net Cash Flows From Noncapital Financing Activities | <u>(1,358,000)</u> | <u>-</u> | <u>(60,154)</u> | <u>(1,418,154)</u> |
| Net Change in Cash and Cash Equivalents | (37,097) | (165,854) | - | (202,951) |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>156,281</u> | <u>3,077,824</u> | <u>-</u> | <u>3,234,105</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u><u>\$ 119,184</u></u> | <u><u>\$ 2,911,970</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 3,031,154</u></u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Operating income | \$ 1,358,057 | \$ 1,411,794 | \$ 60,154 | \$ 2,830,005 |
| Change in Assets and Liabilities | | | | |
| Accounts receivable | (20,550) | (714,052) | - | (734,602) |
| Inventories | (14,264) | - | - | (14,264) |
| Accounts payable | (1,948) | 4,281 | - | 2,333 |
| Accrued liabilities | (392) | (867,877) | - | (868,269) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u><u>\$ 1,320,903</u></u> | <u><u>\$ (165,854)</u></u> | <u><u>\$ 60,154</u></u> | <u><u>\$ 1,215,203</u></u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | | |
| None | | | | |

AGENCY FUND

Agency Funds are used to account for assets held by the Municipality as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Tax Collection Fund – The Tax Collection Fund is an Agency Fund recording the current tax roll, taxes paid, and payment of tax revenues to other governmental units.

CITY OF JANESVILLE

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUND**

For the Year Ended December 31, 2018

| <u>Agency</u> | <u>Balance 1-1-18</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance 12-31-18</u> |
|--------------------------------------------------|---------------------------|----------------------|----------------------|-----------------------------|
| TAX COLLECTION | | | | |
| Assets | | | | |
| Investments and taxes receivable | <u>\$ 70,817,393</u> | <u>\$ 72,533,922</u> | <u>\$ 70,817,393</u> | <u>\$ 72,533,922</u> |
| Liabilities | | | | |
| Due to other government units and other units | <u>\$ 70,817,393</u> | <u>\$ 72,533,922</u> | <u>\$ 70,817,393</u> | <u>\$ 72,533,922</u> |

COMPONENT UNIT

City of Janesville Community Development Authority – The Community Development Authority (CDA) is a legally separate organization. The CDA administers the Section 8 Rental Voucher Housing Program funded by the United States Department of Housing and Urban Development, which pays a portion of monthly rent and utilities for low-income families, elderly and handicapped individuals.

CITY OF JANESVILLE

STATEMENT OF CASH FLOWS COMPONENT UNIT

For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|----------------------------------------------------|------------------|
| Cash received from customers and granting agencies | \$ 2,893,304 |
| Cash paid to suppliers for goods and services | (2,573,564) |
| Cash payments to employees for services | <u>(296,276)</u> |
| Net Cash Flows From Operating Activities | <u>23,464</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|-------------------|--------------|
| Investment income | <u>2,052</u> |
|-------------------|--------------|

Net Change in Cash and Cash Equivalents 25,516

CASH AND CASH EQUIVALENTS - Beginning of Year 69,464

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 94,980

RECONCILIATION OF OPERATING INCOME TO NET

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--------------------------------------------------------------------------------------|---------------|
| Operating income | \$ 6,067 |
| Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Income | |
| Depreciation | 3,022 |
| Change in Assets and Liabilities | |
| Accounts receivable | 3,753 |
| Other current liabilities | <u>10,622</u> |

NET CASH FLOWS FROM OPERATING ACTIVITIES \$ 23,464

STATISTICAL SECTION

This section of the City of Janesville's Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the City's overall financial condition.

Contents

Schedule

Financial Trends:

1 - 4

These schedules contain trend information to help the reader understand how the City's financial performance and condition has changed over time.

Revenue Capacity:

5 - 8

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity:

9 - 13

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information:

14 - 15

These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information:

16 - 18

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources:

Unless otherwise noted, the information in these schedules is derived from the CAFR reports for the relevant year.

CITY OF JANESVILLE, WISCONSIN

Schedule 1
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|---------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018* |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 149,239,985 | \$ 154,397,316 | \$ 157,671,125 | \$ 160,445,022 | \$ 162,078,352 | \$ 160,797,187 | \$ 166,599,500 | \$ 165,651,458 | \$ 167,011,926 | \$ 171,638,380 |
| Restricted | 12,810,959 | 9,585,005 | 11,506,652 | 12,579,140 | 12,698,813 | 13,599,327 | 20,037,322 | 13,556,068 | 15,754,928 | 27,517,272 |
| Unrestricted (deficit) | 3,175,936 | 1,835,281 | (1,735,225) | (6,091,774) | (7,608,103) | (12,967,948) | (8,009,828) | (3,456,053) | (8,391,870) | (32,472,555) |
| Total governmental activities net position | \$ 165,226,880 | \$ 165,817,602 | \$ 167,442,552 | \$ 166,932,388 | \$ 167,169,062 | \$ 161,428,566 | \$ 178,626,994 | \$ 175,751,473 | \$ 174,374,984 | \$ 166,683,097 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 81,862,742 | \$ 86,317,284 | \$ 91,220,876 | \$ 92,313,711 | \$ 91,214,006 | \$ 99,851,686 | \$ 99,568,760 | \$ 101,129,446 | \$ 102,001,949 | \$ 104,105,334 |
| Restricted | 5,155,342 | 6,549,521 | 5,684,352 | 6,560,819 | 7,076,333 | 7,605,754 | 8,823,186 | 8,665,188 | 9,248,989 | 10,667,625 |
| Unrestricted | 8,456,014 | 5,911,610 | 3,402,388 | 2,746,934 | 5,170,461 | 6,254,942 | 7,240,593 | 7,865,742 | 9,010,742 | 7,075,871 |
| Total business-type activities net position | \$ 95,474,098 | \$ 98,778,415 | \$ 100,307,616 | \$ 101,621,464 | \$ 103,460,800 | \$ 113,712,382 | \$ 115,632,539 | \$ 117,660,376 | \$ 120,261,680 | \$ 121,848,830 |
| Primary Government | | | | | | | | | | |
| Net investment in capital assets | \$ 230,357,041 | \$ 240,221,347 | \$ 248,580,858 | \$ 252,638,733 | \$ 253,172,358 | 259,755,873 | 265,371,260 | 266,213,904 | 268,567,875 | 275,359,714 |
| Restricted | 17,966,301 | 16,134,526 | 17,191,004 | 19,139,959 | 19,775,146 | 21,205,081 | 28,860,508 | 22,221,256 | 25,003,917 | 38,184,897 |
| Unrestricted (deficit) | 12,377,636 | 8,240,144 | 1,978,306 | (3,224,840) | (2,317,642) | (5,820,006) | 27,765 | 4,976,689 | 1,064,872 | (25,012,684) |
| Total primary government net position | \$ 260,700,978 | \$ 264,596,017 | \$ 267,750,168 | \$ 268,553,852 | \$ 270,629,862 | \$ 275,140,948 | \$ 294,259,533 | \$ 293,411,849 | \$ 294,636,664 | \$ 288,531,927 |

* Net position as of January 1, 2018 was restated due to the implementation of GASB Statement No. 75.

CITY OF JANESVILLE, WISCONSIN

Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|-------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General Government | \$ 3,943,921 | \$ 4,049,662 | \$ 4,186,293 | \$ 4,572,485 | \$ 4,092,977 | \$ 4,477,733 | \$ 4,151,408 | \$ 4,993,527 | \$ 4,959,538 | \$ 4,736,517 |
| Public Safety | 25,838,312 | 25,148,762 | 25,466,279 | 27,928,051 | 26,449,707 | 25,081,688 | 25,738,815 | 27,177,668 | 30,184,659 | 28,724,964 |
| Public Works | 15,482,564 | 16,192,666 | 16,781,023 | 16,038,880 | 19,368,381 | 23,938,994 | 17,457,921 | 19,462,880 | 18,612,387 | 16,644,640 |
| Recreation and Parks | 3,574,626 | 3,774,576 | 4,759,187 | 4,978,467 | 4,787,017 | 4,935,058 | 4,897,505 | 5,064,956 | 5,100,992 | 4,151,107 |
| Community/Economic Development | 5,312,773 | 3,535,983 | 5,595,106 | 5,047,406 | 4,553,738 | 8,130,524 | 8,332,330 | 8,912,887 | 8,282,763 | 10,368,971 |
| Library | 4,207,445 | 4,353,927 | 4,405,358 | 3,962,324 | 3,651,388 | 3,927,977 | 4,115,305 | 4,426,420 | 4,661,471 | 4,594,893 |
| Interest and Fiscal Charges | 1,916,839 | 1,764,420 | 1,566,299 | 1,450,484 | 1,469,979 | 1,315,738 | 1,436,450 | 1,388,302 | 1,294,272 | 1,465,467 |
| Total governmental activities expenses | <u>60,276,480</u> | <u>58,819,996</u> | <u>62,759,545</u> | <u>63,978,097</u> | <u>64,373,187</u> | <u>71,807,712</u> | <u>66,129,734</u> | <u>71,426,640</u> | <u>73,096,082</u> | <u>70,686,559</u> |
| Business-type activities: | | | | | | | | | | |
| Water Utility | 5,101,040 | 5,343,100 | 5,360,990 | 5,287,441 | 5,484,483 | 5,516,981 | 5,374,045 | 5,491,647 | 5,416,823 | 5,562,801 |
| Wastewater Utility | 6,663,525 | 6,928,411 | 7,773,308 | 8,719,761 | 8,487,523 | 8,580,826 | 8,618,650 | 9,395,932 | 9,202,044 | 9,623,026 |
| Stormwater Utility | 1,545,207 | 1,326,800 | 1,580,309 | 1,546,949 | 1,662,098 | 1,536,882 | 1,788,628 | 2,785,314 | 3,165,055 | 3,281,193 |
| Transit | 3,345,395 | 3,368,980 | 3,482,774 | 3,617,960 | 3,771,678 | 4,142,045 | 4,076,201 | 4,078,184 | 4,212,285 | 4,009,808 |
| Total business-type activities | <u>16,655,167</u> | <u>16,967,291</u> | <u>18,197,381</u> | <u>19,172,111</u> | <u>19,405,782</u> | <u>19,776,734</u> | <u>19,857,524</u> | <u>21,751,077</u> | <u>21,996,207</u> | <u>22,476,828</u> |
| Total primary government expenses | <u>\$ 76,931,647</u> | <u>\$ 75,787,287</u> | <u>\$ 80,956,926</u> | <u>\$ 83,150,208</u> | <u>\$ 83,778,969</u> | <u>\$ 91,584,446</u> | <u>\$ 85,987,258</u> | <u>\$ 93,177,717</u> | <u>\$ 95,092,289</u> | <u>\$ 93,163,387</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General Government | 279,735 | 280,076 | 392,965 | 408,798 | 457,224 | 363,891 | 528,918 | 730,285 | 661,384 | 631,400 |
| Public Safety | 2,624,580 | 2,700,923 | 2,904,044 | 2,878,891 | 2,960,269 | 3,181,322 | 3,401,160 | 3,465,100 | 3,961,556 | 4,562,417 |
| Public Works | 5,871,663 | 7,006,361 | 8,428,099 | 6,727,157 | 6,110,879 | 6,369,542 | 7,542,621 | 9,187,124 | 9,735,725 | 11,836,535 |
| Recreation and Parks | 910,454 | 1,040,506 | 2,119,722 | 2,179,915 | 2,183,098 | 2,221,913 | 2,262,083 | 2,312,029 | 2,262,955 | 2,139,502 |
| Community/Economic Development | 477,580 | 604,735 | 1,299,796 | 2,565,475 | 960,053 | 815,156 | 1,345,080 | 1,579,793 | 695,989 | 482,571 |
| Library | 1,039,302 | 1,006,020 | 995,230 | 957,961 | 876,648 | 938,732 | 906,286 | 850,676 | 859,263 | 1,000,945 |
| Operating grants and contributions | 5,992,828 | 5,656,639 | 5,175,981 | 4,650,278 | 4,227,501 | 4,761,005 | 4,424,256 | 4,976,353 | 4,414,390 | 4,657,543 |
| Capital grants and contributions | 4,717,044 | 1,587,045 | 2,002,304 | 2,619,764 | 5,957,771 | 5,750,467 | 6,890,533 | 878,645 | 1,317,123 | 2,400,182 |
| Total governmental activities program revenues | <u>21,913,186</u> | <u>19,882,305</u> | <u>23,318,141</u> | <u>22,988,239</u> | <u>23,733,443</u> | <u>24,402,028</u> | <u>27,300,937</u> | <u>23,980,005</u> | <u>23,908,385</u> | <u>27,711,095</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water Utility | 5,817,708 | 5,890,963 | 5,924,663 | 6,490,726 | 7,455,349 | 7,199,949 | 6,995,301 | 7,904,672 | 8,147,310 | 8,547,308 |
| Wastewater Utility | 7,483,921 | 9,549,391 | 9,450,506 | 9,474,307 | 9,184,305 | 9,187,862 | 9,126,999 | 9,353,624 | 9,941,257 | 9,895,116 |
| Stormwater Utility | 1,899,777 | 2,058,510 | 2,172,210 | 2,065,056 | 2,050,407 | 2,077,929 | 2,038,788 | 3,226,320 | 3,870,328 | 3,991,027 |
| Transit | 367,294 | 408,176 | 439,180 | 465,647 | 547,846 | 573,394 | 547,033 | 460,284 | 452,941 | 435,715 |
| Operating grants and contributions | 1,729,215 | 1,687,653 | 1,764,936 | 1,860,366 | 2,183,845 | 2,245,852 | 2,124,992 | 2,076,668 | 2,057,853 | 2,049,077 |
| Capital grants and contributions | 836,969 | 975,820 | 395,169 | 584,516 | 446,217 | 7,918,959 | 7,937 | 1,276,126 | 388,327 | 1,512,136 |
| Total business-type activities program revenues | <u>18,134,884</u> | <u>20,570,513</u> | <u>20,146,664</u> | <u>20,940,618</u> | <u>21,867,969</u> | <u>29,203,945</u> | <u>20,841,050</u> | <u>24,297,694</u> | <u>24,858,016</u> | <u>26,430,379</u> |
| Total primary government program revenues | <u>\$ 40,048,070</u> | <u>\$ 40,452,818</u> | <u>\$ 43,464,805</u> | <u>\$ 43,928,857</u> | <u>\$ 45,601,412</u> | <u>\$ 53,605,973</u> | <u>\$ 48,141,987</u> | <u>\$ 48,277,699</u> | <u>\$ 48,766,401</u> | <u>\$ 54,141,474</u> |

CITY OF JANESVILLE, WISCONSIN

Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|-----------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (38,363,294) | \$ (38,937,691) | \$ (39,441,404) | \$ (40,989,858) | \$ (40,639,744) | \$ (47,405,684) | \$ (38,828,797) | \$ (47,446,635) | \$ (49,187,697) | \$ (42,975,464) |
| Business-type activities | <u>1,479,717</u> | <u>3,603,222</u> | <u>1,949,283</u> | <u>1,768,507</u> | <u>2,462,187</u> | <u>9,427,211</u> | <u>983,526</u> | <u>2,546,617</u> | <u>2,861,809</u> | <u>3,953,551</u> |
| Total primary government net expenses | <u>\$ (36,883,577)</u> | <u>\$ (35,334,469)</u> | <u>\$ (37,492,121)</u> | <u>\$ (39,221,351)</u> | <u>\$ (38,177,557)</u> | <u>\$ (37,978,473)</u> | <u>\$ (37,845,271)</u> | <u>\$ (44,900,018)</u> | <u>\$ (46,325,888)</u> | <u>\$ (39,021,913)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 30,714,943 | \$ 30,606,896 | \$ 31,527,740 | \$ 32,754,235 | \$ 32,285,025 | \$ 33,431,343 | \$ 34,544,522 | \$ 34,854,348 | \$ 37,634,880 | \$ 41,492,292 |
| Other taxes | 883,300 | 947,001 | 914,183 | 1,370,092 | 1,524,835 | 1,817,507 | 1,477,297 | 2,319,788 | 2,531,389 | 2,523,179 |
| Intergovernmental revenues | 6,588,241 | 6,195,752 | 6,116,411 | 5,413,874 | 5,518,957 | 5,495,465 | 5,475,925 | 5,446,331 | 5,628,245 | 6,214,115 |
| Investment income | 920,423 | 692,506 | 538,926 | 340,085 | 273,606 | 202,932 | 319,377 | 230,186 | 503,534 | 757,287 |
| Miscellaneous | 757,869 | 678,983 | 1,490,349 | 77,830 | 565,401 | 745,445 | 980,888 | 1,132,803 | 1,119,538 | 1,494,147 |
| Transfers | <u>304,273</u> | <u>407,275</u> | <u>478,745</u> | <u>523,578</u> | <u>708,594</u> | <u>(799,750)</u> | <u>617,425</u> | <u>587,657</u> | <u>393,622</u> | <u>544,135</u> |
| Total governmental activities | <u>40,169,049</u> | <u>39,528,413</u> | <u>41,066,354</u> | <u>40,479,694</u> | <u>40,876,418</u> | <u>40,892,942</u> | <u>43,415,434</u> | <u>44,571,113</u> | <u>47,811,208</u> | <u>53,025,155</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 201,160 | 92,331 | 58,663 | 48,028 | 80,554 | 15,630 | 16,937 | 69,045 | 106,601 | 226,649 |
| Miscellaneous | 2,845 | 16,039 | - | 20,891 | 5,189 | 8,993 | 118,306 | (123) | 26,516 | 6,153 |
| Transfers | <u>(304,273)</u> | <u>(407,275)</u> | <u>(478,745)</u> | <u>(523,578)</u> | <u>(708,594)</u> | <u>799,750</u> | <u>(617,425)</u> | <u>(587,658)</u> | <u>(393,622)</u> | <u>(544,135)</u> |
| Total business-type activities | <u>(100,268)</u> | <u>(298,905)</u> | <u>(420,082)</u> | <u>(454,659)</u> | <u>(622,851)</u> | <u>824,373</u> | <u>(482,182)</u> | <u>(518,736)</u> | <u>(260,505)</u> | <u>(311,333)</u> |
| Total primary government | <u>\$ 40,068,781</u> | <u>\$ 39,229,508</u> | <u>\$ 40,646,272</u> | <u>\$ 40,025,035</u> | <u>\$ 40,253,567</u> | <u>\$ 41,717,315</u> | <u>\$ 42,933,252</u> | <u>\$ 44,052,377</u> | <u>\$ 47,550,703</u> | <u>\$ 52,713,822</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 1,805,755 | \$ 590,722 | \$ 1,624,950 | \$ (510,164) | \$ 236,674 | \$ (6,512,742) | \$ 4,586,637 | \$ (2,875,522) | \$ (1,376,489) | \$ 10,049,691 |
| Business-type activities | <u>1,379,449</u> | <u>3,304,317</u> | <u>1,529,201</u> | <u>1,313,848</u> | <u>1,839,336</u> | <u>10,251,584</u> | <u>501,344</u> | <u>2,027,881</u> | <u>2,601,304</u> | <u>3,642,218</u> |
| Total primary government | <u>\$ 3,185,204</u> | <u>\$ 3,895,039</u> | <u>\$ 3,154,151</u> | <u>\$ 803,684</u> | <u>\$ 2,076,010</u> | <u>\$ 3,738,842</u> | <u>\$ 5,087,981</u> | <u>\$ (847,641)</u> | <u>\$ 1,224,815</u> | <u>\$ 13,691,909</u> |

CITY OF JANESVILLE, WISCONSIN

Schedule 3
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|-------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General Fund: | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | |
| Long-term receivables/ advances | \$ 686,067 | \$ 472,502 | \$ 477,324 | \$ 484,749 | \$ 897,474 | \$ 665,851 | \$ 1,909,411 | \$ 1,541,511 | \$ 1,253,394 | \$ 1,345,700 |
| Inventories and prepaid items | 4,500 | 41,267 | 22,539 | 3,998 | 3,924 | 5,324 | 73,671 | 3,220 | 3,220 | 3,220 |
| Assigned | 850,000 | 890,000 | 825,000 | 926,435 | 675,000 | 635,649 | 564,250 | 536,757 | 537,395 | 509,789 |
| Unassigned | 5,689,704 | 6,091,178 | 7,747,001 | 7,622,953 | 7,977,243 | 8,051,182 | 7,372,013 | 7,180,180 | 6,478,899 | 7,513,563 |
| Total General Fund | \$ 7,230,271 | \$ 7,494,947 | \$ 9,071,864 | \$ 9,038,135 | \$ 9,553,641 | \$ 9,358,006 | \$ 9,919,345 | \$ 9,261,668 | \$ 8,272,908 | \$ 9,372,272 |
| All Other Governmental Funds (Reflecting GASB 54 Classification) | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | |
| Inventories and prepaid items | | | \$ 280,810 | \$ 292,275 | \$ 279,116 | \$ 307,255 | \$ 336,257 | \$ 269,868 | \$ 258,701 | \$ 273,963 |
| Restricted reported in: | | | | | | | | | | |
| Debt service fund | | | 1,277,855 | 594,456 | 628,760 | 996,012 | 2,682,108 | 2,949,448 | 3,261,709 | 3,824,838 |
| Capital projects fund | | | 9,575,388 | 7,138,340 | 5,593,500 | 7,730,977 | 3,057,045 | 3,660,835 | 3,247,894 | 3,059,670 |
| Special revenue funds | | | 4,426,799 | 5,027,057 | 6,609,164 | 7,485,418 | 6,496,619 | 6,230,468 | 8,000,557 | 11,527,320 |
| Committed reported in: | | | | | | | | | | |
| Sanitation fund | | | 2,103,725 | 1,199,147 | 285,043 | (259,812) | - | 1,829,606 | 3,264,357 | 3,024,514 |
| Special revenue funds | | | 832,191 | 956,123 | 868,257 | 903,922 | 1,000,817 | 1,014,279 | 1,036,695 | 841,386 |
| Assigned reported in: | | | | | | | | | | |
| Sanitation fund | | | - | - | - | - | 708,912 | - | - | - |
| Capital projects fund | | | 1,938,042 | 3,626,875 | 4,370,324 | 3,115,756 | 1,755,855 | 3,319,233 | 2,012,378 | 4,501,033 |
| Unassigned (deficit) reported in: | | | | | | | | | | |
| Special revenue funds | | | (1,383,868) | (3,731,165) | (1,292,048) | (1,745,254) | (3,253,023) | (3,273,425) | (3,738,447) | (4,334,367) |
| Total All Other Governmental Funds | | | \$ 19,050,942 | \$ 15,103,108 | \$ 17,342,116 | \$ 18,534,274 | \$ 12,784,590 | \$ 16,000,312 | \$ 17,343,844 | \$ 22,718,357 |
| All Other Governmental Funds (Before GASB 54 Reclassification) | | | | | | | | | | |
| Reserved: | | | | | | | | | | |
| Debt service | \$ 9,003,777 | \$ 2,976,816 | | | | | | | | |
| Encumbrance | 1,369,138 | 40,580 | | | | | | | | |
| Inventories and prepaid items | 346,088 | 266,891 | | | | | | | | |
| Long-term receivables | | | | | | | | | | |
| Unreserved reported in: | | | | | | | | | | |
| Capital projects fund | 4,828,004 | 5,389,278 | | | | | | | | |
| Special revenue funds | 11,429,728 | 10,311,458 | | | | | | | | |
| Total All Other Governmental Funds | \$ 26,976,735 | \$ 18,985,023 | | | | | | | | |

Notes: The amounts shown above have been restated as noted below:

(1) The General Fund balances reflect fund balance classification in accordance with GASB 54.

CITY OF JANESVILLE, WISCONSIN

Schedule 4
Changes in Fund Balances Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|----------------------------------------------------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Revenue | | | | | | | | | | |
| Taxes | \$ 31,583,980 | \$ 31,486,289 | \$ 32,472,722 | \$ 34,122,674 | \$ 33,801,567 | \$ 35,021,613 | \$ 36,235,147 | \$ 37,144,590 | \$ 40,096,357 | \$ 44,001,302 |
| Licenses and permits | 1,085,092 | 1,260,490 | 1,209,307 | 1,132,445 | 1,391,212 | 1,386,431 | 1,676,409 | 1,771,467 | 1,707,474 | 1,651,471 |
| Investment income, rents and fines | 1,479,479 | 1,253,668 | 1,156,004 | 1,078,636 | 1,204,362 | 974,095 | 1,148,232 | 1,097,251 | 1,382,745 | 1,973,424 |
| State and federal aid | 13,362,388 | 12,377,267 | 12,335,185 | 10,501,029 | 13,816,294 | 13,932,166 | 10,404,266 | 10,142,710 | 9,647,915 | 11,403,810 |
| Special assessments | 1,717,558 | 917,104 | 1,141,772 | 975,738 | 911,669 | 1,106,737 | 1,680,746 | 149,268 | 824,389 | 992,390 |
| Service charges and other | 11,817,521 | 12,165,836 | 15,411,002 | 13,231,319 | 12,790,362 | 13,165,018 | 14,675,945 | 16,980,221 | 17,804,778 | 18,479,956 |
| Miscellaneous | 99,507 | 102,190 | 74,047 | 36,029 | 22,842 | 35,566 | 15,062 | 80,838 | 623,787 | 1,953,452 |
| Total revenues | 61,145,525 | 59,562,844 | 63,800,039 | 61,077,870 | 63,938,308 | 65,621,626 | 65,835,807 | 67,366,345 | 72,087,445 | 80,455,805 |
| Expenditures | | | | | | | | | | |
| General government | 3,879,345 | 3,881,072 | 4,067,662 | 3,872,629 | 3,760,368 | 4,369,122 | 3,995,694 | 4,045,408 | 4,031,973 | 4,427,156 |
| Public safety | 22,957,291 | 22,888,083 | 23,612,281 | 24,793,414 | 24,222,579 | 25,204,382 | 24,637,256 | 24,934,196 | 26,022,932 | 26,986,797 |
| Public works | 12,559,211 | 12,934,530 | 13,337,435 | 13,495,489 | 16,016,740 | 21,573,865 | 9,805,387 | 10,251,539 | 10,883,047 | 11,993,540 |
| Recreation and parks | 3,109,510 | 3,215,383 | 4,292,982 | 4,258,796 | 4,279,823 | 4,396,073 | 4,329,438 | 4,361,289 | 4,380,885 | 4,308,921 |
| Community and economic devel. | 6,108,707 | 4,934,294 | 6,038,294 | 4,605,947 | 4,410,631 | 8,079,053 | 8,837,146 | 8,658,009 | 8,453,363 | 10,416,749 |
| Library | 3,301,084 | 3,403,762 | 3,485,239 | 3,237,462 | 3,477,582 | 3,590,194 | 3,760,640 | 3,774,427 | 3,957,472 | 4,069,755 |
| Capital outlay | 9,626,232 | 8,285,157 | 7,037,844 | 12,260,920 | 8,583,430 | 2,003,926 | 16,382,587 | 12,582,033 | 16,301,460 | 14,660,246 |
| Debt service | | | | | | | | | | |
| Principal | 8,679,586 | 8,993,416 | 10,120,021 | 10,394,441 | 11,890,000 | 9,650,000 | 9,725,000 | 17,618,000 | 10,665,000 | 12,126,000 |
| Interest | 2,064,838 | 1,794,361 | 1,669,146 | 1,518,157 | 1,451,190 | 1,320,429 | 1,426,693 | 1,559,414 | 1,372,038 | 1,385,220 |
| Total expenditures | 72,285,804 | 70,330,058 | 73,660,904 | 78,437,255 | 78,092,343 | 80,187,044 | 82,899,841 | 87,784,315 | 86,068,170 | 90,374,384 |
| Excess of revenues over (under) expenditures | (11,140,279) | (10,767,214) | (9,860,865) | (17,359,385) | (14,154,035) | (14,565,418) | (17,064,034) | (20,417,970) | (13,980,725) | (9,918,579) |
| Other financing sources (uses) | | | | | | | | | | |
| Long-term debt issued | 11,450,000 | 5,200,000 | 8,880,000 | 11,500,000 | 14,333,000 | 13,400,000 | 9,497,000 | 16,521,000 | 13,736,000 | 14,039,000 |
| Refunding debt issued | 6,915,000 | - | - | - | - | - | 1,045,000 | 4,035,000 | - | - |
| Payment on refunded debt | (3,118,770) | (3,930,000) | - | - | - | - | - | - | - | - |
| Premium on long-term debt | - | - | - | 93,149 | 166,399 | 96,759 | 482,490 | 550,202 | 523,573 | 391,168 |
| Sale of City property | - | - | 638,477 | - | - | - | - | - | - | - |
| Transfers in | 10,950,498 | 11,520,300 | 11,047,314 | 11,633,579 | 12,101,368 | 12,079,874 | 11,945,565 | 18,938,018 | 14,673,799 | 18,864,304 |
| Transfers out | (9,426,802) | (9,750,122) | (9,062,090) | (9,848,906) | (9,692,218) | (10,014,692) | (11,094,366) | (17,379,581) | (14,286,499) | (16,902,016) |
| Total other financing sources (uses) | 16,769,926 | 3,040,178 | 11,503,701 | 13,377,822 | 16,908,549 | 15,561,941 | 11,875,689 | 22,664,639 | 14,646,873 | 16,392,456 |
| Net change in fund balances | \$ 5,629,647 | \$ (7,727,036) | \$ 1,642,836 | \$ (3,981,563) | \$ 2,754,514 | \$ 996,523 | \$ (5,188,345) | \$ 2,246,669 | \$ 666,148 | \$ 6,473,877 |
| Debt service as a percentage of noncapital expenditures | 17.1% | 17.4% | 17.7% | 18.0% | 19.2% | 16.2% | 16.8% | 25.6% | 17.3% | 17.8% |

CITY OF JANESVILLE, WISCONSIN

Schedule 5
Assessed Value and Estimated Actual Value (Equalized Value) of Taxable Property
Last Ten Fiscal Years

| <u>Levy Year</u> | <u>Fiscal Year</u> | <u>Residential Property</u> | <u>Commercial Property</u> | <u>Manufacturing Property</u> | <u>Agricultural⁽¹⁾ Property</u> | <u>Personal Property</u> | <u>Total Taxable Assessed Value⁽²⁾</u> | <u>Total Direct Tax Rate⁽³⁾</u> | <u>Total Taxable Equalized Value⁽⁴⁾</u> | <u>Ratio of Assessed to Equalized Value</u> |
|------------------|--------------------|-----------------------------|----------------------------|-------------------------------|--------------------------------------------|--------------------------|---------------------------------------------------|--------------------------------------------|----------------------------------------------------|---------------------------------------------|
| 2009 | 2010 | 2,393,616,900 | 857,280,900 | 118,689,000 | 3,006,100 | 128,318,270 | 3,500,911,170 | 8.2381 | 4,251,636,500 | 81.94% |
| 2010 | 2011 | 2,405,821,900 | 864,969,400 | 121,438,100 | 1,728,700 | 129,347,480 | 3,523,305,580 | 8.3737 | 3,991,153,400 | 88.10% |
| 2011 | 2012 | 2,538,559,400 | 1,036,108,100 | 132,858,200 | 1,762,000 | 138,539,030 | 3,847,826,730 | 7.9014 | 3,940,763,600 | 97.45% |
| 2012 | 2013 | 2,541,718,200 | 1,061,486,400 | 141,437,500 | 1,744,900 | 147,735,220 | 3,894,122,220 | 7.8746 | 3,895,706,200 | 99.72% |
| 2013 | 2014 | 2,545,961,300 | 1,056,681,400 | 147,126,500 | 1,711,900 | 152,420,880 | 3,903,901,980 | 8.0425 | 3,793,359,600 | 102.83% |
| 2014 | 2015 | 2,557,899,700 | 1,059,040,000 | 144,554,800 | 1,664,400 | 151,726,450 | 3,914,885,350 | 8.3401 | 4,005,876,500 | 97.81% |
| 2015 | 2016 | 2,572,595,600 | 1,061,158,600 | 160,881,500 | 1,654,700 | 151,663,660 | 3,947,954,060 | 8.4521 | 3,987,273,400 | 99.14% |
| 2016 | 2017 | 2,590,135,400 | 1,081,263,800 | 155,024,900 | 1,635,600 | 155,694,630 | 3,983,754,330 | 8.8216 | 4,165,074,300 | 95.52% |
| 2017 | 2018 | 2,612,827,400 | 1,146,538,400 | 146,930,200 | 1,620,800 | 158,450,500 | 4,066,367,300 | 9.2365 | 4,605,798,000 | 88.23% |
| 2018 | 2019 | 2,637,980,700 | 1,160,033,400 | 142,360,200 | 1,621,700 | 125,119,510 | 4,067,115,510 | 9.5391 | 4,910,020,700 | 82.81% |

Note: Total Taxable Assessed Value does not include tax exempt properties; tax exempt properties are not assigned values.

⁽¹⁾ Includes Agricultural, Undeveloped, Ag Forest, Forest & Other categories.

⁽²⁾ Source: Statement of Assessments - Bureau of Equalization, WI Dept of Revenue, Assessor Report

⁽³⁾ The City of Janesville Direct Rate includes the City Rate and the Library Rate.

⁽⁴⁾ Source: Statement of Changes in Equalized Values - Bureau of Equalization, WI Dept of Revenue, Website

CITY OF JANESVILLE, WISCONSIN

Schedule 6
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

JANESVILLE SCHOOL DISTRICT

Per \$1,000 of Assessed Value

| <u>Levy Year</u> | <u>Fiscal Year</u> | <u>City Rate</u> | <u>Library Rate</u> | <u>City of Janesville Direct Rate⁽¹⁾</u> | <u>Janesville School District</u> | <u>Blackhawk Technical</u> | <u>County of Rock</u> | <u>State of Wisconsin</u> | <u>Gross Tax Rate</u> | <u>State Tax Credits</u> | <u>Net Tax Rate</u> |
|------------------|--------------------|------------------|---------------------|-----------------------------------------------------|-----------------------------------|----------------------------|-----------------------|---------------------------|-----------------------|--------------------------|---------------------|
| 2009 | 2010 | 7.3155 | 0.9226 | 8.2381 | 10.4635 | 2.1001 | 6.7476 | 0.2061 | 27.7554 | 1.7016 | 26.0538 |
| 2010 | 2011 | 7.4359 | 0.9378 | 8.3737 | 10.7203 | 1.9589 | 6.7987 | 0.1922 | 28.0438 | 1.6933 | 26.3505 |
| 2011 | 2012 | 7.0402 | 0.8612 | 7.9014 | 10.1902 | 1.8275 | 6.4427 | 0.1738 | 26.5356 | 1.5208 | 25.0148 |
| 2012 | 2013 | 7.0318 | 0.8428 | 7.8746 | 9.8001 | 1.8492 | 6.5219 | 0.1698 | 26.2156 | 1.5018 | 24.7138 |
| 2013 | 2014 | 7.1970 | 0.8455 | 8.0425 | 9.7841 | 1.8703 | 6.6809 | 0.1649 | 26.5427 | 1.5041 | 25.0386 |
| 2014 | 2015 | 7.4889 | 0.8512 | 8.3401 | 9.5788 | 1.1375 | 6.8271 | 0.1737 | 26.0572 | 1.5052 | 24.5520 |
| 2015 | 2016 | 7.6069 | 0.8452 | 8.4521 | 9.6883 | 1.2110 | 6.7241 | 0.1714 | 26.2469 | 1.6684 | 24.5785 |
| 2016 | 2017 | 7.9632 | 0.8584 | 8.8216 | 10.0638 | 1.2679 | 6.8770 | 0.1774 | 27.2077 | 1.6286 | 25.5791 |
| 2017 | 2018 | 8.3691 | 0.8674 | 9.2365 | 9.8467 | 1.3632 | 7.2342 | - | 27.6806 | 1.7640 | 25.9166 |
| 2018 | 2019 | 8.6498 | 0.8893 | 9.5391 | 10.2723 | 1.3798 | 7.3233 | - | 28.5145 | 1.7674 | 26.7471 |

MILTON SCHOOL DISTRICT

Per \$1,000 of Assessed Value

| <u>Levy Year</u> | <u>Collection Year</u> | <u>City Rate</u> | <u>Library Rate</u> | <u>City of Janesville Direct Rate⁽¹⁾</u> | <u>Milton School District</u> | <u>Blackhawk Technical</u> | <u>County of Rock</u> | <u>State of Wisconsin</u> | <u>Gross Tax Rate</u> | <u>State Tax Credits</u> | <u>Net Tax Rate</u> |
|------------------|------------------------|------------------|---------------------|-----------------------------------------------------|-------------------------------|----------------------------|-----------------------|---------------------------|-----------------------|--------------------------|---------------------|
| 2009 | 2010 | 7.3155 | 0.9226 | 8.2381 | 9.6484 | 2.1001 | 6.7476 | 0.2061 | 26.9403 | 1.7016 | 25.2387 |
| 2010 | 2011 | 7.4359 | 0.9378 | 8.3737 | 9.6787 | 1.9589 | 6.7987 | 0.1922 | 27.0022 | 1.6933 | 25.3089 |
| 2011 | 2012 | 7.0402 | 0.8612 | 7.9014 | 9.0327 | 1.8275 | 6.4427 | 0.1738 | 25.3781 | 1.5208 | 23.8573 |
| 2012 | 2013 | 7.0318 | 0.8428 | 7.8746 | 8.6310 | 1.8492 | 6.5219 | 0.1698 | 25.0465 | 1.5018 | 23.5447 |
| 2013 | 2014 | 7.1970 | 0.8455 | 8.0425 | 8.8149 | 1.8703 | 6.6809 | 0.1649 | 25.5735 | 1.5041 | 24.0694 |
| 2014 | 2015 | 7.4889 | 0.8512 | 8.3401 | 8.7458 | 1.1375 | 6.8271 | 0.1737 | 25.2242 | 1.5052 | 23.7190 |
| 2015 | 2016 | 7.6069 | 0.8452 | 8.4521 | 8.2682 | 1.2110 | 6.7241 | 0.1714 | 24.8268 | 1.6684 | 23.1584 |
| 2016 | 2017 | 7.9632 | 0.8584 | 8.8216 | 9.5731 | 1.2679 | 6.8770 | 0.1774 | 26.7170 | 1.6286 | 25.0884 |
| 2017 | 2018 | 8.3691 | 0.8674 | 9.2365 | 9.5514 | 1.3632 | 7.2342 | - | 27.3853 | 1.7640 | 25.6213 |
| 2018 | 2019 | 8.6498 | 0.8893 | 9.5391 | 9.4307 | 1.3798 | 7.3233 | - | 27.6729 | 1.7674 | 25.9055 |

Source: City of Janesville Clerk-Treasurer Records

Note: Residents are assessed only the school tax rate for the district they reside in.

⁽¹⁾ The City of Janesville Direct Rate includes the City Rate and the Library Rate.

CITY OF JANESVILLE, WISCONSIN

Schedule 7
Principal Taxpayers
2018 and Nine Years Prior

| Taxpayer | 2018 | | | 2009 | | |
|-----------------------------------------|---------------------------------------|------|------------------------------------|---------------------------------------|------|------------------------------------|
| | Taxable Assessed Value ⁽¹⁾ | Rank | Percentage of Total Assessed Value | Taxable Assessed Value ⁽¹⁾ | Rank | Percentage of Total Assessed Value |
| Dollar General | \$ 69,759,840 | 1 | 1.72% | | | |
| Mercy Health System Corp | 59,420,150 | 2 | 1.46% | 18,625,570 | 7 | 0.53% |
| RockStep Janesville LLC/Janesville Mall | 33,287,600 | 3 | 0.82% | 32,967,100 | 1 | 0.94% |
| Dean/St Mary's/Riverview | 31,882,560 | 4 | 0.78% | 18,983,660 | 6 | 0.54% |
| GHC Specialty Brands (Lab Safety) | 27,872,200 | 5 | 0.69% | 22,611,650 | 3 | 0.65% |
| Wal-Mart and Sam's Club * | 25,490,350 | 6 | 0.63% | 16,073,100 | 10 | 0.46% |
| Blain Supply Inc. | 23,564,770 | 7 | 0.58% | 25,080,400 | 2 | 0.72% |
| Woodman's Food Market ** | 21,247,990 | 8 | 0.52% | | | |
| Stag Janesville LLC | 19,428,400 | 9 | 0.48% | | | |
| Hendricks Commercial Properties | 17,839,600 | 10 | 0.44% | | | |
| General Motors | | | | 20,291,600 | 4 | 0.58% |
| Helgesen Family Partnership | | | | 19,555,100 | 5 | 0.56% |
| Inland Pine Tree LLC | | | | 17,025,900 | 8 | 0.49% |
| Lemans Corp | | | | 16,074,380 | 9 | 0.46% |
| Total | \$ 329,793,460 | | 8.11% | \$ 207,288,460 | | 5.92% |

* The City settled excessive assessment claims with Wal-Mart Real Estate Business and Sam's East, Inc. in 2019 which reduced their 2018 assessments by \$4,819,700 and \$3,228,300, respectively.

** The City settled an excessive assessment claim with Woodman's Food Market in 2019 which reduced the 2018 assessment by \$1,714,100.

Source: City of Janesville Clerk Treasurer Office

(1) Includes real property and personal property

CITY OF JANESVILLE, WISCONSIN

Schedule 8
Property Tax Levies and Collections
Last Ten Fiscal Years

| <u>Levy Year</u> | <u>Fiscal Year</u> | <u>Total City Tax Levy</u> | <u>Collected within the Fiscal Year of the Levy</u> | | <u>Total Collections to Date</u> | | <u>Outstanding Delinquent PP Taxes 12/31/2018</u> |
|------------------|--------------------|----------------------------|-----------------------------------------------------|---------------------------|----------------------------------|---------------------------|---------------------------------------------------|
| | | | <u>Amount</u> | <u>Percentage of Levy</u> | <u>Amount</u> | <u>Percentage of Levy</u> | |
| 2008 | 2009 | 30,727,505 | 30,654,028 | 99.76% | 30,727,505 | 100.00% | |
| 2009 | 2010 | 30,679,585 | 30,552,174 | 99.58% | 30,679,585 | 100.00% | |
| 2010 | 2011 | 31,493,963 | 31,416,545 | 99.75% | 31,493,963 | 100.00% | |
| 2011 | 2012 | 32,799,590 | 32,729,830 | 99.79% | 32,764,005 | 99.89% | 35,585 |
| 2012 | 2013 | 32,388,284 | 32,326,387 | 99.81% | 32,346,230 | 99.87% | 42,054 |
| 2013 | 2014 | 33,539,003 | 33,479,841 | 99.82% | 33,487,374 | 99.85% | 51,630 |
| 2014 | 2015 | 34,731,875 | 34,670,099 | 99.82% | 34,671,987 | 99.83% | 59,888 |
| 2015 | 2016 | 35,201,846 | 35,161,704 | 99.89% | 35,162,638 | 99.89% | 40,142 |
| 2016 | 2017 | 38,261,082 | 38,207,010 | 99.86% | 38,207,010 | 99.86% | 54,072 |
| 2017 | 2018 | 41,616,192 | 41,559,015 | 99.86% | 41,574,424 | 99.90% | 57,177 |

Note: Delinquent real estate taxes are paid in full by Rock County with the August settlement. Outstanding delinquent taxes represent personal property taxes outstanding at the end of the year. After one year, the delinquent personal property taxes of businesses that are closed, declared bankruptcy, or changed ownership are charged back to each taxing jurisdiction in proportion to the amount levied. After five years, personal property taxes not collected are written off as uncollectible.

CITY OF JANESVILLE, WISCONSIN

Schedule 9
Legal Debt Margin Information
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| Debt Limit | \$ 212,581,825 | \$ 199,557,670 | \$ 197,038,180 | \$ 194,785,310 | \$ 189,667,980 | \$ 200,293,825 | \$ 199,363,670 | \$ 208,253,715 | \$ 230,289,900 | \$ 245,501,035 |
| Total Net Debt Applicable to Limit | <u>87,480,869</u> | <u>76,914,642</u> | <u>74,814,441</u> | <u>74,190,000</u> | <u>75,155,000</u> | <u>80,425,000</u> | <u>82,210,000</u> | <u>88,045,000</u> | <u>91,895,000</u> | <u>97,195,000</u> |
| Legal Debt Margin | <u>\$ 125,100,956</u> | <u>\$ 122,643,028</u> | <u>\$ 122,223,739</u> | <u>\$ 120,595,310</u> | <u>\$ 114,512,980</u> | <u>\$ 119,868,825</u> | <u>\$ 117,153,670</u> | <u>\$ 120,208,715</u> | <u>\$ 138,394,900</u> | <u>\$ 148,306,035</u> |
| Total Net Debt Applicable to Limit as a Percentage of Debt Limit | 41.15% | 38.54% | 37.97% | 38.09% | 39.62% | 40.15% | 41.24% | 42.28% | 39.90% | 39.59% |

Legal Debt Margin Calculation for Fiscal Year 2018

| | |
|------------------------------------------------|-----------------------|
| Equalized Value of Taxable Property | \$4,910,020,700 |
| Legal Debt limit (5% of total equalized value) | 245,501,035 |
| Less : General Obligation Debt | <u>97,195,000</u> |
| Legal debt margin | <u>\$ 148,306,035</u> |

Note: In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of the taxable property within the City's jurisdiction.

CITY OF JANESVILLE, WISCONSIN

Schedule 10
Ratio of Outstanding Debt By Type
Last Ten Fiscal Years

| Fiscal Year | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | Net Total Primary Government | Percentage Personal Income ⁽²⁾ | Debt Per Capita ⁽²⁾ |
|----------------|----------------------------------------------|-------------------|----------------------------------------------|------------------|------------------------------------|-------------------------------------------------|-----------------------------------|
| | General Obligation Debt ⁽¹⁾ | Capital Leases | General Obligation Debt ⁽¹⁾ | Revenue Bonds | | | |
| 2009 | 60,180,295 | 17,009 | 27,343,829 | 6,200,601 | 93,741,734 | 4.72% | 1,476 |
| 2010 | 52,470,426 | - | 24,481,627 | 24,314,249 | 101,266,302 | 5.04% | 1,593 |
| 2011 | 51,226,943 | - | 23,619,967 | 32,058,342 | 106,905,252 | 5.05% | 1,683 |
| 2012 | 52,417,532 | - | 21,915,644 | 30,442,245 | 104,775,421 | 4.60% | 1,651 |
| 2013 | 55,005,834 | - | 20,474,511 | 30,065,522 | 105,545,867 | 4.36% | 1,660 |
| 2014 | 58,818,338 | - | 22,027,632 | 28,245,050 | 109,091,020 | 4.44% | 1,717 |
| 2015 | 60,054,611 | - | 23,170,861 | 26,383,312 | 109,608,784 | 4.31% | 1,726 |
| 2016 | 63,427,961 | - | 26,222,099 | 24,479,363 | 114,129,423 | 4.44% | 1,798 |
| 2017 | 66,853,993 | - | 27,117,868 | 22,567,392 | 116,539,253 | 4.39% | 1,844 |
| 2018 | 68,945,615 | - | 30,628,480 | 20,688,769 | 120,262,864 | N/A | 1,902 |

Notes: Details of the City's outstanding debt can be found in the notes to the financial statements.

(1) General obligation debt includes premium.

(2) See Schedule 14 for personal income and population data.

CITY OF JANESVILLE, WISCONSIN

Schedule 11

Ratio of Net General Obligation Debt Outstanding
Last Ten Fiscal Years

| <u>Year</u> | Governmental General Obligation Debt (1) | Proprietary General Obligation Debt (1) | Total General Obligation Debt (1) | Less: Amounts Reserved For Debt Service | Net General Obligation Debt | Percentage Debt to Equalized Valuation⁽²⁾ | Net General Obligation Debt Per Capita⁽³⁾ |
|-------------|-------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------------------|
| 2009 | 60,180,295 | 27,343,829 | 87,524,124 | (9,003,777) | 78,520,347 | 1.85% | 1,237 |
| 2010 | 52,470,426 | 24,481,627 | 76,952,053 | (2,976,816) | 73,975,237 | 1.85% | 1,164 |
| 2011 | 51,226,943 | 23,619,967 | 74,846,910 | (1,277,855) | 73,569,055 | 1.87% | 1,158 |
| 2012 | 52,417,532 | 21,915,644 | 74,333,176 | (594,456) | 73,738,720 | 1.89% | 1,162 |
| 2013 | 55,005,834 | 20,474,511 | 75,480,345 | (628,759) | 74,851,586 | 1.97% | 1,177 |
| 2014 | 58,818,338 | 22,027,632 | 80,845,970 | (996,012) | 79,849,958 | 1.99% | 1,257 |
| 2015 | 60,054,611 | 23,160,861 | 83,215,472 | (2,682,108) | 80,533,364 | 2.02% | 1,268 |
| 2016 | 63,427,961 | 26,222,099 | 89,650,060 | (2,638,072) | 87,011,988 | 2.09% | 1,371 |
| 2017 | 66,853,993 | 27,117,868 | 93,971,861 | (3,261,709) | 90,710,152 | 1.97% | 1,435 |
| 2018 | 68,945,615 | 30,628,480 | 99,574,095 | (3,824,839) | 95,749,256 | 1.95% | 1,506 |

Notes: Details of the City's outstanding debt can be found in the notes to the financial statements.

(1) General Obligation Debt includes premium.

(2) See Schedule 5 for property value data.

(3) See Schedule 14 for population data.

CITY OF JANESVILLE, WISCONSIN

Schedule 12
Direct and Overlapping General Obligation Debt
As of December 31, 2018

| <u>Governmental Unit</u> | <u>General Obligation Bonded Debt Outstanding</u> | <u>Percentage Applicable To City</u> | <u>Amount Applicable To City</u> |
|-----------------------------|---------------------------------------------------------------|----------------------------------------------|------------------------------------------|
| City of Janesville | <u>\$ 68,945,615</u> (1) | 100.00% | <u>\$ 68,945,615</u> |
| Rock County | 42,130,000 | 42.58% | 17,938,954 |
| School Districts | | | |
| Janesville | 65,115,000 | 90.72% | 59,072,328 |
| Milton | 120,000 | 33.85% | 40,620 |
| Blackhawk Technical College | 49,710,000 | 35.60% | 17,696,760 |
| | <u>157,075,000</u> | | <u>94,748,662</u> |
| | Total Direct and Overlapping Debt <u>\$ 226,020,615</u> | | <u>\$ 163,694,277</u> |

Source: Debt information supplied by each taxing jurisdiction and applicable percentages from the State Department of Revenue.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates that portion of the outstanding debt of these overlapping governments that is borne by the taxpayers of the City through the taxes levied by these government agencies.

(1) General obligation debt includes premium and excludes debt related to business-type activities.

CITY OF JANESVILLE, WISCONSIN

Schedule 13
Pledged-Revenue Coverage
Last Ten Fiscal Years

| Year | Water Revenue Bonds | | | | | | Wastewater Revenue Bonds | | | | | |
|------|---------------------------|----------------------------------------------|-----------------------------|--------------|----------|-------|--------------------------------|----------------------------------------------|-----------------------------|--------------|----------|-------|
| | Water Gross Revenue | Less: Operating Expense ⁽¹⁾ | Net Available Revenue | Debt Service | | | Wastewater Gross Revenue | Less: Operating Expense ⁽¹⁾ | Net Available Revenue | Debt Service | | |
| | | | Principal | Interest | Coverage | | | | Principal | Interest | Coverage | |
| 2009 | 5,903,631 | 3,193,839 | 2,709,792 | 158,974 | 72,394 | 11.71 | 7,605,357 | 4,322,197 | 3,283,160 | 273,077 | 90,148 | 9.04 |
| 2010 | 5,926,063 | 3,121,079 | 2,804,984 | 162,968 | 68,333 | 12.13 | 9,624,957 | 4,332,237 | 5,292,720 | 280,507 | 223,336 | 10.50 |
| 2011 | 5,943,221 | 3,387,695 | 2,555,526 | 167,062 | 64,170 | 11.05 | 9,489,103 | 4,816,726 | 4,672,377 | 288,143 | 582,300 | 5.37 |
| 2012 | 6,505,870 | 3,265,729 | 3,240,141 | 171,260 | 59,901 | 14.02 | 9,531,919 | 4,473,955 | 5,057,964 | 1,523,141 | 633,828 | 2.34 |
| 2013 | 7,475,202 | 3,254,360 | 4,220,842 | 175,564 | 55,525 | 18.27 | 9,249,792 | 4,336,475 | 4,913,317 | 1,561,759 | 607,633 | 2.26 |
| 2014 | 7,213,226 | 3,566,969 | 3,646,257 | 179,977 | 51,037 | 15.78 | 9,199,059 | 4,567,634 | 4,631,425 | 1,640,495 | 586,800 | 2.08 |
| 2015 | 7,021,916 | 3,324,545 | 3,697,371 | 184,502 | 46,437 | 16.01 | 9,142,747 | 4,541,523 | 4,601,224 | 1,677,236 | 549,506 | 2.07 |
| 2016 | 7,922,761 | 3,263,308 | 4,659,453 | 189,140 | 41,720 | 20.18 | 9,403,645 | 5,375,926 | 4,027,719 | 1,714,808 | 511,368 | 1.81 |
| 2017 | 8,169,239 | 3,270,685 | 4,898,554 | 193,896 | 36,884 | 21.23 | 10,167,825 | 5,296,966 | 4,870,859 | 1,718,076 | 473,091 | 2.22 |
| 2018 | 8,544,274 | 3,366,322 | 5,177,952 | 198,773 | 31,925 | 22.44 | 10,112,702 | 5,678,538 | 4,434,164 | 1,679,850 | 435,660 | 2.10 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ Excludes Depreciation Expense and Tax Equivalent

CITY OF JANESVILLE, WISCONSIN

Schedule 14
Demographic and Economic Statistics
Last Ten Fiscal Years

| Fiscal Year | <u>Population</u>⁽¹⁾ | <u>Personal Income</u> | <u>Per Capita Income</u>⁽²⁾ | <u>School System Enrollment</u>⁽³⁾ | <u>Unemployment Rate</u>⁽⁴⁾ |
|------------------------|----------------------------------------|-----------------------------------|---------------------------------------------------|----------------------------------------------------------|---------------------------------------------------|
| 2009 | 63,500 | 1,987,169,000 | 31,294 | 9,849 | 13.8% |
| 2010 | 63,575 | 2,007,952,800 | 31,584 | 9,713 | 11.4% |
| 2011 | 63,515 | 2,115,367,075 | 33,305 | 10,429 | 10.1% |
| 2012 | 63,480 | 2,276,075,400 | 35,855 | 10,308 | 9.0% |
| 2013 | 63,600 | 2,420,234,400 | 38,054 | 10,360 | 8.5% |
| 2014 | 63,525 | 2,459,243,325 | 38,713 | 10,395 | 6.2% |
| 2015 | 63,510 | 2,542,051,260 | 40,026 | 10,298 | 5.2% |
| 2016 | 63,470 | 2,569,075,190 | 40,477 | 10,273 | 4.5% |
| 2017 | 63,215 | 2,656,673,590 | 42,026 | 10,182 | 3.6% |
| 2018 | 63,570 | N/A | N/A | 10,069 | 3.2% |

⁽¹⁾ From the WI Dept of Administration as of January 1 the following year, 2010 is Census

⁽²⁾ From the US Bureau of Economic Analysis for the Janesville Metropolitan Statistical Area

⁽³⁾ School enrollment is for academic school beginning with year shown

⁽⁴⁾ Information from the Department of Workforce Development; not seasonally adjusted

CITY OF JANESVILLE, WISCONSIN

Schedule 15
Principal Employers
2018 and Nine Years Prior

| Employer | 2018 | | | 2009 | | |
|---------------------------------------------------------|------------------------------------------------|---------------|----------------------------------------------------|------------------------------------------------|-------------|----------------------------------------------------|
| | Approximate Number of Employees | Rank | Percentage of Total City Employment | Approximate Number of Employees | Rank | Percentage of Total City Employment |
| Mercy Health System | 3,118 | 1 | 9.51% | 3,767 | 1 | 11.41% |
| Janesville School District | 1,436 | 2 | 4.38% | 1,512 | 2 | 4.58% |
| GHC Specialty Brands (Lab Safety Supply Inc / Grainger) | 1,358 | 3 | 4.14% | 831 | 4 | 2.52% |
| Rock County | 1,223 | 4 | 3.73% | 1,174 | 3 | 3.55% |
| SSI Technologies / Bornes | 1,099 | 5 | 3.35% | | | |
| Data Dimensions | 940 | 6 | 2.87% | | | |
| Dean Health System/St. Mary's | 728 | 7 | 2.22% | 411 | 10 | 1.24% |
| J.P. Cullen & Sons, Inc. | 605 | 8 | 1.85% | 424 | 7 | 1.28% |
| Blain's Supply (Farm & Fleet) | 586 | 9 | 1.79% | | | |
| City of Janesville | 550 | 10 | 1.68% | 514 | 5 | 1.56% |
| Wal-Mart Supercenter / Sam's Club | | | | 465 | 6 | 1.41% |
| Lemans Corp | | | | 415 | 9 | 1.26% |
| Seneca | | | | 415 | 8 | 1.26% |
| Total | 11,643 | | 35.53% | 9,928 | | 30.06% |
| Total City Employment | | 32,770 | | 33,025 | | |

Source: Official Statement for the City of Janesville

Total City Employment from Wisconsin Department of Workforce Development, Local Area Unemployment Statistics.

CITY OF JANESVILLE, WISCONSIN

Schedule 16
Full-time Equivalent Employee By Function/Program
Last Ten Fiscal Years

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013 (1)</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|----------------------------------------|---------------|---------------|---------------|---------------|-----------------|---------------|---------------|---------------|---------------|---------------|
| General Government | | | | | | | | | | |
| City Manager | 2.34 | 2.34 | 2.34 | 2.34 | 2.84 | 2.97 | 4.79 | 4.74 | 4.69 | 4.75 |
| Assessor | 7.34 | 6.94 | 6.50 | 6.00 | 6.00 | 6.00 | 6.00 | 5.99 | 5.99 | 5.99 |
| Attorney | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Clerk Treasurer | 7.67 | 9.36 | 7.00 | 10.00 | 7.90 | 8.20 | 7.26 | 6.67 | 7.13 | 8.36 |
| Finance | 6.49 | 6.34 | 6.22 | 5.37 | 5.63 | 5.82 | 5.43 | 5.76 | 5.68 | 5.78 |
| Human Resources | 2.05 | 2.05 | 2.05 | 2.05 | 2.05 | 2.55 | 2.05 | 2.05 | 2.05 | 2.05 |
| Information Technology | <u>2.75</u> | <u>2.25</u> | 2.25 | <u>2.25</u> | <u>2.25</u> | <u>2.47</u> | <u>2.45</u> | <u>2.45</u> | <u>2.45</u> | <u>2.45</u> |
| Total General Government | <u>32.64</u> | <u>33.28</u> | <u>30.36</u> | <u>32.01</u> | <u>30.67</u> | <u>32.01</u> | <u>31.98</u> | <u>31.66</u> | <u>31.99</u> | <u>33.38</u> |
| Public Safety | | | | | | | | | | |
| Police | 118.50 | 119.50 | 118.50 | 117.50 | 120.42 | 120.36 | 120.69 | 120.67 | 120.77 | 122.21 |
| Fire | <u>93.75</u> | <u>93.75</u> | <u>93.25</u> | <u>92.25</u> | <u>93.00</u> | <u>93.89</u> | <u>92.87</u> | <u>93.36</u> | <u>94.36</u> | <u>97.30</u> |
| Total Public Safety | <u>212.25</u> | <u>213.25</u> | <u>211.75</u> | <u>209.75</u> | <u>213.42</u> | <u>214.25</u> | <u>213.56</u> | <u>214.03</u> | <u>215.13</u> | <u>219.51</u> |
| Public Works | | | | | | | | | | |
| Engineering | 18.75 | 18.40 | 18.35 | 18.34 | 18.53 | 14.71 | 11.19 | 12.84 | 14.35 | 15.43 |
| DPW/Technical Services | 25.53 | 26.68 | 27.18 | 26.49 | 27.03 | 26.61 | 26.03 | 27.16 | 26.09 | 26.43 |
| Sanitation/Landfill | <u>23.73</u> | <u>21.50</u> | <u>21.88</u> | <u>21.07</u> | <u>23.99</u> | <u>21.10</u> | <u>20.82</u> | <u>21.46</u> | <u>22.49</u> | <u>23.28</u> |
| Total Public Works | <u>68.01</u> | <u>66.58</u> | <u>67.41</u> | <u>65.90</u> | <u>69.55</u> | <u>62.42</u> | <u>58.04</u> | <u>61.46</u> | <u>62.93</u> | <u>65.14</u> |
| Recreation & Parks | | | | | | | | | | |
| Leisure Services | 25.08 | 21.55 | 21.37 | 20.26 | 22.33 | 21.51 | 21.45 | 22.12 | 21.59 | 22.72 |
| Parks | <u>16.45</u> | <u>20.12</u> | <u>18.81</u> | <u>17.01</u> | <u>18.25</u> | <u>18.02</u> | <u>17.31</u> | <u>16.66</u> | <u>16.38</u> | <u>16.04</u> |
| Total Recreation & Parks | <u>41.53</u> | <u>41.67</u> | <u>40.18</u> | <u>37.27</u> | <u>40.58</u> | <u>39.53</u> | <u>38.76</u> | <u>38.78</u> | <u>37.97</u> | <u>38.76</u> |
| Community & Economic Development | | | | | | | | | | |
| Community Development | 17.23 | 15.14 | 15.32 | 14.73 | 15.12 | 16.29 | 16.92 | 16.82 | 16.82 | 16.90 |
| Neighborhood Services | <u>6.76</u> | <u>6.96</u> | <u>6.91</u> | <u>5.85</u> | <u>6.97</u> | <u>6.77</u> | <u>6.55</u> | <u>6.78</u> | <u>6.78</u> | <u>8.08</u> |
| Total Community & Economic Development | <u>23.99</u> | <u>22.10</u> | <u>22.23</u> | <u>20.58</u> | <u>22.09</u> | <u>23.06</u> | <u>23.47</u> | <u>23.60</u> | <u>23.60</u> | <u>24.98</u> |
| Library | 51.20 | 51.45 | 49.53 | 49.01 | 51.33 | 50.65 | 53.72 | 55.40 | 56.40 | 53.72 |
| Water Utility | 20.49 | 20.40 | 19.67 | 19.59 | 25.98 | 25.96 | 25.79 | 24.56 | 23.04 | 26.55 |
| Wastewater Utility | 25.88 | 25.99 | 26.22 | 26.17 | 28.99 | 28.57 | 26.89 | 28.06 | 28.33 | 28.43 |
| Stormwater Utility | 10.92 | 11.22 | 11.27 | 11.19 | 10.65 | 10.59 | 11.05 | 11.57 | 12.90 | 13.71 |
| Transit | <u>30.46</u> | <u>31.09</u> | <u>30.57</u> | <u>31.39</u> | <u>34.29</u> | <u>34.29</u> | <u>33.31</u> | <u>34.90</u> | <u>32.22</u> | <u>32.22</u> |
| Total Employment | <u>517.37</u> | <u>517.03</u> | <u>509.19</u> | <u>502.86</u> | <u>527.55</u> | <u>521.33</u> | <u>516.57</u> | <u>524.02</u> | <u>524.51</u> | <u>536.40</u> |

Source: City of Janesville Annual Budget

Note: (1) - With a change in the payroll and budgeting software; full time equivalents now include seasonal employees.

CITY OF JANESVILLE, WISCONSIN

Schedule 17
Operating Indicators by Function/Program
Last Ten Fiscal Years

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------------------------------------------|-----------|------------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|
| General Government | | | | | | | | | | |
| Assessor | | | | | | | | | | |
| Real Estate and Mobile Home Assessments | 24,100 | 24,120 | 24,535 | 24,407 | 24,488 | 24,513 | 24,602 | 24,770 | 24,723 | 25,396 |
| New Construction, Permits, Sale Reviews | 4,000 | 2,160 | 2,005 | 2,514 | 2,548 | 2,604 | 2,415 | 2,514 | 2,606 | 2,627 |
| Attorney | | | | | | | | | | |
| Case Litigated | 8,447 | 10,509 | 8,540 | 8,450 | 10,272 | 10,120 | 9,867 | 8,950 | 10,062 | 11,540 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Traffic Citations (#) | 5,237 | 9,320 | 10,848 | 10,147 | 8,550 | 9,310 | 6,290 | 7,548 | 6,948 | 6,496 |
| Violent Crime Incidents (#) | 153 | 170 | 169 | 182 | 168 | 169 | 155 | 145 | 170 | 171 |
| Property Crime Incidents (#) | 2,254 | 2,423 | 2,412 | 2,474 | 1,962 | 2,088 | 1,898 | 1,770 | 1,952 | 1,801 |
| Parking Tickets Processed (#) | 2,745 | 3,313 | 2,823 | 2,555 | 2,484 | 1,949 | 1,537 | 1,419 | 903 | 1,620 |
| Fire | | | | | | | | | | |
| Fire and EMS Emergency Responses (#) | 6,404 | 6,708 | 7,306 | 7,426 | 8,194 | 9,213 | 9,550 | 9,839 | 10,219 | 10,264 |
| Inspections (#) | 6,325 | 6,460 | 5,728 | 5,297 | 4,030 | 4,422 | 4,432 | 5,075 | 5,125 | 5,100 |
| Public Works | | | | | | | | | | |
| Street Maintenance | | | | | | | | | | |
| Crack Sealing (feet) | 21,000 | 18,000 | 65,472 | 29,251 | 18,480 | - | 17,819 | 20,695 | 65,155 | 64,355 |
| Street Resurfacing (miles) | 13.5 | 8.0 | 6.4 | 5.2 | 5.3 | 6.6 | 8.5 | 12.6 | 14.0 | 11.8 |
| Street Cleaning - Leaf Collection (miles) | 228 | 226 | 218 | 209 | 227 | 224 | 204 | 227 | 227 | 227 |
| Street Cleaning - Leaf Collection (total miles swept) | - | - | - | - | - | 743 | 1,177 | 1,509 | 1,506 | 1,486 |
| Traffic Management | | | | | | | | | | |
| Traffic Signs Installed/Repaired (#) | 1,200 | 1,739 | 1,150 | 1,546 | 943 | 1,120 | 1,769 | 1,586 | 2,361 | 2,279 |
| Line Striping (feet) | 248,633 | 144,899 | 283,462 | 269,216 | 302,685 | 271,389 | 407,756 | 416,437 | 382,855 | 409,038 |
| Sanitation | | | | | | | | | | |
| Sanitary Landfill (tons) | 220,849 | 228,758 | 185,065 | 156,804 | 128,192 | 90,178 | 114,300 | 161,578 | 181,750 | 188,009 |
| Trash Collection(stops/week) | 23,700 | 23,700 | 23,449 | 23,473 | 23,732 | 23,878 | 23,950 | 24,087 | 23,759 | 23,772 |
| VOM - Vehicles Repaired (#) | 2,902 | 2,879 | 2,699 | 2,561 | 2,806 | 2,606 | 2,614 | 2,467 | 2,230 | 2,737 |
| Recreation and Parks | | | | | | | | | | |
| Recreation Program Participants (#) | 230,142 | 278,198 | 271,739 | 267,490 | 252,906 | 249,728 | 268,480 | 259,469 | 272,225 | 265,042 |
| Special Events | 104 | 105 | 109 | 114 | 100 | 146 | 133 | 126 | 117 | 123 |
| Parks (acres) | 2,590 | 2,590 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 |
| Parks Mowing (acres) | 666 | 666 | 666 | 666 | 666 | 666 | 666 | 666 | 666 | 666 |
| Golf Course Rounds Played (#) | 59,734 | 56,270 | 53,606 | 56,368 | 53,400 | 53,186 | 56,833 | 53,557 | 53,411 | 40,410 |
| Community/Economic Development | | | | | | | | | | |
| Permits Issued (#) | 2,866 | 3,201 | 2,872 | 3,068 | 3,454 | 3,393 | 3,498 | 4,034 | 3,791 | 3,659 |
| Inspections (#) | 6,687 | 6,791 | 6,374 | 6,000 | 6,592 | 6,347 | 6,719 | 7,066 | 7,124 | 6,538 |
| TIF Development Activity | | | | | | | | | | |
| New Construction (square feet) | 28,125 | 532,445 | 21,000 | 22,000 | 17,000 | 42,925 | 1,434,720 | 477,320 | 265,785 | 299,795 |
| Value of Projects (dollars) | 1,600,000 | 33,923,068 | 775,000 | 1,796,500 | 5,560,000 | 1,303,900 | 56,950,000 | 16,480,000 | 10,385,600 | 24,300,000 |
| Neighborhood Services | | | | | | | | | | |
| Complaints Received (#) | 1,778 | 1,648 | 1,992 | 1,586 | 2,045 | 1,767 | 1,826 | 1,886 | 1,757 | 2,069 |
| Housing/Nuisance Inspections (#) | 4,632 | 6,061 | 7,159 | 5,356 | 4,812 | 4,696 | 5,627 | 4,099 | 3,867 | 4,120 |
| Vacant Building Inspection (#) | - | - | - | - | - | - | - | - | - | 456 |
| Housing Rehab./Homeownership Loans (#) | 101 | 82 | 70 | 87 | 49 | 53 | 69 | 52 | 48 | 46 |
| Library | | | | | | | | | | |
| Circulation (#) | 1,199,606 | 1,144,919 | 1,153,991 | 1,131,907 | 1,098,377 | 1,059,057 | 950,768 | 896,973 | 870,086 | 758,488 |
| Registered Patrons (#) | 64,245 | 66,544 | 69,542 | 72,394 | 64,841 | 67,556 | 70,041 | 72,325 | 74,698 | 75,411 |
| Water Utility | | | | | | | | | | |
| Water Pumped (billions of gallons) | 3.88 | 3.54 | 3.55 | 3.52 | 3.41 | 3.48 | 3.18 | 3.17 | 3.25 | 3.39 |
| Water Tests (#) | 4,844 | 4,922 | 4,611 | 4,525 | 4,650 | 4,525 | 4,525 | 4,525 | 4,525 | 4,525 |
| Water Main Repairs (#) | 88 | 87 | 108 | 82 | 114 | 143 | 80 | 66 | 80 | 96 |
| Wastewater Utility | | | | | | | | | | |
| Sewage Treatment (millions of gallons) | 5,882 | 5,637 | 5,083 | 4,375 | 4,849 | 4,723 | 4,279 | 4,743 | 5,175 | 5,442 |
| Laboratory Tests (#) | 24,996 | 24,665 | 23,749 | 22,542 | 19,944 | 19,255 | 19,688 | 19,878 | 19,239 | 18,985 |
| Stormwater Utility | | | | | | | | | | |
| Street Sweeping (miles) | 7,003 | 7,767 | 5,887 | 5,846 | 5,248 | 6,256 | 6,358 | 6,750 | 8,785 | 7,405 |
| Street Sweeping (miles, excluding leaf collection) | - | - | - | - | - | 5,513 | 5,181 | 5,241 | 7,279 | 5,919 |
| Storm Sewer Maintenance | | | | | | | | | | |
| Storm Sewer Cleaning (feet) | 600 | 600 | 600 | 600 | 600 | 1,208 | 2,075 | 14,876 | 9,096 | 6,033 |
| Catch Basin Cleaning (#) | 181 | 212 | 200 | 589 | 319 | 122 | 307 | 468 | 207 | 146 |
| Transit | | | | | | | | | | |
| Total Route Miles | 471,711 | 471,711 | 471,682 | 501,025 | 553,104 | 531,643 | 509,829 | 452,897 | 452,329 | 458,772 |
| Ridership (#) | 352,144 | 338,739 | 364,696 | 393,347 | 432,739 | 447,632 | 430,741 | 391,385 | 392,535 | 393,392 |

Sources: Various City Departments

CITY OF JANESVILLE, WISCONSIN

Schedule 18
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| <u>Function/Program</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|-------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Safety: | | | | | | | | | | |
| Police Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police Vehicles | 37 | 39 | 37 | 37 | 18 | 19 | 19 | 19 | 20 | 20 |
| Police Squads | | | | | 23 | 23 | 23 | 23 | 24 | 24 |
| Fire Stations | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Training Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire Vehicles | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 12 | 13 | 13 |
| EMS Vehicles (ambulances) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 8 | 6 | 6 |
| Support Vehicles | 11 | 11 | 11 | 12 | 12 | 12 | 13 | 15 | 18 | 18 |
| Public Works: | | | | | | | | | | |
| Streets (miles) | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 |
| Street Lights (city owned) | 2,215 | 2,278 | 2,267 | 2,286 | 2,265 | 2,317 | 2,322 | 2,445 | 2,460 | 2,460 |
| Traffic Signals (intersections) | 71 | 71 | 71 | 71 | 72 | 73 | 64 | 64 | 64 | 64 |
| Parks and Recreation: | | | | | | | | | | |
| Number of Parks | 64 | 64 | 64 | 64 | 64 | 64 | 64 | 64 | 64 | 64 |
| Acreage of Parkland | 2,590 | 2,590 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 | 2,595 |
| Number of Swimming Pools | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Water Utility: | | | | | | | | | | |
| Number of Wells | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Number of Reservoirs | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Miles of Water Main | 367 | 367 | 368 | 368 | 369 | 370 | 370 | 370 | 372 | 389 |
| Number of Hydrants | 2,553 | 2,561 | 2,561 | 2,561 | 2,581 | 2,606 | 2,606 | 2,708 | 2,749 | 2,646 |
| Storage Capacity (million gallons) | 15.84 | 15.84 | 15.84 | 15.84 | 15.84 | 16 | 16 | 16 | 16 | 16 |
| Production Capacity (million gallons/day) | 32 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 |
| Wastewater Utility: | | | | | | | | | | |
| Miles of Sanitary Sewer | 320 | 320 | 320 | 320 | 320 | 320 | 320 | 320 | 320 | 321 |
| Treatment Capacity (million gallons/day) | 17.75 | 17.75 | 17.75 | 17.75 | 17.75 | 17.75 | 17.75 | 17.75 | 17.75 | 17.75 |
| Stormwater Utility: | | | | | | | | | | |
| Miles of Storm Sewer | 179 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 181 |
| Transit | | | | | | | | | | |
| Number of Buses | 21 | 20 | 20 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |

Sources: Various City Departments