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**CITY OF STEVENS POINT**  
**REPORT TO THE CITY COUNCIL**

**July 11, 2016**

Presented By:

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Actual data was derived from current and prior years audited financial statements

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**CITY OF STEVENS POINT**  
**2015 FINANCIAL STATEMENT HIGHLIGHTS**

**GENERAL FUND - NET CHANGE IN FUND BALANCE**

	<u>Actual</u>	<u>2015</u>	<u>Budget</u>	<u>Favorable</u> <u>Variance</u>
Total Revenues	\$ 21,305,423	\$	20,812,796	\$ 492,627
Other Financing Sources	996,673		1,071,200	(74,527)
Less: Expenditures	(20,339,257)		(21,730,766)	1,391,509
Less: Other Financing Uses	(405,000)		(225,000)	(180,000)
Net Change in Fund Balance	1,557,839		(71,770)	1,629,609
Fund Balance Beg. of Year	18,362,801		18,362,801	-
Fund Balance End of Year	<u>\$ 19,920,640</u>	\$	<u>18,291,031</u>	<u>\$ 1,629,609</u>

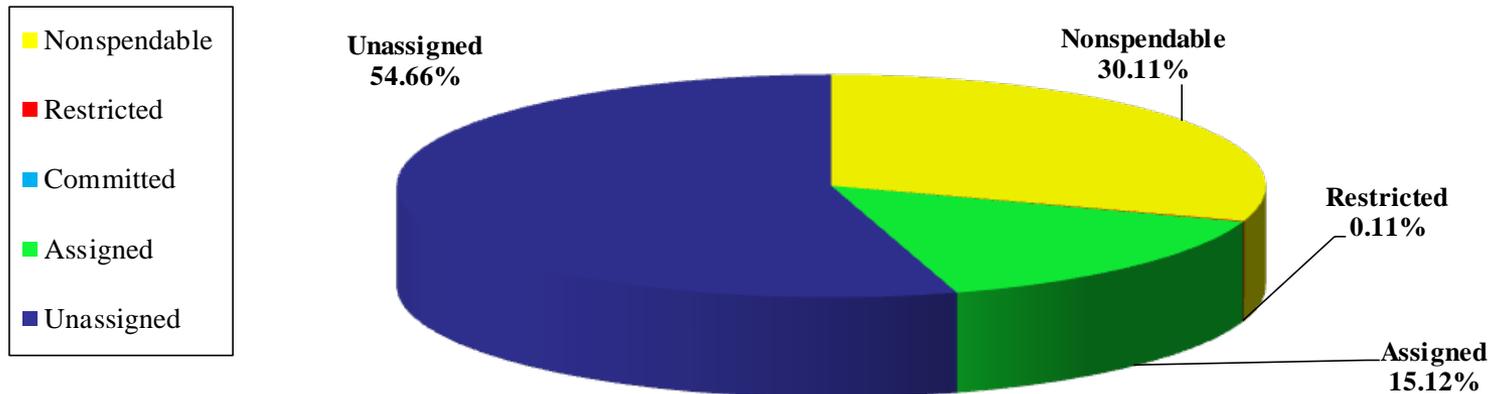
# CITY OF STEVENS POINT

## 2015 FINANCIAL STATEMENT HIGHLIGHTS

### DETAILS OF GENERAL FUND BALANCE

	<u>2015</u>
<p><u>Nonspendable</u></p> <p><i>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.</i></p>	\$5,998,784
<p><u>Restricted</u></p> <p><i>includes fund balance amounts that can be spent only for the specific purposes stipulated by an external source.</i></p>	21,352
<p><u>Committed</u></p> <p><i>includes fund balance amounts constrained for specific purposes that are internally imposed by government through formal action of the governing body.</i></p>	-
<p><u>Assigned</u></p> <p><i>includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed.</i></p>	3,012,394
<p><u>Unassigned</u></p> <p><i>includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories.</i></p>	10,888,110
<p><b>Total General Fund Balance</b></p>	<u><u>\$ 19,920,640</u></u>

**General Fund Balance**



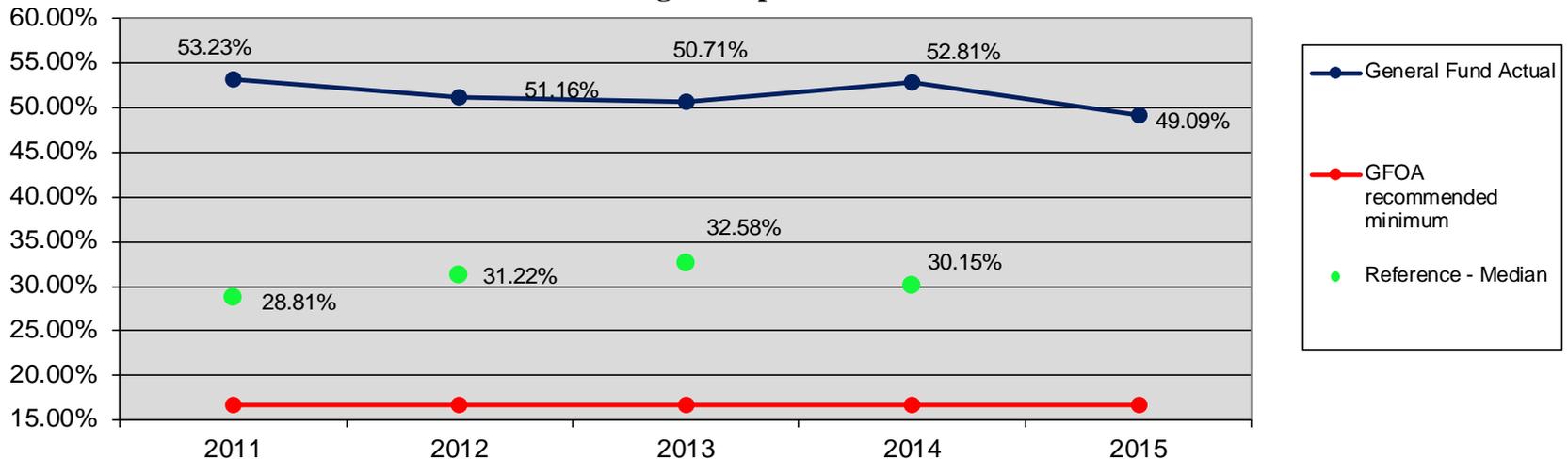
# CITY OF STEVENS POINT

## 2015 FINANCIAL STATEMENT HIGHLIGHTS

### ANALYSIS OF GENERAL FUND BALANCE

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Unassigned Fund Balance</b>	11,676,027	11,126,592	10,912,994	11,593,873	10,888,110
GF Actual Subsequent Years Expenditure Budget	21,937,007	21,749,259	21,521,298	21,955,766	22,182,082
% of expenditures	53.23%	51.16%	50.71%	52.81%	49.09%

**Unreserved or Unrestricted General Fund Balance  
as a Percentage of Expenditures**



GFOA recommended range for % of expenditures:  
Acceptable range per city policy:

no less than 2 months of regular GF operating expenditures  
4-6 months of the following year's budgeted general fund expenditures

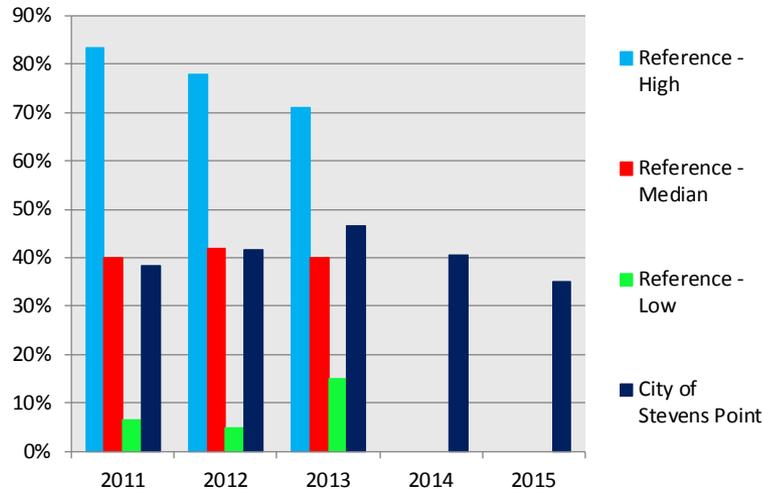
# CITY OF STEVENS POINT

## 2015 FINANCIAL STATEMENT HIGHLIGHTS

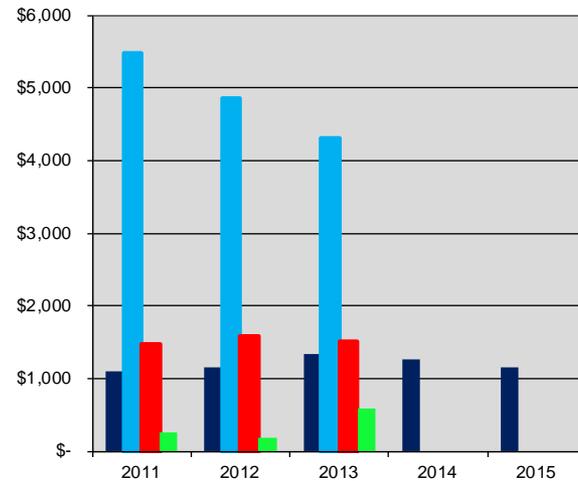
### GENERAL OBLIGATION DEBT OUTSTANDING

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>Total General Obligation (G.O.) Debt (net)</u></b>					
City	\$ 28,446,246	\$ 28,982,272	\$ 33,530,027	\$ 31,944,111	\$ 28,869,176
Utilities	<u>1,155,744</u>	<u>1,996,814</u>	<u>1,908,187</u>	<u>1,801,663</u>	<u>1,678,055</u>
<b>TOTAL</b>	<b><u>\$ 29,601,990</u></b>	<b><u>\$ 30,979,086</u></b>	<b><u>\$ 35,438,214</u></b>	<b><u>\$ 33,745,774</u></b>	<b><u>\$ 30,547,231</u></b>
<b>Population</b>	26,717	26,717	26,670	26,673	26,658
<b>G.O. Debt Capacity</b>	\$ 77,426,855	\$ 74,429,455	\$ 76,148,020	\$ 83,248,635	\$ 87,019,990
G.O. debt per capita	\$ 1,108	\$ 1,160	\$ 1,329	\$ 1,265	\$ 1,146
% of debt limit	38%	42%	47%	41%	35%

**Percentage of Debt Limit**



**G.O. Debt Outstanding - Per Capita**



2011-2013 Reference values for the population range: 17,500 to 30,000 taken from *MunicipalFacts15* publication by the Wisconsin Taxpayers Alliance, 2015

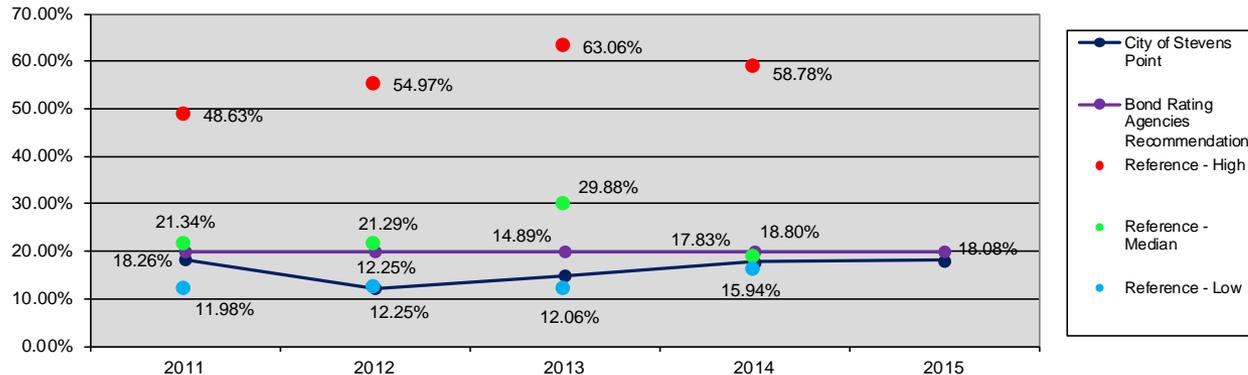
# CITY OF STEVENS POINT

## 2015 FINANCIAL STATEMENT HIGHLIGHTS

### ANALYSIS OF DEBT SERVICE - GOVERNMENTAL FUNDS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>Total Debt Service</u></b>					
Principal	\$ 5,100,924	\$ 2,771,974	\$ 3,272,245	\$ 3,955,916	\$ 4,284,935
Interest	<u>849,795</u>	<u>1,039,973</u>	<u>1,039,205</u>	<u>1,013,820</u>	<u>909,828</u>
<b>TOTAL</b>	<b><u>\$ 5,950,719</u></b>	<b><u>\$ 3,811,947</u></b>	<b><u>\$ 4,311,450</u></b>	<b><u>\$ 4,969,736</u></b>	<b><u>\$ 5,194,763</u></b>
<b><u>Total Non-Capital Expenditures</u></b>					
Total governmental funds expenditures	\$ 35,316,197	\$ 35,458,322	\$ 33,884,974	\$ 31,612,597	\$ 30,782,914
Less: capital outlay	<u>(2,726,417)</u>	<u>(4,341,670)</u>	<u>(4,931,942)</u>	<u>(3,739,571)</u>	<u>(2,046,001)</u>
<b>TOTAL NON-CAPITAL EXPENDITURES</b>	<b><u>\$ 32,589,780</u></b>	<b><u>\$ 31,116,652</u></b>	<b><u>\$ 28,953,032</u></b>	<b><u>\$ 27,873,026</u></b>	<b><u>\$ 28,736,913</u></b>
% of debt service to non-capital expenditures	18.26%	12.25%	14.89%	17.83%	18.08%

**Debt Service to Non-Capital Expenditures**



	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Bond rating agencies recommended %	20.00%	20.00%	20.00%	20.00%
High - Reference:	48.63%	54.97%	63.06%	58.78%
Median - Reference:	21.34%	21.29%	29.88%	18.80%
Low - Reference:	11.98%	12.25%	12.06%	15.94%

Reference values for the population range: 17,500 to 30,000 generated from 2011-2014 Baker Tilly municipal client data for Wisconsin.

**CITY OF STEVENS POINT**  
**2015 FINANCIAL STATEMENT HIGHLIGHTS**

**HISTORICAL SUMMARY OF TAX INCREMENTAL FINANCING DISTRICTS**  
**FROM DATE OF CREATION THROUGH DECEMBER 31, 2015**

	<u>TIF District No. 5</u>	<u>%</u>	<u>TIF District No. 6</u>	<u>%</u>
<b><u>Sources of funds</u></b>				
Tax increments	\$ 2,393,127	96%	\$ 337,980	3%
Exempt computer aid	89,521	4%	276,155	2%
Intergovernmental	-	0%	784,500	6%
Investment income and miscellaneous	4	0%	867,216	6%
Transfer In	-	0%	3,000	0%
Premium on bonds	-	0%	13,521	0%
Capital lease issued	-	0%	140,000	1%
Long-term debt issued	-	0%	<u>10,944,945</u>	82%
<b>TOTAL</b>	<b><u>\$ 2,482,652</u></b>	<b>100%</b>	<b><u>\$ 13,367,317</u></b>	<b>100%</b>

<b><u>Uses of Funds</u></b>				
Capital expenditures	2,115,384	97%	12,309,846	70%
Administration	56,586	3%	141,212	1%
Discount on long-term debt	-	0%	47,720	0%
Transfer Out	-	0%	-	0%
Debt issuance costs	-	0%	75,344	0%
Interest on debt	-	0%	1,471,296	8%
Principal on lease obligation	-	0%	30,000	0%
Principal on long-term debt	-	0%	<u>3,537,140</u>	20%
<b>TOTAL</b>	<b><u>\$ 2,171,970</u></b>	<b>100%</b>	<b><u>\$ 17,612,558</u></b>	<b>100%</b>

<b>TIF Fund Balance (deficit) - December 31, 2015</b>	<b>\$ 310,682</b>	<b>\$ (4,245,241)</b>
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**Calculation of Net Cost Recoverable through TIF Increments**

General obligation debt/lease outstanding	\$ -	\$ 7,517,805
Less TIF Fund Balance / Add Fund Balance deficit - December 31, 2015	<u>(310,682)</u>	<u>4,245,241</u>

<b>Net cost (recovered) recoverable through TIF increments - December 31, 2015</b>	<b><u>\$ (310,682)</u></b>	<b><u>\$ 11,763,046</u></b>
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Creation date:	May 16, 2005	May 15, 2006
Last date to incur project costs:	May 16, 2027	May 15, 2028
Last year to collect increment:	2033	2033

	<u>TIF District No. 7</u>	<u>%</u>	<u>TIF District No. 8</u>	<u>%</u>	<u>TIF District No. 9</u>	<u>%</u>
<b>Sources of funds</b>						
Tax increments	\$ 3,286,392	40%	\$ -	0%	\$ 143,700	4%
Exempt computer aid	197,046	2%	60,049	100%	-	0%
Intergovernmental	-	0%	-	0%	-	0%
Investment income and miscellaneous	13,838	0%	9	0%	1,000,858	28%
Transfer In	-	0%	-	0%	-	0%
Premium on bonds	-	0%	-	0%	34,830	1%
Capital lease issued	-	0%	-	0%	-	0%
Long-term debt issued	<u>4,690,000</u>	<u>57%</u>	<u>-</u>	<u>0%</u>	<u>2,350,000</u>	<u>67%</u>
<b>TOTAL</b>	<b><u>\$ 8,187,276</u></b>	<b>100%</b>	<b><u>\$ 60,058</u></b>	<b>100%</b>	<b><u>\$ 3,529,388</u></b>	<b>100%</b>

<b>Uses of Funds</b>						
Capital expenditures	5,332,090	68%	431,167	98%	2,436,962	87%
Administration	77,407	1%	6,927	2%	2,603	0%
Discount on long-term debt	-	0%	-	0%	-	0%
Transfer Out	3,000	0%	-	0%	-	0%
Debt issuance costs	85,954	1%	-	0%	112,344	4%
Interest on debt	1,168,182	15%	-	0%	58,220	2%
Principal on lease obligation	-	0%	-	0%	-	0%
Principal on long-term debt	<u>1,185,000</u>	<u>15%</u>	<u>-</u>	<u>0%</u>	<u>180,000</u>	<u>6%</u>
<b>TOTAL</b>	<b><u>\$ 7,851,633</u></b>	<b>100%</b>	<b><u>\$ 438,094</u></b>	<b>100%</b>	<b><u>\$ 2,790,129</u></b>	<b>100%</b>

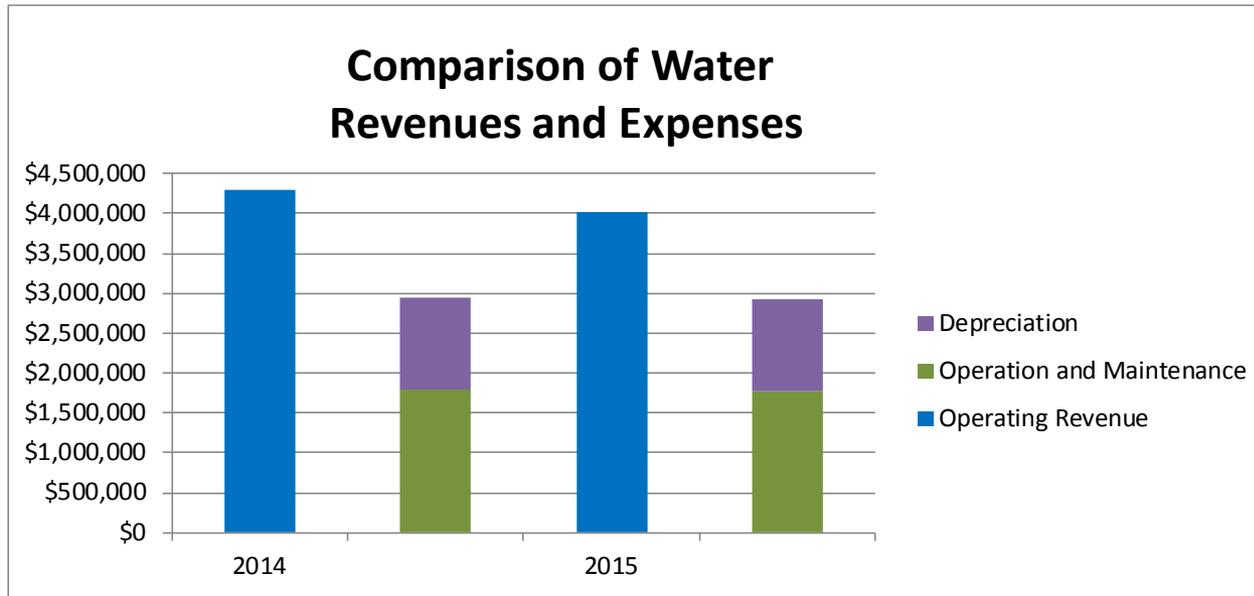
**TIF Fund Balance (deficit) - December 31, 2015**      \$ 335,643                      \$ (378,036)                      \$ 739,259

**Calculation of Net Cost Recoverable through TIF Increments**

General obligation debt outstanding	\$ 3,505,000	\$ -	\$ 2,170,000
Less TIF Fund Balance / Add Fund Balance deficit - December 31, 2015	<u>(335,643)</u>	<u>378,036</u>	<u>(739,259)</u>
<b>Net cost (recovered) recoverable through TIF increments - December 31, 2015</b>	<b><u>\$ 3,169,357</u></b>	<b><u>\$ 378,036</u></b>	<b><u>\$ 1,430,741</u></b>

<b>Creation date:</b>	April 30, 2008	May 17, 2010	January 1, 2013
<b>Last date to incur project costs:</b>	April 30, 2023	May 15, 2025	May 20, 2028
<b>Last year to collect increment:</b>	2028	2030	2033

# Stevens Point Utilities

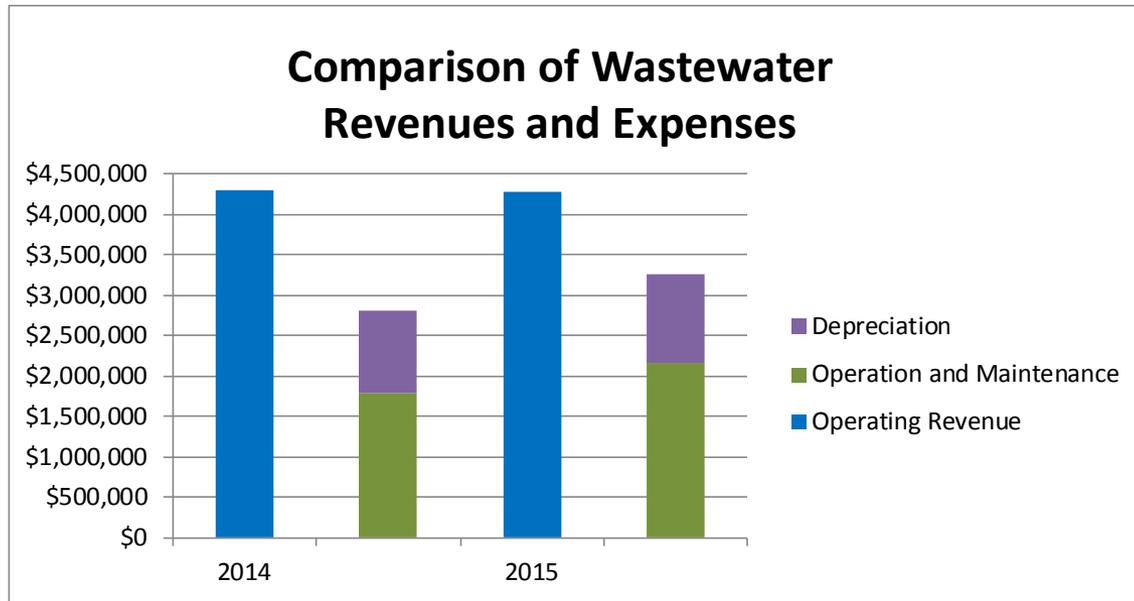


	2014	2015
Operating Revenues	\$4,303,881	\$4,020,784
Operating Expenses		
Operation and maintenance	1,795,851	1,767,625
Depreciation	1,147,296	1,148,553
Total	<u>2,943,147</u>	<u>2,916,178</u>
Operating Income	<u>\$1,360,734</u>	<u>\$1,104,606</u>

## What it means...

Water revenues decreased in 2015 compared to 2014 mainly due to a bad debt write off of a large industrial customer. Operation and maintenance costs decreased slightly compared to the prior year which slightly offset the decrease in revenues.

# Stevens Point Utilities

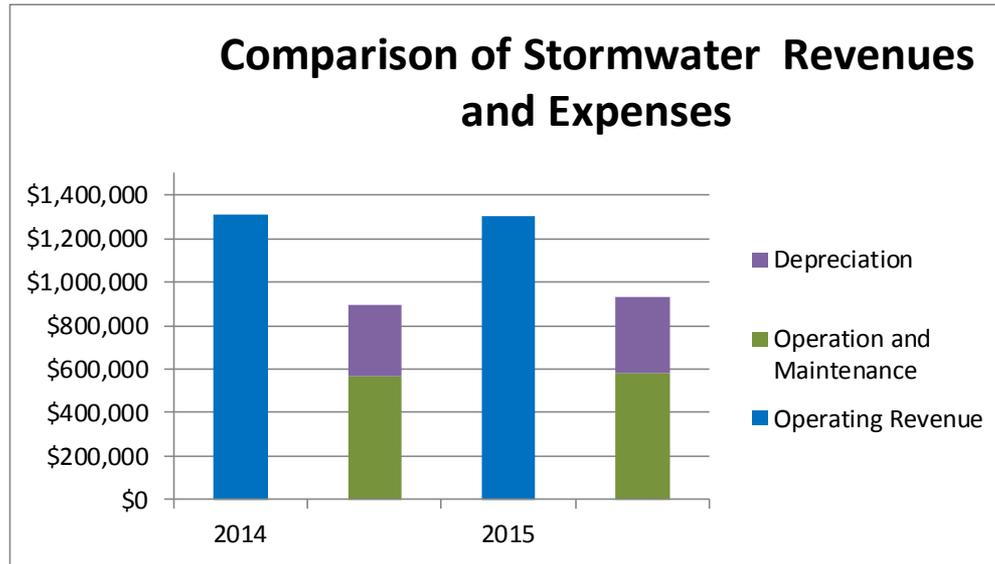


	2014	2015
Operating Revenues	\$4,298,773	\$4,282,252
Operating Expenses		
Operation and maintenance	1,783,985	2,171,237
Depreciation	<u>1,017,887</u>	<u>1,092,890</u>
Total	<u>2,801,872</u>	<u>3,264,127</u>
Operating Income	<u>\$1,496,901</u>	<u>\$1,018,125</u>

## What it means...

Operating revenues slightly decreased in 2015 compared to 2014. Operation and maintenance expenses increased 22% from 2014 mainly due to higher maintenance costs for collection systems due to sewer lining work. These two factors contributed to the decrease in operating income for 2015.

# Stevens Point Utilities

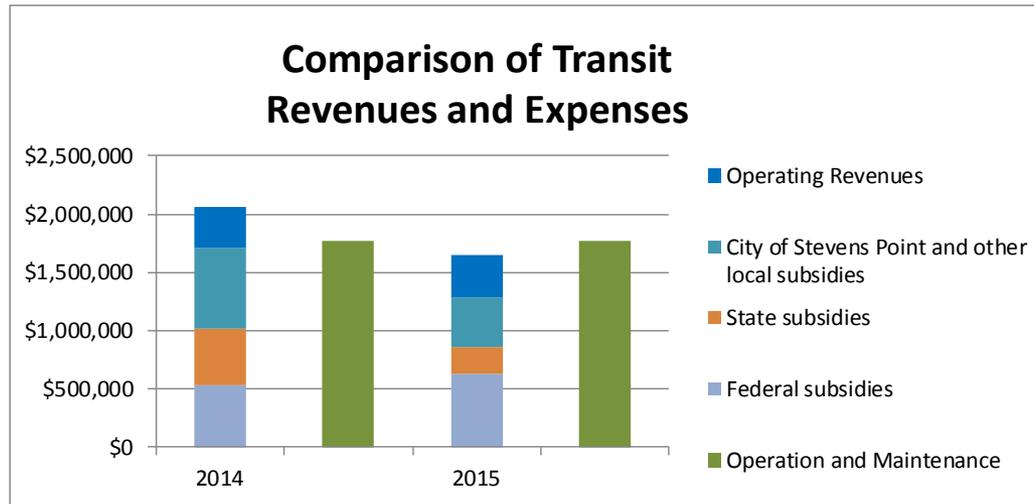


	2014	2015
Operating Revenues	\$ 1,308,975	\$ 1,302,352
Operating Expenses		
Operation and maintenance	564,683	580,725
Depreciation	<u>332,005</u>	<u>353,030</u>
Total	<u>896,688</u>	<u>933,755</u>
Operating Income	<u>\$ 412,287</u>	<u>\$ 368,597</u>

## What it means...

The stormwater utility was established in 2013. The rates charged generated sufficient operating revenues to recover the operating expenses incurred for both 2014 and 2015. The decrease in operating income was due to an increase in operation and maintenance expenses mainly due to a slight increase in maintenance costs as well as an increase in depreciation.

# Stevens Point Utilities



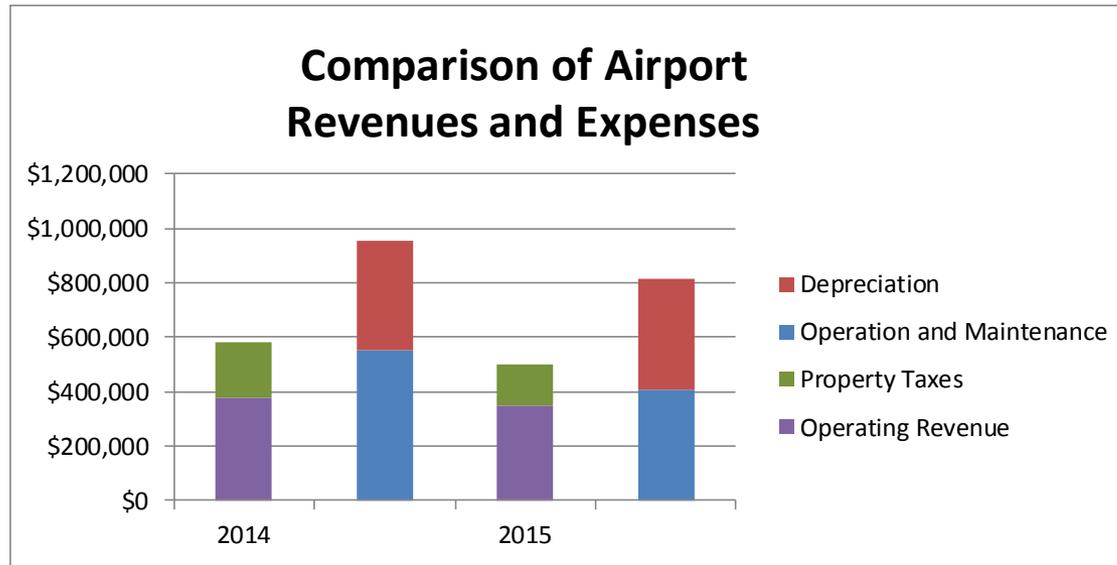
	✓ 2014	✓ 2015
Operating Revenues	\$ 351,136	\$ 363,980
City of Stevens Point and other local subsidies	686,203	424,197
State subsidies	485,522	230,102
Federal subsidies	533,100	626,032
Total	<u>2,055,961</u>	<u>1,644,311</u>
Operation and maintenance	<u>1,771,465</u>	<u>1,774,353</u>
Net Result of Operations*	<u>\$ 284,496</u>	<u>\$ (130,042)</u>

## What it means...

The transit department had a \$412,000 decrease in their operating and non-operating revenues in 2015 versus 2014.

\*This excludes depreciation, capital contributions and debt service.

# Stevens Point Utilities

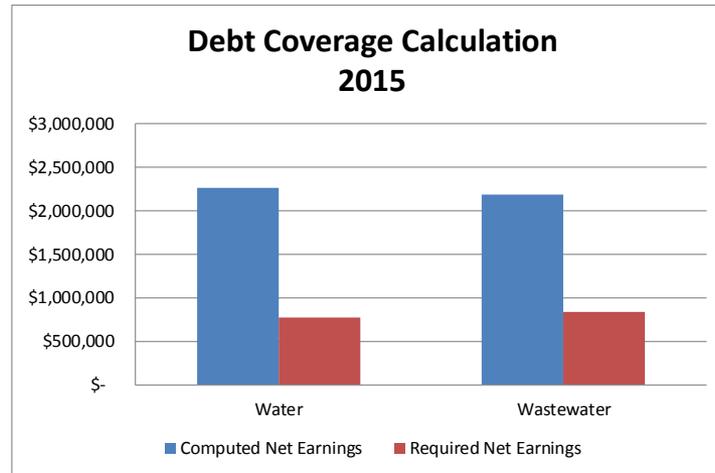


	2014	2015
Operating Revenues	\$ 379,350	\$ 349,595
Property Taxes	202,000	150,000
Total	<u>581,350</u>	<u>499,595</u>
Operating Expenses		
Operation and maintenance	555,188	406,684
Depreciation	<u>400,804</u>	<u>409,089</u>
Total	<u>955,992</u>	<u>815,773</u>
Net Result of Operations	<u>\$ (374,642)</u>	<u>\$ (316,178)</u>

## What it means...

The results of operations are relatively close to a break-even excluding depreciation, which is a non-cash item.

# Stevens Point Utilities



	Water	Wastewater
Operating Revenues	\$ 4,020,784	\$ 4,282,252
Investment Income	12,425	4,739
Miscellaneous non-operating income (expense)	(4,938)	71,581
Less: O & M Expenses	<u>(1,767,625)</u>	<u>(2,171,237)</u>
Computed Net Earnings	<u>\$ 2,260,646</u>	<u>\$ 2,187,335</u>
Highest Annual Debt Service	706,752	667,516
Coverage Factor	<u>1.10</u>	<u>1.25</u>
Required Net Earnings	<u>\$ 777,427</u>	<u>\$ 834,395</u>
Difference	<u>\$ 1,483,219</u>	<u>\$ 1,352,940</u>
Coverage	<u>3.20</u>	<u>3.28</u>

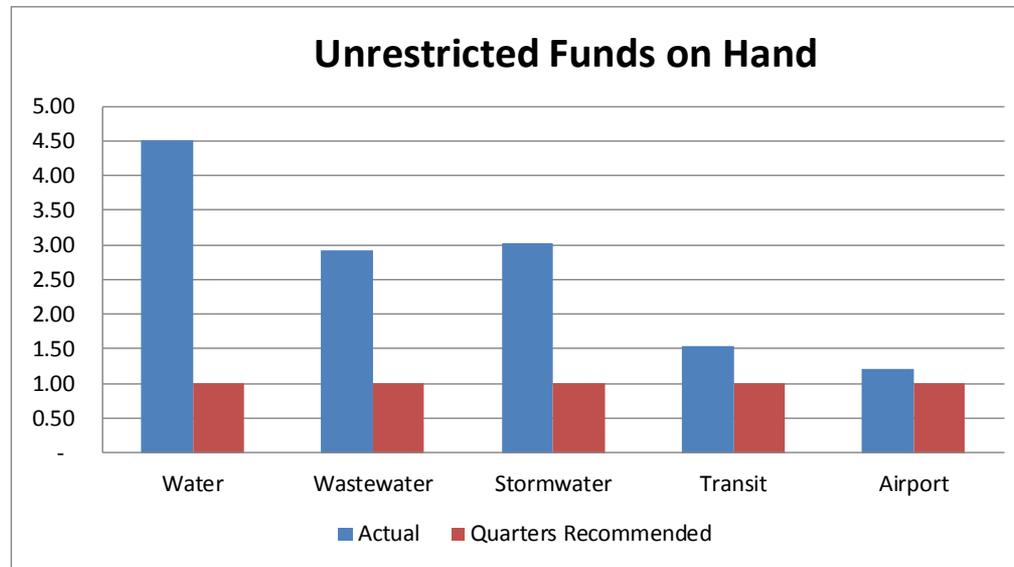
## What it means....

The water department bond resolution requires that earnings from the system be greater than 1.10 times the highest annual debt service.

The wastewater department bond resolutions require that earnings from the system be greater than 1.25 times the revenue bond annual debt service based on the bond year.

Both departments have met their requirement as shown above.

# Stevens Point Utilities



	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>	<u>Transit</u>	<u>Airport</u>
Minimum Funding Benchmark 1 Quarter Operations	<u>\$ 1,005,196</u>	<u>\$ 1,070,563</u>	<u>\$ 325,588</u>	<u>\$ 443,588</u>	<u>\$ 101,671</u>
Actual Unrestricted Funds on Hand	<u>\$ 4,534,549</u>	<u>\$ 3,116,817</u>	<u>\$ 986,794</u>	<u>\$ 686,966</u>	<u>\$ 122,767</u>
Quarters Operations on Hand	<u>4.51</u>	<u>2.91</u>	<u>3.03</u>	<u>1.55</u>	<u>1.21</u>

## What it means....

An enterprise fund should maintain funds to cover its operations in a normal business operation cycle (i.e. quarterly, monthly) plus a contingency. In addition, an enterprise fund should have available an amount equal to one year's capital improvements. These funding levels facilitate budgeting since there will be less concern for business cycle fluctuations.